

Consolidated Financial Statements of

**SHESHEGWANING
FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Sheshegwaning 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. 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 First Nation 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 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 members.


Chief
Councilor



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INDEPENDENT AUDITORS' REPORT

To the Members of Sheshegwaning First Nation

Opinion

We have audited the consolidated financial statements of Sheshegwaning First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt 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, 2021, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with 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 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.

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.



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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 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 and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 28, 2021

SHESHEGWANING FIRST NATION

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Year ended March 31, 2021

Financial Statements

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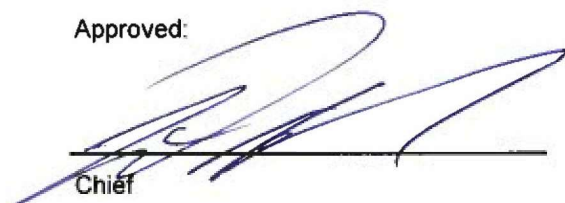
Exhibit A - Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and short-term investments (note 2)	\$ 1,693,669	\$ 2,393,097
Restricted cash (note 3)	410,731	392,963
Accounts receivable	1,469,145	895,108
Loans receivable (note 4)	36,068	30,660
Investment in Government Business Enterprises (note 5)	864,133	208,868
Investments in non-controlled entities (note 6)	158,105	111,242
	<u>4,631,851</u>	<u>4,031,938</u>
Financial liabilities		
Accounts payable and accrued liabilities	786,016	585,680
Deferred revenue (note 7)	2,336,569	1,982,840
Long-term debt (note 8)	2,197,070	1,699,619
	<u>5,319,655</u>	<u>4,268,139</u>
Net debt	(687,804)	(236,201)
Non-financial assets		
Tangible capital assets (note 9)	10,492,228	7,559,233
Prepaid expenses	23,666	14,281
	<u>10,515,894</u>	<u>7,573,514</u>
Contingent liabilities (note 10)		
Accumulated surplus (note 11)	\$ 9,828,090	\$ 7,337,313

See accompanying notes to consolidated financial statements.

Approved:


Chief


Councillor

SHESEGWANING FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government transfers - Federal (note 12)	\$ 3,099,084	\$ 1,589,613
- Provincial	1,536,416	789,015
Kinoomaadziwin education body	1,407,555	1,142,649
Investment income	3,716	20,126
Rental income	185,670	200,644
Share of equity (loss) in government business enterprises	196,937	(161,695)
Other	1,770,026	1,942,507
	8,199,404	5,522,859
Expenses (Schedules):		
Community Services	1,343,789	1,046,740
Social Assistance	412,803	390,138
Education	1,566,449	1,360,950
Band Government	281,775	418,872
Community Infrastructure	708,394	756,262
Employment and Economic Development	378,953	497,795
Lands and Resources	383,233	108,004
Community Property	391,668	683,644
Social Housing	241,563	164,567
	5,708,627	5,426,972
Excess of revenue over expenses	2,490,777	95,887
Accumulated surplus, beginning of year	7,337,313	7,241,426
Accumulated surplus, end of year	\$ 9,828,090	\$ 7,337,313

See accompanying notes to consolidated financial statements.

SHESEGWANING FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Excess of revenue over expenses	\$ 2,490,777	\$ 95,887
Acquisition of tangible capital assets	(3,514,430)	(415,747)
Amortization of tangible capital assets	581,435	515,694
	(442,218)	195,834
Use (acquisition) of prepaid expenses	(9,385)	1,601
Change in net financial assets	(451,603)	197,435
Net debt, beginning of year	(236,201)	(433,636)
Net debt, end of year	\$ (687,804)	\$ (236,201)

See accompanying notes to consolidated financial statements.

SHESEGWANING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Operating activities:		
Excess of revenue over expenses	\$ 2,490,777	\$ 95,887
Adjustments for:		
Amortization of tangible capital assets	581,435	515,694
Share of loss (equity) in government business enterprises	(196,937)	161,695
	2,875,275	773,276
Change in non-cash working capital:		
Increase in accounts receivable	(574,037)	(269,658)
Increase in accounts payable and accrued liabilities	200,336	230,029
Increase in deferred revenue	353,729	1,117,304
Decrease (increase) in prepaid expenses	(9,385)	1,601
Net change in cash from operating activities	2,845,918	1,852,552
Financing activities:		
Proceeds from long-term debt	650,018	-
Principal payments on long-term debt	(152,567)	(144,552)
	497,451	(144,552)
Investing activities:		
Purchase of tangible capital assets	(3,514,430)	(415,747)
Increase in consolidated revenue trust fund	-	88,186
Contributions to government business enterprises	(505,191)	(198,376)
Contributions to non-controlled entities	-	(22,063)
Increase in loans receivable	(5,408)	(4,182)
	(4,025,029)	(552,182)
Net increase (decrease) in cash and short-term investments	(681,660)	1,155,818
Cash and short-term investments, beginning of year	2,786,060	1,630,242
Cash and short-term investments, end of year	\$ 2,104,400	\$ 2,786,060
Represented by:		
Cash and short-term investments	\$ 1,693,669	\$ 2,393,097
Restricted cash	410,731	392,963
	\$ 2,104,400	\$ 2,786,060

See accompanying notes to consolidated financial statements.

SHESEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

Sheshegwaning First Nation (the “First Nation”) is located on Manitoulin Island and 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 or controlled by the First Nation

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

ii) Investment in Government Business Enterprises

Government Business Enterprises are accounted for using the modified equity method. Government Business Enterprises includes the following organizations:

- Odawa Stone Limited Partnership (“Stone LP”)
- 2294669 Ontario Limited (“Stone GP”)
- Odawa Freshwater Limited Partnership (“Freshwater LP”)
- Odawa Freshwater General Partner Inc. (“Freshwater GP”)

Under the modified equity method, the Government Business Enterprises accounting principles are not adjusted to conform to those of the First Nation and inter-organizational transactions and balances are not eliminated.

iii) Interests in Partnerships:

Interests in Partnerships are accounted for using the modified equity method. Interests in Partnerships include the following organizations:

- U.C.C.M Building Material Supply Limited Partnership (“UCCMLP”)
- M’Nidoo M’Nising Power Limited Partnership (“MMPLP”)
- Great Lakes Hospitality Group Limited Partnership (“GLHGLP”)

Under the modified equity method, the interest in partnerships accounting principles are not adjusted to conform to those of the First Nation and inter-organizational transactions and balances are not eliminated.

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

b) 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 on the consolidated statement of financial position.

c) Consolidated revenue trust funds:

Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada.

Funds held by the Government of Canada on behalf of the First Nation are included on the consolidated statement of financial position.

d) 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:

Asset	Estimated Life - Years
Land improvements	10 - 30 years
Buildings	10 - 40 years
Infrastructure	10 - 40 years
Machinery and equipment	5 - 15 years
Furniture, computers and fixtures	4 - 10 years

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) Natural resources:

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

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

e) 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 accounts receivable and investment in business enterprises. 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.

f) 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.

2. Cash and short-term investments:

The short-term investments consist of term deposits with a maturity date of April 28th, 2021, earn interest at 0.25% per annum and are recorded at cost of \$214,398 (2020 - \$210,240).

Under its credit agreement, the First Nation has a demand operating facility to a maximum of \$150,000, bearing interest at prime plus 2.0%. In the current year, the demand operating facility was not utilized and had an outstanding balance of \$Nil (2020 - \$Nil) at year end.

Borrowings under the credit facility are secured by a general security agreement.

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

3. Restricted cash:

	2021	2020
Robinson Huron Treaty (i)	\$ 194,900	\$ 195,750
Canadian Mortgage Housing Corporation (ii)	215,831	197,213
	<u>\$ 410,731</u>	<u>\$ 392,963</u>

- i. The First Nation has pledged \$194,900 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 10(e).
- ii. In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$215,831 (2020 - \$197,213) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacement reserve bank account. As of fiscal year end, this First Nation is required to have set aside \$205,212 (2020 - \$186,597).

4. Loans receivable:

The loans receivable are secured by an assignment of wages bearing interest at rates up to 10% and require monthly payments.

5. Investment in Government Business Enterprises:

The following organizations are government business enterprises of the First Nation and have been accounted for on a modified equity basis in these consolidated financial statements.

a) Odawa Stone:

Stone LP and Stone GP are wholly owned and controlled by the First Nation. The First Nation has a 99% interest in Stone LP and a further 1% interest by virtue of its 100% investment in Stone GP. Stone LP is engaged in development and operation of a stone quarry.

b) Odawa Freshwater:

Freshwater LP and Freshwater GP are wholly owned and controlled by the First Nation. Freshwater LP has a 25% limited partnership interest in Odawa Island Farm Limited Partnership.

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

5. Investment in Government Business Enterprises (continued):

The investment in Government Business Enterprise consists of the following:

		Odawa Stone		Odawa Freshwater		2021		2020
Balance, at beginning of year	\$	208,720	\$	148	\$	208,868	\$	182,369
Contributions		505,191		—		505,191		197,706
Adjustment		15,932		—		15,932		—
Share of income (loss)		134,288		(146)		134,142		(171,207)
Balance, end of year	\$	864,131	\$	2	\$	864,133	\$	208,868

The following tables provide condensed supplementary information for the year ended March 31, 2021 for Odawa Stone.

		2021	2020
Financial Position:			
Current assets	\$	591,569	\$ 10,423
Other assets		305,871	306,534
Total assets		897,440	316,957
Current liabilities		31,159	80,642
Long-term liabilities		2,136	27,595
Total liabilities		33,295	108,237
Net assets	\$	864,145	\$ 208,720
Results of operations			
Revenue	\$	723,851	\$ 50,104
Expenses		589,550	221,311
Income (loss)	\$	134,301	\$ (171,207)

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

6. Investments in non-controlled entities:

The following organizations are interests in partnerships of the First Nation and have been accounted for on a modified equity basis in these consolidated financial statements:

a) U.C.C.M Building Material Supply Limited Partnership:

The First Nation has a 14.28% ownership interest in UCCMLP. UCCMLP operates a lumber and building materials store.

b) M'Nidoo M'Nising Power Limited Partnership:

The First Nation has a 16.665% ownership interest in MMPLP. MMPLP owns a 50% interest in an electrical power generation and transmissions/distribution project.

c) Great Lakes Hospitality Group:

The First Nation has a 11.75% ownership interest in GLHGLP. GLHGLP provides accommodation, restaurant, catering and event services.

The investments are comprised of the following:

	UCCM Building Material LP	MMPLP	Great Lakes Hospitality Group	2021	2020
Balance, at beginning of year	111,240	1	1	111,242	101,730
Share of income	16,241	51,520	3,716	71,477	76,394
Adjustment	5,391	-	21,515	26,906	-
Provision for impairment	-	(51,520)	-	(51,520)	(66,882)
Balance, end of year	132,872	1	25,232	158,105	111,242

7. Deferred revenue:

	2021	2020
Indigenous Services Canada	\$ 1,234,919	\$ 1,161,166
Kinoomaadziwin Education Body	948,606	703,469
Ministry of Indigenous Affairs	59,400	59,400
First Nations Confederacy of Cultural Education	41,966	-
Kina Gbezhgomi	24,994	32,441
Mnaamodzawin Health Services	20,534	-
Other	6,150	26,364
	\$ 2,336,569	\$ 1,982,840

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

8. Long-term debt:

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

	2021	2020
0.32% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,767, due December 2030	\$ 203,540	\$ 223,368
1.31% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,247, due November 2031	148,873	161,800
1.75% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,222, due September 2034	320,475	341,361
1.84% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,077, due September 2037	183,901	193,369
2.22% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,873, due May 2028	148,805	167,768
0.79% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,084, due July 2040	448,247	469,453
Toronto Dominion loan, blended monthly payments of \$3,393 including interest at prime plus 1.50%, due September 2023	101,786	142,500
First Nations Finance Authority loan, blended annual payments of \$16,035 including interest at 2.15%, due June 2030	292,968	–
First Nations Finance Authority loan, blended annual payments of \$17,787 including interest at 1.90%, due June 2030	348,475	–
	\$ 2,197,070	\$ 1,699,619

Borrowings under the Toronto Dominion loan are secured by a general security agreement representing a first charge on the asset which has a net book value of \$23,716 (2020 - \$80,633).

Principal repayments due within each of the next five years and thereafter are estimated as follows:

2022	\$ 150,425
2023	167,635
2024	148,682
2025	129,767
2026	131,258
Thereafter	1,469,303

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

9. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ 692,897	\$ -	\$ -	\$ -	\$ 692,897
Land improvements	226,126	-	-	-	226,126
Buildings	8,375,504	189,044	-	-	8,564,548
Infrastructure	5,541,674	2,655,667	310,602	-	8,507,943
Machinery and equipment	2,302,264	568,187	-	(68,500)	2,801,951
Furniture, computers and fixtures	194,076	31,032	-	-	225,108
Assets under construction	310,602	70,500	(310,602)	-	70,500
Total	\$ 17,643,143	\$ 3,514,430	\$ -	\$ (68,500)	\$ 21,089,073

Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	75,650	-	7,583	83,233
Buildings	4,564,046	-	220,849	4,784,895
Infrastructure	3,705,504	-	128,418	3,833,922
Machinery and equipment	1,581,606	(68,500)	200,219	1,713,325
Furniture, computers and fixtures	157,104	-	24,366	181,470
Assets under construction	-	-	-	-
Total	\$ 10,083,910	\$ (68,500)	\$ 581,435	\$ 10,596,845

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 692,897	\$ 692,897
Land improvements	150,476	142,893
Buildings	3,811,458	3,779,653
Infrastructure	1,836,170	4,674,021
Machinery and equipment	720,658	1,088,626
Furniture, computers and fixtures	36,972	43,638
Assets under construction	310,602	70,500
Total	\$ 7,559,233	\$ 10,492,228

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

9. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions	Transfers	Disposals	Balance at March 31, 2020
Land	\$ 692,897	\$ -	\$ -	\$ -	\$ 692,897
Land improvements	203,660	-	-	-	203,660
Buildings	8,325,554	49,950	-	-	8,375,504
Infrastructure	5,564,140	-	-	-	5,564,140
Machinery and equipment	2,111,784	190,480	-	-	2,302,264
Furniture, computers and fixtures	180,195	13,881	-	-	194,076
Assets under construction	149,166	161,436	-	-	310,602
Total	\$ 17,227,396	\$ 415,747	\$ -	\$ -	\$ 17,643,143
Accumulated Amortization	Balance at March 31, 2019	Disposals		Amortization	Balance at March 31, 2020
Land	\$ -	\$ -		\$ -	\$ -
Land improvements	68,067	-		7,583	75,650
Buildings	4,328,244	-		235,802	4,564,046
Infrastructure	3,614,164	-		91,340	3,705,504
Machinery and equipment	1,421,519	-		160,087	1,581,606
Furniture, computers and fixtures	136,222	-		20,882	157,104
Assets under construction	-	-		-	-
Total	\$ 9,568,216	\$ -		\$ 515,694	\$ 10,083,910
	Net book value, March 31, 2019				Net book value, March 31, 2020
Land	\$ 692,897				\$ 692,897
Land improvements	135,593				128,010
Buildings	3,997,310				3,811,458
Infrastructure	1,949,976				1,858,636
Machinery and equipment	690,265				720,658
Furniture, computers and fixtures	43,973				36,972
Assets under construction	149,166				310,602
Total	\$ 7,659,180				\$ 7,559,233

SHESEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

10. Contingent liabilities:

- a) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 11.75% ownership interest in the partnership. As of the year end, the outstanding balance on the facility was \$1,778,943 (2020 - \$1,854,110). In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by GLHLP under terms of the loan facility.
- 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 borrowing in proportion to its beneficial interest in the Trust in the amount of \$195,750. As of March 31, 2021, its proportional outstanding loan balance as part of the Trust is \$194,900 (2020 - \$195,750).

11. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in Tangible Capital Assets	\$ 8,295,158	\$ 5,859,614
Robinson Huron Treaty	(190,100)	(190,100)
Operations	(3,130,843)	(2,183,602)
	4,974,215	3,485,912
Government business enterprises and investments in non-controlled entities:		
Great Lakes Hospitality LP	25,232	1
UCCM Building Supply LP	132,872	111,240
MMPLP	1	1
Odawa Freshwater LP & GP	2	148
Odawa Stone LP & GP	864,131	223,959
	1,022,238	335,349
Reserves funds set aside for specific purpose by Council	3,831,637	3,516,052
	\$ 9,828,090	\$ 7,337,313

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

12. Government transfers - Federal:

	2021	2020
Indigenous Services Canada		
Deferred revenue, opening	\$ 1,161,166	\$ 424,818
Indigenous Services Canada, per confirmation	2,254,899	2,132,286
Deferred revenue, ending	(1,234,919)	(1,161,166)
	2,181,146	1,395,938
 Fednor	 592,309	 75,589
Agricultural Canada	214,641	–
Canada Mortgage and Housing Corporation	110,988	112,511
Other	–	5,575
	 \$ 3,099,084	 \$ 1,589,613

13. Comparative information:

Certain 2021 comparative information have been reclassified where necessary to conform to the current year presentation.

14. Financial risks:

Other risks:

On March 11, 2020, the COVID-19 outbreak was declared 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 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 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.

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Segmented information:

Sheshegwaning First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, community services, community infrastructure, economic and employment development, administration, business enterprises, social housing, and social assistance. 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 to attain certain objectives in accordance with special regulations, restrictions or limitations.

The accompanying Schedules of Financial Activity and Change in Program Balances (the "Schedules") detail the programming delivered by the First Nation.

Services are provided by functional areas and their activities and are reported in these programs. Certain functional areas that have been separately disclosed in the accompanying Schedules, along with the service they provide.

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

Sheshegwaning First Nation is a diversified governmental institution that provides a wide range of services to its Members, including community services, social services, education, band government, infrastructure, economic and community development, business enterprises, capital and rental 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:

Community Services

The community services department provides a wide range of support services for children and families.

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 national child benefit programs.

Education

The education department provides services to elementary students through the operation of an on reserve elementary school for students up to Grade 8. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

SHESEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Segmented information (continued):

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.

Community Infrastructure

The community infrastructure or public works department provides the First Nation with support services for the repair and maintenance of all First Nation owed assets including buildings, roads, water systems and equipment. In addition, the department arranges for fire protection services to be provided to the First Nation.

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. In addition the department manages the operations of the Complex.

Community Property

This department is responsible for managing all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

Social Housing

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

For each report segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on the 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 financial statements as disclosed in the summary of significant accounting policies.

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2021

	Community Services	Social Assistance	Education	Band Government	Community Infrastructure	Employment and Economic Development	OFNLP Community Projects	Community Property	Social Housing	2021 Total
Revenue	\$ 1,223,588	412,803	1,615,709	264,237	367,301	1,176,197	595,191	2,331,166	213,212	\$ 8,199,404
Expenses:										
Salaries, wages and benefits	669,949	44,265	679,731	345,291	202,105	323,292	-	140,943	-	2,405,576
Materials, supplies, rentals and general	538,542	362,485	415,416	275,886	233,616	638,015	-	240,132	158,164	2,862,256
Contractual services	-	-	-	-	13,751	221,328	-	2,761,223	-	2,996,302
Administration	124,726	6,053	212,262	(382,740)	35,657	65,800	-	7,430	-	69,188
Tuition	-	-	308,300	-	-	-	-	-	-	308,300
Amortization of tangible capital assets	44,382	-	43,646	43,338	223,265	22,478	-	120,927	83,399	581,435
Investment in tangible capital assets	(33,810)	-	(92,906)	-	-	(508,727)	-	(2,878,987)	-	(3,514,430)
	1,343,789	412,803	1,566,449	281,775	708,394	762,186	-	391,668	241,563	5,708,627
Excess (deficiency) of revenue over expenses	\$ (120,201)	-	49,260	(17,538)	(341,093)	414,011	595,191	1,939,498	(28,351)	\$ 2,490,777

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2021

	Community Services	Social Assistance	Education	Band Government	Community Infrastructure	Employment and Economic Development	OFNLP Community Projects	Community Property	Social Housing	2020 Total
Revenue	\$ 1,106,391	359,705	1,355,951	400,911	368,118	491,319	615,080	610,123	215,261	\$ 5,522,859
Expenses:										
Salaries, wages and benefits	567,011	72,032	564,707	348,822	244,386	373,732	-	119,623	431	2,290,744
Materials, supplies, rentals and general	412,431	308,744	422,768	334,138	274,945	95,259	-	249,887	80,737	2,178,909
Contractual services	-	-	-	-	23,623	74,203	-	502,341	-	600,167
Administration	54,658	9,362	141,669	(297,419)	27,676	53,760	-	6,053	-	(4,241)
Tuition	-	-	247,165	-	-	-	-	-	-	247,165
Amortization of tangible capital assets	60,049	-	34,591	41,776	224,632	-	-	71,247	83,399	515,694
Investment in tangible capital assets	(47,409)	-	(49,950)	(8,445)	(39,000)	(5,436)	-	(265,507)	-	(415,747)
Investment impairment loss	-	-	-	-	-	14,281	-	-	-	14,281
	1,046,740	390,138	1,360,950	418,872	756,262	605,799	-	683,644	164,567	5,426,972
Excess (deficiency) of revenue over expenses	\$ 59,651	(30,433)	(4,999)	(17,961)	(388,144)	(114,480)	615,080	(73,521)	50,694	\$ 95,887