

Consolidated Financial Statements of

## **M'CHIGEENG FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021

# M'CHIGEENG FIRST NATION

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Year ended March 31, 2021

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### Consolidated Financial Statements

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of M'Chigeeng First Nation (the "First Nation") are the responsibility of management and have been approved by M'Chigeeng First Nation and the undernoted 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 a system of internal accounting and administrative controls. 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.

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.

Chief and Council review the First Nation's consolidated financial statements and recommend their approval. Chief and Council meet to discuss and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the First Nation Members. 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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Chief



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Councilor



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Councilor

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Councilor

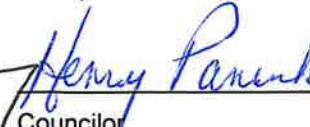


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Councilor

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Councilor



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Councilor





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Claridge Executive Centre  
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Sudbury ON P3C 1X3  
Canada  
Tel 705-675-8500  
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## INDEPENDENT AUDITORS' REPORT

To the Members of M'Chigeeng First Nation

### ***Opinion***

We have audited the consolidated financial statements of M'Chigeeng 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 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, 2021, 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 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.
- 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 fluid and cursive, with 'KPMG' on the top line and 'LLP' on the line below it. A thin horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 11, 2021

# M'CHIGEENG FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

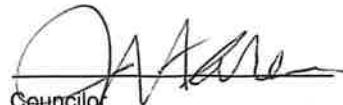
	2021	2020
<b>Financial assets</b>		
Cash	\$ 14,531,735	\$ 8,966,222
Restricted cash (note 2)	1,674,261	1,314,444
Accounts receivable	3,511,446	3,230,012
Investments (note 3)	816,690	715,526
Investment in HIAH entities (note 7)	2,894,976	2,790,842
Investment in MERE General Partner Inc. (note 4)	2,015,278	1,680,874
Advances to MERE General Partner Inc. (note 5)	3,799,609	3,799,609
Loan receivable from MERE General Partner Inc. (note 6)	565,677	602,282
Consolidated revenue fund (note 12)	317,261	298,436
	30,126,933	23,398,247
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,125,387	2,578,546
Deferred revenue (note 8)	4,790,324	2,240,463
Long-term debt (note 9)	6,688,924	7,184,728
	14,604,635	12,003,737
Net financial assets	15,522,298	11,394,510
<b>Non-financial assets</b>		
Tangible capital assets (note 10)	35,804,297	35,738,280
Prepaid expenses	222,117	183,751
	36,026,414	35,922,031
Contingent liabilities (note 11)		
Effects of COVID-19 (note 16)		
Accumulated surplus (note 13)	\$ 51,548,712	\$ 47,316,541

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

  
 Chief  
 D. Mignaw  
 Councilor

  
 Councilor

  
 Councilor  
 Henry Park  
 Councilor

  
 Councilor

# M'CHIGEENG FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

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

	2021 Budget	2021 Actual	2020 Actual
(note 14)			
<b>Revenue:</b>			
Government transfers - Provincial	\$ 4,236,710	\$ 4,285,592	\$ 4,047,727
- Federal	12,529,628	14,548,985	14,066,477
Investment income	-	133,548	290,434
Rental income	780,509	783,519	864,904
Business enterprises	-	496,490	156,215
Business operation	-	86,202	1,448,581
Other	4,920,155	3,757,390	4,764,340
	22,467,002	24,091,726	25,638,678
<b>Expenses:</b>			
Education	8,159,369	6,936,014	7,294,904
Public Works and Facilities	2,452,364	2,279,022	2,327,918
Community Services	890,283	1,220,048	1,017,534
Economic Advancement	1,013,652	464,346	328,299
Health Services	1,710,249	1,475,276	1,316,436
Health Agreement	1,747,092	1,518,860	1,651,153
Health Other	-	-	520,601
Administration	2,748,939	2,065,007	1,846,855
Rentals	11,243	122,576	100,892
Social Services	1,873,485	1,808,585	1,775,724
Employment and Training	734,843	651,290	555,311
Community Property	-	390,668	956,888
Subsidized Housing	1,230,275	803,949	858,836
Business Operations	-	123,914	1,469,996
Write-down of Investment	-	-	35,714
<b>Total expenses</b>	<b>22,571,794</b>	<b>19,859,555</b>	<b>22,057,061</b>
<b>Excess (deficit) of revenue over expenses</b>	<b>(104,792)</b>	<b>4,232,171</b>	<b>3,581,617</b>
<b>Accumulated surplus, beginning of year</b>	<b>47,316,541</b>	<b>47,316,541</b>	<b>43,734,924</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 47,211,749</b>	<b>\$ 51,548,712</b>	<b>\$ 47,316,541</b>

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets

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

	2021 Budget	2021 Actual	2020 Actual
	(note 14)		
Excess (deficit) of revenue over expenses	\$ (104,792)	\$ 4,232,171	\$ 3,581,617
Acquisition of tangible capital assets	(1,715,346)	(1,715,346)	(2,836,769)
Amortization of tangible capital assets	1,649,329	1,649,329	1,525,490
Gain on sale of tangible capital assets	-	-	(113,840)
Proceeds on sale of tangible capital assets	-	-	635,611
	(170,809)	4,166,154	2,792,109
Acquisition of prepaid expenses	-	(222,117)	(183,751)
Use of prepaid expenses	-	183,751	190,014
Change in net financial assets	(170,809)	4,127,788	2,798,372
Net financial assets, beginning of year	11,394,510	11,394,510	8,596,138
<b>Net financial assets, end of year</b>	<b>\$ 11,223,701</b>	<b>\$ 15,522,298</b>	<b>\$ 11,394,510</b>

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

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

	2021	2020
<b>Operating transactions:</b>		
Excess of revenue over expenses	\$ 4,232,171	\$ 3,581,617
Adjustment for:		
Amortization of tangible capital assets	1,649,329	1,525,490
Gain on sale of tangible capital assets	-	(113,840)
Write-down of investment	-	35,714
Share of earnings from business enterprises	(262,465)	38,724
	5,619,035	5,067,705
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	(281,434)	20,105
Increase in accounts payable and accrued liabilities	546,844	1,211,579
Increase (decrease) in deferred revenue	2,549,860	(417,110)
Decrease (increase) in prepaid expenses	(38,368)	6,261
	8,395,937	5,888,540
<b>Capital transactions:</b>		
Proceeds on sale of tangible capital assets	-	635,611
Purchase of tangible capital assets	(1,715,346)	(2,836,769)
	(1,715,346)	(2,201,158)
<b>Financing transactions:</b>		
Issuance of long-term debt	-	104,200
Principal payments on long-term debt	(495,804)	(456,658)
	(495,804)	(352,458)
<b>Investing transactions:</b>		
Decrease in loan receivable from MERÉ General Partner Inc.	36,605	63,043
Contribution to Great Lakes Hospitality Group Partnership	-	(35,714)
Decrease in advances to MERÉ General Partner Inc.	-	27,249
Investment in HIAH entities	(277,237)	(234,141)
Increase in consolidated revenue fund	(18,825)	(20,557)
	(259,457)	(200,120)
<b>Net increase in cash</b>	<b>5,925,330</b>	<b>3,134,804</b>
<b>Cash, beginning of year</b>	<b>10,280,666</b>	<b>7,145,862</b>
<b>Cash, end of year</b>	<b>\$ 16,205,996</b>	<b>\$ 10,280,666</b>
<b>Cash is represented by:</b>		
Cash	\$ 14,531,735	8,966,222
Restricted cash	1,674,261	1,314,444
	<b>\$ 16,205,996</b>	<b>10,280,666</b>

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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The M'Chigeeng First Nation (the "First Nation"), located on Manitoulin Island, administers programs and provides services to First Nation 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 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) The reporting entity includes the activities of all committees of Council and related entities under the control of the First Nation.
- ii) Investment in MERE General Partner Inc. ("MERE") and HIAH Economic Dev LP ("HIAH"):

The investments in MERE and HIAH are accounted for by the modified equity method. Under the modified equity method, the accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated.

#### (b) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

#### (c) 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.

#### (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.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

#### (e) 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	Useful 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
Assets under construction	-

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.

#### (f) 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.

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 1. Significant accounting policies (continued):

### (g) 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:

In accordance with various operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$1,580,408 (2020 - \$1,314,444) is restricted for this purpose.

Additionally, cash in the amount of \$93,853 (2020 - \$Nil) is restricted for the purposes of an endowed education fund which is being held with Community Foundation Grey Bruce.

## 3. Investments:

	2021	2020
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 607,863	\$ 569,531
Investment in M'Nidoo M'Nising Limited Partnership	1	1
Investment in Robinson Huron Forestry Inc.	1	1
Investment in Sun Life Financial Inc.	145,992	145,992
Investment - Great Lakes Hospitality Group Partnership	62,833	1
	<hr/> \$ 816,690	<hr/> \$ 715,526

The investment in U.C.C.M. Building Material Supply Limited Partnership represents a 14.28% ownership interest and is accounted for using the equity method.

The investment in M'Nidoo M'Nising Limited Partnership represents a 16.55% ownership interest and is accounted for using the equity method.

The investment in Robinson Huron Forestry Inc. represents a 12.5% ownership interest and is accounted for using the equity method.

The investment in Sun Life Financial Inc. represents 6,636 shares and is reflected as the value assigned to the shares upon demutualization of the enterprise. The fair market value of the shares as at March 31, 2021 is \$421,452 (2020 - \$300,412).

The investment in the Great Lakes Hospitality Group Partnership represents a 29.44% ownership interest and is accounted for using the equity method.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 4. Investment in MERE General Partner Inc.:

The MERE General Partner Inc. is owned and controlled by the First Nation and is accounted for on a modified equity basis.

(a) The following table provides condensed supplementary financial information for the period ended March 31, 2021:

	2021	2020
<b>Financial Position:</b>		
Current assets	\$ 296,438	\$ 910,458
Non-current assets	9,648,425	9,467,018
	<u>9,944,863</u>	<u>10,377,476</u>
Current liabilities	829,649	766,424
Advances from M'Chigeeng First Nation	3,799,608	3,799,608
Long-term debt	3,300,328	4,130,570
	<u>7,929,585</u>	<u>8,696,602</u>
<b>Net assets</b>	<b>\$ 2,015,278</b>	<b>\$ 1,680,874</b>
 <b>Results of operations:</b>		
Revenue	\$ 1,331,416	\$ 1,454,264
Expenses	997,012	980,978
<b>Net earnings</b>	<b>\$ 334,404</b>	<b>\$ 473,286</b>

(b) The investment at March 31, 2021 consists of the following:

	2021	2020
Balance, beginning of year	\$ 1,680,874	\$ 1,207,588
First Nation's share of operating income for the year	334,404	473,286
<b>Balance, end of year</b>	<b>\$ 2,015,278</b>	<b>\$ 1,680,874</b>

### 5. Advances to MERE General Partner Inc.:

The advances to MERE General Partner Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 6. Loan receivable from MERÉ General Partner Inc.:

	2021	2020
Loan receivable, bearing interest at 6.0% per annum and is repayable in 180 monthly blended payments of \$8,399 commencing on the date of commercial operation. No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	\$ 565,677	\$ 602,282

### 7. Investment in HIAH entities:

The First Nation has a 99.99% interest in HIAH Economic Dev LP ("HIAH") and a further 0.01% interest by virtue of its 100% investment in HIAH Corp. (the general partner for HIAH). HIAH is engaged in business ventures, partnerships or enterprises which the Partners pursue in Canada for the general welfare or development of M'Chigeeng First Nation.

During the year, the First Nation provided HIAH with labour, contract support, accounting services and other operating expenses totaling \$359,906 (2020 - \$260,383). These transactions were entered into during the normal course of operations and were recorded at their exchange amount.

	2021	2020
<b>Financial Position :</b>		
Current assets	\$ 2,317,290	\$ 2,224,709
Non-current assets	1,948,454	1,878,712
	4,265,744	4,103,421
Current liabilities	672,024	468,829
Non-current liabilities	698,750	843,750
	1,370,774	1,312,579
<b>Net assets</b>	<b>\$ 2,894,970</b>	<b>\$ 2,790,842</b>

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 7. Investment in HIAH entities (continued):

Results of operations:	2021	2020
Revenue	\$ 3,022,172	\$ 2,585,757
Expenses	3,195,275	3,124,105
<b>Net loss</b>	<b>\$ (173,103)</b>	<b>\$ (538,348)</b>

The investment at March 31, 2021 consists of the following:

	2021	2020
Balance, beginning of year	\$ 2,790,842	\$ 3,095,050
Share of operating loss for the year	(173,103)	(538,348)
Capital contribution	277,237	234,140
<b>Balance, end of year</b>	<b>\$ 2,894,976</b>	<b>\$ 2,790,842</b>
	2021	2020
Investment in business enterprises:		
100% interest in HIAH Corp.	\$ 10	\$ 10
99% interest in HIAH Economic Dev LP	2,894,966	2,790,832
	<b>\$ 2,894,976</b>	<b>\$ 2,790,842</b>

### 8. Deferred revenue:

	2021	2020
Indigenous Services Canada	\$ 4,259,719	\$ 1,725,884
Kenjgewin Teg Educational Institute	297,004	297,004
Union of Ontario Indians	231,811	215,785
Other	1,790	1,790
	<b>\$ 4,790,324</b>	<b>\$ 2,240,463</b>

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 9. Long-term debt:

	2021	2020
1.30% Mortgage payable in monthly payments of \$3,453, including interest maturing April 2022	\$ 41,144	\$ 81,758
0.98% Mortgage payable in monthly payments of \$3,026 including interest maturing November 2024	127,679	162,692
1.84% Mortgage payable in monthly payments of \$5,135 including interest maturing July 2027	363,615	418,044
1.44% Mortgage payable in monthly payments of \$3,147 including interest maturing February 2032	378,617	410,704
1.30% Mortgage payable in monthly payments of \$3,891 including interest maturing June 2032	485,161	525,293
2.50% Mortgage payable in monthly payments of \$5,311 including interest maturing January 2033	648,771	695,764
2.52% Mortgage payable in monthly payments of \$4,210 including interest maturing August 2033	535,429	572,053
1.85% Mortgage payable in monthly payments of \$3,194 including interest maturing June 2034	447,695	477,527
1.08% Mortgage payable in monthly payments of \$3,198 including interest maturing July 2035	505,929	539,481
1.05% Mortgage payable in monthly payments of \$3,866 including interest maturing April 2040	797,945	836,808
2.50% Mortgage payable in monthly payments of \$4,377 including interest maturing June 2043	894,233	924,152
2.49% Mortgage payable in monthly payments of \$2,843, including interest maturing May 2043	579,872	599,391
1.69% Mortgage payable in monthly payments of \$6,133, including interest maturing September 2043	882,834	941,061
	<hr/> \$ 6,688,924	<hr/> \$ 7,184,728

The interest on the long-term debt is subsidized by CMHC in the amount of \$606,969 (2020 - \$490,718).

Principal repayments over the next five years are estimated as follows:

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2022	\$ 504,215
2023	470,780
2024	478,640
2025	471,665
2026	458,763
Thereafter	4,304,861

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# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 10. Tangible capital assets:

Cost	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ 1,372,640	-	-	-	1,372,640
Land improvements	980,720	-	-	-	980,720
Buildings	34,143,769	136,213	1,947,362	-	36,227,344
Infrastructure	17,843,655	-	-	-	17,843,655
Machinery and equipment	4,206,600	495,369	-	-	4,701,969
Furniture, computers and fixtures	1,180,658	196,603	-	-	1,377,261
Assets under construction	1,060,201	887,161	(1,947,362)	-	-
<b>Total</b>	<b>\$ 60,788,243</b>	<b>1,715,346</b>	<b>-</b>	<b>-</b>	<b>62,503,589</b>

Accumulated amortization	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ -	-	-	-	-
Land improvements	292,503	27,424	-	-	319,927
Buildings	12,346,973	863,984	-	-	13,210,957
Infrastructure	8,933,486	402,659	-	-	9,336,145
Machinery and equipment	2,705,589	244,757	-	-	2,950,346
Furniture, computers and fixtures	771,412	110,505	-	-	881,917
Assets under construction	-	-	-	-	-
<b>Total</b>	<b>\$ 25,049,963</b>	<b>\$ 1,649,329</b>	<b>-</b>	<b>-</b>	<b>26,699,292</b>

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 1,372,640	1,372,640
Land improvements	688,217	660,793
Buildings	21,796,796	23,016,387
Infrastructure	8,910,169	8,507,510
Machinery and equipment	1,501,011	1,751,623
Furniture, computers and fixtures	409,246	495,344
Assets under construction	1,060,201	-
<b>Total</b>	<b>\$ 35,738,280</b>	<b>35,804,297</b>

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 10. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions	Transfers	Disposals	Balance at March 31, 2020
Land	\$ 1,346,968	25,672	-	-	1,372,640
Land improvements	843,070	137,650	-	-	980,720
Buildings	27,499,419	345,092	6,970,708	(671,450)	34,143,769
Infrastructure	17,843,655	-	-	-	17,843,655
Machinery and equipment	3,788,344	418,256	-	-	4,206,600
Furniture, computers and fixtures	1,106,064	74,594	-	-	1,180,658
Assets under construction	6,195,402	1,835,507	(6,970,708)	-	1,060,201
<b>Total</b>	<b>\$ 58,622,922</b>	<b>2,836,771</b>	<b>-</b>	<b>(671,450)</b>	<b>60,788,243</b>
Accumulated amortization	Balance at March 31, 2019	Additions	Transfers	Disposals	Balance at March 31, 2020
Land	\$ -	-	-	-	-
Land improvements	265,135	27,368	-	-	292,503
Buildings	11,663,010	833,641	-	(149,678)	12,346,973
Infrastructure	8,530,890	402,596	-	-	8,933,486
Machinery and equipment	2,509,205	196,384	-	-	2,705,589
Furniture, computers and fixtures	705,910	65,502	-	-	771,412
Assets under construction	-	-	-	-	-
<b>Total</b>	<b>\$ 23,674,150</b>	<b>\$ 1,525,491</b>	<b>-</b>	<b>(149,678)</b>	<b>25,049,963</b>
	Net book value, March 31, 2019			Net book value, March 31, 2020	
Land	\$ 1,346,968			1,372,640	
Land improvements	577,935			688,217	
Buildings	15,836,409			21,796,796	
Infrastructure	9,312,765			8,910,169	
Machinery and equipment	1,279,139			1,501,011	
Furniture, computers and fixtures	400,154			409,246	
Assets under construction	6,195,402			1,060,201	
<b>Total</b>	<b>\$ 34,948,772</b>			<b>35,738,280</b>	

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 11. Contingent liabilities:

Loan guarantees and commitments:

- (i) The First Nation has endorsed CMHC loans made to various Band members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (ii) Indigenous Services Canada ("ISC") has guaranteed certain CMHC Section 9 loans to various First Nation members, the balance of which is \$170,999 (2020 - \$195,021). If any of the loans are in default and require payment by ISC, the amount will be charged back to the First Nation.
- (iii) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans from RBC in the amount of \$323,268 (2020 - \$384,688).
- (iv) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans from BMO in the amount of \$1,596,045 (2020 - \$1,767,826).
- (v) 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 29.44% equity interest in the partnership. The principal amount of the loan was for \$4,309,552. 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 the GLHLP under terms of the loan facility.
- (vi) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty (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 \$478,500. As at March 31, 2021, its proportional outstanding loan balance as part of the Trust is \$476,736 (2020 - \$476,736).

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

- (vii) Under terms of a loan facility agreement between the Bank of Montreal and HIAH Economic Dev LP the First Nation has guaranteed loans in the amount of \$1,450,000. The outstanding balance of the loan as of March 31, 2021 is \$843,750 (2020 - \$988,750).

### 12. Consolidated revenue fund:

The following schedule details the receipt and expenditure for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 225,921	72,515	\$ 298,436
Interest	18,825	-	18,825
Balance, end of year	\$ 244,746	72,515	\$ 317,261

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## 13. Accumulated surplus:

	2021	2020
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 28,532,618	\$ 27,970,797
Business enterprises	9,946,235	9,443,138
Unfinanced capital lagoon	(441,476)	(441,476)
Unfinanced business development centre equipment	(160,233)	(160,233)
Unfinanced business development centre	(1,214,708)	(1,844,447)
Endowed education fund	93,853	—
Other	4,052,157	2,809,298
	<hr/> 40,808,446	<hr/> 37,777,077
 <b>Reserves</b>		
Reserve Funds	4,152,184	3,313,333
Committed Reserves	4,056,850	3,590,932
	<hr/> 2,531,232	<hr/> 2,635,199
	<hr/> <hr/> \$ 51,548,712	<hr/> <hr/> \$ 47,316,541

## 14. Budget information:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

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<b>Approved expense budget:</b>	
Total expenses per budget	\$ 23,133,614
Less:	
Capital acquisition	(1,715,346)
Principal payments on long-term debt	(495,803)
	<hr/> (2,211,149)
Add:	
Amortization of tangible capital assets	1,649,329
 <b>Expense budget per financial statements</b>	<hr/> \$ 22,571,794

## 15. Comparative information:

Certain 2020 comparative information have been reclassified where necessary to conform to the current year presentation.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### **16. 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.

### **17. Segmented information:**

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

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 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.

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.

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### **17. Segmented information (continued):**

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:

#### **Education**

The education department provides services to elementary students through the operation of an on-reserve elementary school. 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. The department also operates and provides the community with day-care services.

#### **Public Works**

The public works department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

#### **Community Services**

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

#### **Economic Advancement**

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

#### **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 long-term care, diabetes, mental health, healthy babies, home and community care and many other smaller programs designed to enhance the health of members. The health department also manages the operations of the Health Centre and Wellness Centre.

#### **Administration**

The administration 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 manages the operations of the Post Office

#### **Subsidized Housing**

The 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.

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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## **17. Segmented information (continued):**

### **Employment and Training**

The employment and training 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.

### **Community Property**

This department is responsible for 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.

### **Business Operations**

Business Operations commission is responsible for the implementation and delivery of all gaming related activities on the First Nation.

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 the consolidated financial statements as disclosed in the summary of significant accounting policies.

## **17. Segmented information:**

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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.

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 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.

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.

## M'CHIGEENG FIRST NATION

Note 17 - Segmented Information (continued)

Year ended March 31, 2020

		Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2021 Total
Revenue	\$ 8,144,640	1,163,760	1,238,323	598,713	3,301,797	3,836,772	1,300,112	2,557,771	1,863,636	86,202	24,091,726	
Expenses:												
Salaries, benefits and honorarium	3,420,820	587,718	600,682	219,696	1,956,494	1,309,393	409,793	125,679	54,468	8,684,743		
Materials, supplies and rentals	611,711	310,107	148,698	111,688	253,480	356,921	198,878	206,370	314,152	57,915	2,569,920	
Contractual and professional	112,165	177,500	133,386	17,504	128,379	190,387	15,600	-	284,474	2,358	1,071,753	
Travel and training	12,901	38,517	7,034	2,317	149,054	3,629	-	109,503	1,254	621	324,830	
Other	2,754,233	412,397	326,304	122,766	368,441	163,724	251,934	1,809,577	930,430	8,552	7,148,358	
Interest on long-term debt	164,013	781,700	3,944	8,216	149,095	103,691	123,002	-	-	-	125,988	
Amortization	(139,629)	(28,917)	-	(20,807)	(10,807)	(62,737)	(78,678)	(98,250)	(1,275,321)	-	1,649,329	
Investment in tangible capital assets	6,936,014	2,279,022	1,220,048	464,346	2,984,136	2,065,008	926,525	2,459,874	390,668	123,914	19,859,555	
Excess (deficit) of revenue over expenses	\$ 1,208,626	(1,115,262)	18,275	134,367	307,661	1,771,764	373,587	97,897	1,472,968	(37,712)	4,232,171	

## M'CHIGEENG FIRST NATION

Note 17 - Segmented Information (continued)

Year ended March 31, 2020

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2020 Total
<b>Revenue</b>	\$ 7,948,837	1,246,509	1,054,200	401,175	3,422,033	3,565,044	1,148,723	2,343,195	3,060,381	1,448,581	25,638,678
<b>Expenses:</b>											
Salaries, benefits and honorarium	3,325,631	572,924	454,638	212,490	2,080,485	1,133,991	-	360,352	180,559	79,477	8,420,547
Materials, supplies and rentals	452,455	563,708	252,702	33,814	573,915	342,339	199,053	283,781	110,306	1,366,845	4,176,918
Contractual and professional	280,720	145,750	105,275	28,250	260,516	256,316	19,255	-	1,999,386	1,875	3,097,343
Travel and training	73,519	39,287	38,287	11,264	267,393	61,533	-	253,054	7,649	1,858	753,824
Other	3,032,551	416,465	162,688	40,503	352,524	13,166	240,803	1,474,028	1,025,211	19,941	6,777,880
Interest on long-term debt	-	-	-	1,977	-	-	137,851	-	-	-	139,828
Amortization	141,885	759,557	3,944	-	122,455	100,896	387,517	9,236	-	-	1,525,490
Investment in tangible capital assets	(11,857)	(169,733)	-	(169,099)	(25,672)	(24,749)	(69,416)	(2,366,223)	-	-	(2,836,789)
	7,294,904	2,327,918	1,017,534	328,298	3,488,189	1,882,569	959,730	2,331,035	956,988	1,469,996	22,057,061
<b>Excess (deficit) of revenue over expenses</b>	\$ 653,933	(1,081,409)	36,666	72,877	(66,156)	1,682,475	188,993	12,160	2,103,493	(21,415)	3,581,617