

**Constance Lake First Nation
Consolidated Financial Statements**

March 31, 2020

Constance Lake First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Chief and Council and Members of Constance Lake First Nation

The accompanying consolidated financial statements of Constance Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Constance Lake First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

September 29, 2020



Chief



Executive Director

Independent Auditor's Report

To the Chief and Council and Members of Constance Lake First Nation:

Opinion

We have audited the accompanying consolidated financial statements of Constance Lake First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Timmins, Ontario

September 29, 2020

The logo for MNP LLP, featuring the letters 'MNP' in a stylized, italicized font, with 'LLP' in a smaller, regular font to the right.

Chartered Professional Accountants

Licensed Public Accountants

Constance Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash	19,079,109	13,783,236
Restricted cash - CMHC reserve funds	869,417	858,586
Funds held in trust - Ottawa (Note 3)	738,104	722,910
Portfolio Investments (Note 4)	13	27
Accounts receivable	3,149,633	4,291,883
Housing loans receivable (Note 5)	1,663	462
Long-term investments (Note 6)	56,503	56,503
Investment in government business enterprises (Note 7)	36,503	35,338
	23,930,945	19,748,945
Financial liabilities		
Accounts payable and accrued liabilities	1,246,200	835,455
Deferred revenue (Note 8)	173,020	1,531,227
Due to funding agencies	125,080	105,741
Debt (Note 9)	11,328,213	12,272,285
	12,872,513	14,744,708
Net financial assets	11,058,432	5,004,237
Contingencies and commitments (Note 10)		
Non-financial assets		
Tangible capital assets (Note 16) (Schedule 1)	38,630,872	37,600,310
Prepaid expenses	37,144	108,628
	38,668,016	37,708,938
Accumulated surplus (Note 13)	49,726,448	42,713,175

Approved on behalf of Chief and Council



Chief



Councillor

Constance Lake First Nation
Consolidated Statement of Operations
For the year ended March 31, 2020

	2020 Budget	2020	2019
Revenue			
Indigenous Services Canada			
Set Funding	109,326	-	191,498
Fixed Funding	7,660,908	9,554,156	7,430,475
Grant Funding	347,671	456,650	436,445
Flexible funding	-	-	543,427
Recovery (repayment) of prior period funding	-	(398,304)	105,651
Canada Mortgage and Housing Corporation	976,979	1,056,041	1,221,983
Indigenous Services Canada - Health	1,174,739	2,021,857	2,350,495
Ontario First Nations Limited Partnership	328,100	1,074,677	1,242,570
Province of Ontario	2,381,608	5,050,713	3,072,400
Rental income	1,036,683	988,767	1,006,356
Other revenue (Note 15)	2,085,097	5,452,763	11,193,074
Repayment of funding	-	(19,800)	(94,563)
Deferred revenue - prior year (Note 8)	-	1,531,227	1,575,800
Deferred revenue - current year (Note 8)	-	(173,020)	(1,531,227)
	16,101,111	26,595,727	28,744,384
Expenses (Schedule 2)			
Administration	2,033,708	1,662,319	1,196,401
Community property	257,015	1,072,086	1,121,370
Education	5,530,361	5,726,202	4,816,551
Employment and economic development	724,190	1,849,474	1,471,498
Health services	2,352,174	2,514,336	2,957,542
Public works and facilities	1,009,550	1,728,568	1,921,777
Social assistance	1,354,200	2,749,110	1,930,753
Social housing	2,174,419	2,280,359	1,914,669
	15,435,617	19,582,454	17,330,561
Annual surplus	665,494	7,013,273	11,413,823
Accumulated surplus, beginning of year	42,713,175	42,713,175	31,299,352
Accumulated surplus, end of year (Note 13)	43,378,669	49,726,448	42,713,175

Constance Lake First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2020

	2020 Budget	2020	2019
Annual surplus	665,494	7,013,273	11,413,823
Acquisition of tangible capital assets	-	(3,234,271)	(895,998)
Amortization of tangible capital assets	2,203,709	2,203,709	2,019,756
Acquisition of prepaid expenses	-	(80,793)	(34,293)
Use of prepaid expenses	-	152,277	89,172
Increase in net financial assets	2,869,203	6,054,195	12,592,460
Net financial assets (debt), beginning of year	5,004,237	5,004,237	(7,588,223)
Net financial assets, end of year	7,873,440	11,058,432	5,004,237

Constance Lake First Nation
Consolidated Statement of Cash Flows

For the year ended March 31, 2020

2020

2019

Cash provided by (used for) the following activities

Operating activities

Annual surplus	7,013,273	11,413,823
Non-cash items		
Amortization of tangible capital assets	2,203,709	2,019,756
	9,216,982	13,433,579
Changes in working capital accounts		
Accounts receivable	1,142,250	(2,150,705)
Housing loans receivable	(1,201)	2,706
Prepaid expenses	71,484	54,879
Restricted cash - CMHC reserve funds	(10,832)	(7,184)
Funds held in trust	(15,194)	154,225
Accounts payable and accrued liabilities	410,746	(340,616)
Deferred revenue	(1,358,207)	(44,572)
	9,456,028	11,102,312

Financing activities

Due to funding agencies	19,339	39,200
Repayment of long-term debt	(944,072)	(1,009,060)
	(924,733)	(969,860)

Capital activities

Acquisition of tangible capital assets	(3,234,271)	(895,998)
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Investing activities

Investment on government business enterprises	(1,165)	(35,337)
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Increase in cash resources

Cash resources, beginning of year

Cash resources, end of year

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

1. Operations

Constance Lake First Nation (the "Nation") is located in the province of Ontario, and provides various services to its members. Constance Lake First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of accounting

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of CPA Canada. Further, the consolidated financial statements are prepared on the going concern assumption that the Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows.

Reporting entity - consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Constance Lake First Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Constance Lake First Nation Band
- Constance Lake Education Authority

All inter-entity balances have been eliminated on consolidation.

Constance Lake First Nation business entities, owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Amik Logging Limited Partnership

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized as follows:

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction on the related long-term debt. Amortization for other tangible capital assets is provided using the straight-line method at years intended to amortize the cost of the assets over their estimated useful lives:

	Years
Buildings	40
Education facilities	40
Landfill	20
Land improvements	40
Housing	40
Water and waste water infrastructure	40
Water and waste water equipment	30
Roads and related infrastructure	50
Furniture, fixtures and equipment	5
Computer hardware	3
Computer software	3
Vehicles - heavy	25
Vehicles - trailers	5-10
Vehicles - light	5
Street lights	40

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Net financial assets (net debt)

The Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position until expended.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Government Transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as deferred revenue on the statement of financial position until the funds are expended. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Trust - Ottawa

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Other revenues are recognized in the period that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

Measurement uncertainty

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 revenue and expenses during the reporting period. The main estimates used in preparing these consolidated financial statements include an allowance for doubtful accounts, amortization of tangible capital assets and accounts payable and accruals. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Prior year funding adjustments

The Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with audit adjustments potentially repayable to the government in a subsequent period. These adjustments, if any, are charged to operations in the period they become known.

3. Funds held in trust - Ottawa

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Nation's Council.

	2020	2019
Capital Trust		
Balance, beginning and end of year	32,025	32,025
Revenue Trust		
Balance, beginning of year	690,885	845,110
Additions	15,194	20,575
Less: Transfers to Nation	-	174,800
Balance, end of year	706,079	690,885
	738,104	722,910

Funds held in trust - Ottawa 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

4. Portfolio investments

Portfolio investments consists of:

400,000 common shares in CKR Carbon Corporation traded in the active market.

100,000 common shares in GTA Resources and Mining Inc. traded in the active market.

200,000 common shares in Xmet Inc. traded in the active market.

A 14.29% equity interest in NE-DAA-KII-ME-NAAN Inc., a corporation controlled by seven Nation bands. The investment is carried at cost, being the initial contribution. The corporation, incorporated in the Province of Ontario, provides forest management and related services.

	2020	2019
CKR Carbon Corporation	1	1
GTA Resources and Mining Inc.	1	1
Xmet Inc.	1	1
NE-DAA-KII-ME-NAAN Inc.	10	10
2433585 Ontario Ltd.	-	14
	13	27

5. Housing Loans Receivable

Housing loans receivable are due from Nation members. The facilities bear interest at nominal rates, are repayable in blended monthly payments, and are amortized over 35 years.

	2020	2019
Housing Loans Receivable	1,340,691	1,376,077
Less: allowance for doubtful accounts	(1,339,028)	(1,375,615)
	1,663	462

6. Long term investments

The investment in Landmark Inn Limited Partnership, consisting of 1 unit of a total of 26 units issued and outstanding, is accounted for at cost. The investment in Shekak Power generating facility, consists of one OEFC class D share which entitles the Nation to receipts for the period January 1, 2018 - December 31, 2026 at \$1.06 for each kWh (\$10.60/MWh) of actual generation each month.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investment in government business enterprises

Amik Logging Limited Partnership ("Amik LP") is a partnership of which the Nation is the sole owner of the limited partnership units. 2500845 Ontario Inc. is a corporation of which the Nation is the sole owner of the issued share capital. As these investments are business enterprises of the Nation, they are accounted for on the modified equity basis in these consolidated financial statements.

Summary of the most recent available financial information for each Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>2500845 Ontario</i>	
	<i>Amik LP</i>	<i>Inc.</i>
	<i>As at May 31, 2019</i>	<i>As at March 31, 2020</i>
Assets		
Cash	1,575	41,230
Income taxes receivable	-	1,794
Due to related party	-	11,428
Property, plant and equipment	19,023	-
Total assets	20,598	54,452
Liabilities		
Accounts payable and accruals	693,902	17,950
Long-term debt	408,177	-
Total liabilities	1,102,079	17,950
Net assets	(1,081,481)	36,502
Total revenue	4	102,359
Total expenses	22,427	101,194
Net income (loss)	(22,423)	1,165

Investment in Amik Logging Limited Partnership is reported at \$1 on the statement of financial position as a result of a loss in operations.

Pursuant to a settlement agreement subsequent to the year end date, Amik Logging Limited Partnership was awarded specific equipment and assumed liabilities of \$63,065. The settlement relates to the dissolution of a joint venture arrangement.

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions used</i>	<i>Balance, end of year</i>
ISC - Capital Projects	(32,644)	32,644	-	-
ISC - Housing Project 2019	(1,026,600)	1,026,600	-	-
ISC - Project #ARKDQ Lagoon & Sanitary Study	(72,305)	72,305	-	-
Other	(399,678)	373,132	146,474	(173,020)
	(1,531,227)	1,504,681	146,474	(173,020)

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. Debt

	2020	2019
RBC term loan bearing interest at 4.88%, repayable at \$1,435 per month principal and interest, secured by general security agreement, maturing February 2023.	46,729	61,270
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$3,678, renewable April 2022, maturing March 2027.	294,292	333,979
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$5,269, renewable April 2022, maturing March 2027.	421,474	478,310
CMHC mortgage payable, bearing interest at 1.82%, repayable in blended monthly instalments of \$5,788, renewable May 2020, maturing September 2029.	606,654	664,624
CMHC mortgage payable, bearing interest at 1.11%, repayable in blended monthly instalments of \$2,031, renewable April 2021, maturing March 2031.	252,560	274,025
CMHC mortgage payable, bearing interest at 1.03%, repayable in blended monthly instalments of \$10,579, maturing September 2021.	189,033	313,448
CMHC mortgage payable, bearing interest at 1.44%, repayable in blended monthly instalments of \$6,305, renewable February 2022, maturing January 2032.	823,848	887,249
CMHC mortgage payable, bearing interest at 1.30%, repayable in blended monthly instalments of \$2,777, renewable June 2022, maturing June 2032.	377,688	405,943
CMHC mortgage payable, bearing interest at 1.84%, repayable in blended monthly instalments of \$2,170, renewable September 2022, maturing September 2032.	291,171	311,700
CMHC mortgage payable, bearing interest at 2.35%, repayable in blended monthly instalments of \$4,807, renewable July 2023, maturing May 2033.	654,433	696,355
CMHC mortgage payable, bearing interest at 1.85%, repayable in blended monthly instalments of \$4,286, renewable May 2020, maturing June 2034.	645,204	684,411
CMHC mortgage payable, bearing interest at 0.98%, repayable in blended monthly instalments of \$1,939, renewable March 2020, maturing March 2035.	324,714	344,708
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$3,238, renewable June 2020, maturing May 2030.	368,707	402,235
CMHC mortgage payable, bearing interest at 2.41%, repayable in blended monthly instalments of \$5,939, renewable April 2023, maturing April 2038.	1,046,999	1,092,653
CMHC mortgage payable, bearing interest at 1.87%, repayable in blended monthly instalments of \$3,518, renewable May 2024, maturing March 2039.	577,145	608,361
CMHC mortgage payable, bearing interest at 1.91%, repayable in blended monthly instalments of \$5,173, renewable June 2024, maturing May 2039.	998,006	1,041,299
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$2,707, renewable June 2020, maturing June 2040.	505,634	530,942
CMHC mortgage payable, bearing interest at 1.21%, repayable in blended monthly instalments of \$5,313, renewable May 2021, maturing May 2041.	1,191,514	1,240,596

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

CMHC mortgage payable, bearing interest at 1.50%, repayable in blended monthly instalments of \$6,116, renewable July 2022, maturing July 2042.	1,394,473	1,446,733
RBC term loan bearing interest at 4.40%, repayable in monthly instalments of \$19,766 principal and interest, secured by general security agreement, maturing March 2021.	231,873	453,444
Scotiabank loan bearing interest at 4.89%, repayable in monthly instalments of \$1,876 principal and interest, secured by a 2019 Dodge Ram 2500 with a carrying value of \$65,313, maturing November 2023.	75,414	-
Scotiabank loan bearing interest at 3.98%, repayable in monthly instalments of \$405 principal and interest, secured by a 2017 Dodge Ram 1500 with a carrying value of \$16,412, maturing March 2021.	10,648	-
	11,328,213	12,272,285

All of the above CMHC debt facilities are secured by Band Council Resolution, Ministerial Guarantee from Indigenous Services Canada, and specific housing units.

Principal repayments on long-term debt in each of the next five years and thereafter, assuming refinancing is renewed on similar terms, are estimated as follows:

	Principal
2021	1,080,547
2022	789,544
2023	737,380
2024	726,302
2025	723,395
Thereafter	<u>7,271,045</u>
	11,328,213

10. Contingencies and commitments

The Nation has entered into contribution agreements with various federal and provincial government departments and other agencies. Funding received under these contribution agreements may be subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

The Nation is a joint applicant, along with other First Nations, on several ongoing Judicial Reviews against the governments of Ontario and Canada. Legal costs may be awarded for or against the applicants depending on the outcomes. As the outcomes of these matters cannot be determined at the date of the consolidated financial statements, any settlements or awards will be recorded in the period in which they occur.

The Nation has potential claims from and against other parties which arose in the normal course of business. As the outcome of these matters cannot be determined at the date of the consolidated financial statements, any settlements or awards will be recorded in the period in which they occur.

The Nation is involved in economic activity through limited partnership arrangements. The Nation owns 99.99% of the partnership units of Amik Logging Limited Partnership (Amik LP), which in turns owns a 51% Joint Venture controlling interest in Amik Nuna Forestry Services Joint Venture (50% economic risk interest). At March 31, 2020, the Nation's share of Amik Nuna Forestry Services Joint Venture's accumulated deficit, through its ownership in Amik LP, was \$19,300. Pursuant to a Joint Venture agreement between Amik Nuna Forestry Services Joint Venture and Amik LP, any working capital requirements of the Joint Venture are to be funded proportionately by the joint venture partners. In the event Amik LP is unable to meet its working capital obligation, such obligation may be satisfied by way of a loan from the managing joint venture partner, subject to interest, repayable from Amik LP's share of future distributions of net distributable income.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. Economic dependence

The Nation receives a significant portion (43.8%, 2019 - 38.5%) of its revenue from Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

12. Distributions from Ontario First Nations Limited Partnership

Pursuant to an agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development. Management expects a reduction in the amount of monthly transfers from OFNLP effective April 1, 2021 as a result of reduced gaming revenue caused by the COVID-19 pandemic.

The Nation holds one unit in the Ontario First Nations Limited Partnership, and one share in Ontario First Nations General Partner Inc., a related company.

13. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2020	2019
Unrestricted:		
Invested in tangible capital assets	19,845,018	17,668,472
Operating	12,552,653	10,623,000
Education	12,940,550	10,202,116
OFNLP - Equity	480,401	480,401
Investment in government business enterprises	129,336	129,336
	45,947,958	39,103,325
Restricted:		
ISC - Trust Fund	738,104	722,910
Housing other	1,814,127	1,814,127
CMHC replacement reserve	1,226,259	1,072,813
	3,778,490	3,609,850
	49,726,448	42,713,175

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Segmented Information

The Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the 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 specific regulations, requirements or limitations.

The Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

ADMINISTRATION

Manages the administrative operations of the Nation, undertakes governance initiatives through the activities of Chief and Council and engages in other activities relating to reserve lands, membership matters and other governance initiatives. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Manages the development of economic opportunities for Nation entities and provides support to member entities.

EDUCATION

Provides elementary and secondary education instructional services and financial support to post-secondary students.

HEALTH SERVICES

Provides a variety of health care programs and support to Nation members.

SOCIAL HOUSING

Provides housing to members under housing programs including CMHC and reports on the respective revenue and expenditures.

COMMUNITY PROPERTY

Manages Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

SOCIAL ASSISTANCE

Administers the provision of social assistance to qualifying members.

PUBLIC WORKS AND FACILITIES

Provides contract management services, heavy equipment operations, general labour services and other related activities.

For each reported segment, revenues and expenditures represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

15. Other Revenue

	2020	2019
ISC Trust Income - logging	5,805	5,665
Interest income	303,209	92,625
User fees	76,346	123,845
Matawa	332,349	364,244
MIRR Provincial funding	16,799	59,701
Nishnawbe Aski Nation	255,676	428,958
ISO - Shekak Power Corporation revenue	2,479,301	8,442,866
Investment income - Government Business Entities	-	35,834
Kikenjigewen Teg Educational Institute	139,487	507,078
Kiikenomaga Kikenjigewen Employment and Training Services	91,336	101,935
Other	1,752,455	1,030,323
	5,452,763	11,193,074

16. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

17. Comparative figures

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

18. Significant event

On March 18, 2020, there was a pandemic declared for the global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Constance Lake First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closure or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Land Improvements</i>	<i>Buildings</i>	<i>Landfill</i>	<i>Housing</i>	<i>Water & Waste Water Infrastructure</i>	<i>Water & Waste water Equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	256,623	3,265,214	906,436	13,713,651	15,901,759	468,325	44,512,008
Acquisition of tangible capital assets	-	1,107,228	-	1,289,119	217,512	-	2,613,859
Balance, end of year	256,623	4,372,442	906,436	15,002,770	16,119,271	468,325	47,125,867
Accumulated amortization							
Balance, beginning of year	43,876	1,673,962	550,063	8,486,466	5,718,911	428,034	16,901,312
Annual amortization	6,212	109,311	45,322	905,631	402,982	15,611	1,485,069
Balance, end of year	50,088	1,783,273	595,385	9,392,097	6,121,893	443,645	18,386,381
Net book value of tangible capital assets	206,535	2,589,169	311,051	5,610,673	9,997,378	24,680	28,739,486
2019 Net book value of tangible capital assets	212,747	1,591,252	356,373	5,227,185	10,182,848	40,291	27,610,696

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Roads</i>	<i>Furnitures & Fixtures</i>	<i>Computer Hardware</i>	<i>Computer Software</i>	<i>Vehicles-Heavy</i>	<i>Subtotal</i>
<hr/>							
Cost							
Balance, beginning of year	44,512,008	3,769,292	885,937	497,619	56,317	448,861	50,170,034
Acquisition of tangible capital assets	2,613,859	-	304,197	64,241	17,534	102,157	3,101,988
Balance, end of year	47,125,867	3,769,292	1,190,134	561,860	73,851	551,018	53,272,022
<hr/>							
Accumulated amortization							
Balance, beginning of year	16,901,312	1,791,878	827,517	398,422	56,316	290,008	20,265,453
Annual amortization	1,485,069	75,386	83,888	72,846	4,822	78,722	1,800,733
Balance, end of year	18,386,381	1,867,264	911,405	471,268	61,138	368,730	22,066,186
Net book value of tangible capital assets	28,739,486	1,902,028	278,729	90,592	12,713	182,288	31,205,836
2019 Net book value of tangible capital assets	27,610,696	1,977,414	58,420	99,197	1	158,853	29,904,581

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Vehicles- Trailers</i>	<i>Vehicles- Light</i>	<i>Street lights</i>	<i>Educational Facilities</i>	<i>2020</i>	<i>2019</i>
Cost							
Balance, beginning of year	50,170,034	82,392	240,173	74,330	14,758,639	65,325,568	64,429,570
Acquisition of tangible capital assets	3,101,988	-	36,430	-	95,853	3,234,271	895,998
Balance, end of year	53,272,022	82,392	276,603	74,330	14,854,492	68,559,839	65,325,568
Accumulated amortization							
Balance, beginning of year	20,265,453	33,021	177,527	39,213	7,210,044	27,725,258	25,705,502
Annual amortization	1,800,733	7,674	23,338	2,999	368,965	2,203,709	2,019,756
Balance, end of year	22,066,186	40,695	200,865	42,212	7,579,009	29,928,967	27,725,258
Net book value of tangible capital assets	31,205,836	41,697	75,738	32,118	7,275,483	38,630,872	37,600,310
2019 Net book value of tangible capital assets	29,904,581	49,371	62,646	35,117	7,548,595	37,600,310	

Constance Lake First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Administration	83,230	85,113
Amortization	2,203,709	2,019,756
Bad debts	552,975	179,126
Bank charges and interest	22,344	24,505
Consulting and contracted services	3,435,789	1,832,444
Honouraria	240,906	212,119
Insurance	215,223	228,583
Interest on debt	203,915	223,744
Office and other	3,236,417	2,513,120
Professional development	255,029	142,543
Professional fees	614,070	749,059
Rent	304,026	319,692
Repairs and maintenance	1,507,262	1,249,146
Materials and supplies	1,799,959	1,605,833
Salaries and benefits	3,966,953	3,561,912
Social assistance	2,159,727	1,435,563
Student tuition and other expenses	631,140	586,919
Travel	26,275	27,716
Utilities	392,655	346,130
Vehicle and travel	842,021	883,536
Other expenditures	123,100	-
Capital expenditures	(3,234,271)	(895,998)
	19,582,454	17,330,561

Constance Lake First Nation
Schedule 3 - Consolidated Schedule of Segmented Disclosure
For the year ended March 31, 2020

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>
Administration	647,570	580,650	39,230	1,267,450	1,662,319	(394,869)
Community Property	495,781	5,053,977	1,059,244	6,609,003	1,072,086	5,536,917
Education	7,151,578	1,313,064	-	8,464,642	5,726,202	2,738,440
Employment and Economic Development	73,800	1,404,611	(75,332)	1,403,079	1,849,474	(446,395)
Health Services	128,493	2,658,838	58,397	2,845,728	2,514,336	331,392
Public Works and Facilities	541,267	325,907	73,681	940,855	1,728,568	(787,713)
Social Assistance	176,068	2,380,344	-	2,556,412	2,749,110	(192,698)
Social Housing	397,944	1,907,628	202,986	2,508,558	2,280,359	228,199
Total	9,612,501	15,625,019	1,358,206	26,595,727	19,582,454	7,013,273