

Eabametoong First Nation
Consolidated Financial Statements
For the year ended March 31, 2020

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Eabametoong First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2020


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

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible 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.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Eabametoong First Nation and meet when required.

On behalf of Eabametoong First Nation:



Chief



Councillor

Independent Auditor's Report

To the Members of
Eabametoong First Nation

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 12. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other 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 qualified audit opinion.

Independent Auditor's Report (cont'd)

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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

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.

Independent Auditor's Report (cont'd)

- 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 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 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 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 First 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 First 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.

BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
March 8, 2021

Eabametoong First Nation Consolidated Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash (Note 2)	\$ 7,644,835	\$ 8,466,315
Investments (Note 3)	1,562,296	3,662,335
Accounts receivable (Note 4)	2,426,294	1,891,442
Due from government and government organizations (Note 5)	2,322,376	2,369,234
Trust funds held by federal government (Note 6)	114,085	112,851
	<u>14,069,886</u>	<u>16,502,177</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	2,489,882	6,375,215
Due to government and government organizations (Note 8)	1,132,507	1,212,994
Deferred revenue (Note 9)	6,895,760	6,290,683
Long term debt (Note 10)	8,707,895	9,280,053
Obligation under capital lease (Note 11)	463,356	699,941
	<u>19,689,400</u>	<u>23,858,886</u>
Net debt	<u>(5,619,514)</u>	<u>(7,356,709)</u>
Non-financial assets		
Prepaid expenses	178,601	212,750
Tangible capital assets (Note 12)	71,977,440	68,062,563
	<u>72,156,041</u>	<u>68,275,313</u>
Accumulated surplus (Note 13)	<u>\$ 66,536,527</u>	<u>\$ 60,918,604</u>

On behalf of the Band:

 Chief

 Councillor

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 17)	2020	2019
Revenue			
Federal government transfers (Note 9)	\$ 29,735,894	\$ 26,774,542	\$ 27,018,824
Provincial government transfers (Note 9)	4,794,637	5,385,998	4,602,196
Ontario First Nation Limited Partnership	1,690,000	1,775,982	2,044,336
Other	8,497,827	7,295,096	8,219,053
Trust fund interest revenue	-	1,234	1,427
Replacement reserve	-	68,055	56,629
	44,718,358	41,300,907	41,942,465
Expenses			
Administration	1,791,298	3,728,639	4,058,795
Community Infrastructure	9,171,597	4,352,242	5,182,099
Economic and Employment	2,210,229	1,978,477	2,938,931
Integrated Health Services	7,662,691	7,320,692	5,621,500
Community Services	818,412	722,706	737,540
Housing	1,126,671	1,157,800	1,146,785
Projects	-	145	600
Social Services	5,281,864	5,867,509	4,130,603
Education	10,453,296	9,601,474	7,668,942
	38,516,058	34,729,684	31,485,795
Annual surplus before undernoted	6,202,300	6,571,223	10,456,670
Write down of tangible capital assets	-	(953,300)	-
Annual surplus	6,202,300	5,617,923	10,456,670
Accumulated surplus, beginning of year	-	60,918,604	50,461,934
Accumulated surplus, end of year	\$ 6,202,300	\$ 66,536,527	\$ 60,918,604

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget (Note 17)	2020	2019
Annual surplus	\$ 6,202,300	\$ 5,617,923	\$ 10,456,670
Acquisition of tangible capital assets	(5,376,716)	(7,297,663)	(14,095,283)
Amortization of tangible capital assets	-	2,429,486	2,525,322
Write down of tangible capital assets	-	953,300	-
Prepaid expenses	-	34,149	(413)
Net change in net financial debt	825,584	1,737,195	(1,113,704)
Net debt, beginning of year	(7,356,709)	(7,356,709)	(6,243,005)
Net debt, end of year	\$ (6,531,125)	\$ (5,619,514)	\$ (7,356,709)

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Cash provided by (used in) operating activities		
Annual surplus	\$ 5,617,923	\$ 10,456,670
Items not involving cash:		
Amortization	2,429,486	2,525,322
Write down of tangible capital assets	953,300	-
	9,000,709	12,981,992
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(534,852)	(184,397)
Due from government and other government organizations	46,858	634,977
Prepaid expenses	34,149	(413)
Accounts payable and accrued liabilities	(3,885,333)	(720,526)
Due to government and other government organizations	(80,487)	(344,009)
Deferred revenue	605,077	579,173
Due from related parties	-	-
	5,186,121	12,946,797
Financing activities		
Repayment of long term debt	(752,158)	(1,393,652)
Advances of long term debt	180,000	2,214,137
Capital lease advances	-	111,975
Capital lease payments	(236,585)	(274,576)
	(808,743)	657,884
Investment activities		
Increase in trust assets	(1,234)	(1,427)
Decrease (increase) in investments, net	2,100,039	(103,044)
	2,098,805	(104,471)
Capital transactions		
Purchase of tangible capital assets	(7,297,663)	(14,095,283)
Net decrease in cash during the year	(821,480)	(595,073)
Cash, beginning of year	8,466,315	9,061,388
Cash, end of year	\$ 7,644,835	\$ 8,466,315

The accompanying notes are an integral part of these consolidated financial statements.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.															
Reporting Entity	The Eabametoong First Nation reporting entity includes the Eabametoong First Nation government and all related entities that are controlled by the First Nation.															
Principles of Consolidation	<p>All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Organizations consolidated in Eabametoong First Nation's financial statements include:</p> <ul style="list-style-type: none">• Eabametoong First Nation Housing Authority Inc.• Eabametoong Communications Inc.															
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.															
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 provide resources to discharge existing operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.															
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.</p> <p>Amortization is provided for on a declining balance basis as follows:</p> <table><tr><td>General housing</td><td>-</td><td>4%</td></tr><tr><td>Buildings and improvements</td><td>-</td><td>4%</td></tr><tr><td>Infrastructure</td><td>-</td><td>4%</td></tr><tr><td>Office and general equipment</td><td>-</td><td>20%</td></tr><tr><td>Automotive and heavy equipment</td><td>-</td><td>30%</td></tr></table>	General housing	-	4%	Buildings and improvements	-	4%	Infrastructure	-	4%	Office and general equipment	-	20%	Automotive and heavy equipment	-	30%
General housing	-	4%														
Buildings and improvements	-	4%														
Infrastructure	-	4%														
Office and general equipment	-	20%														
Automotive and heavy equipment	-	30%														

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eabametoong First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Leased Tangible Capital Assets

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies (cont'd)

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets, deferred revenues and amounts due to government and other government organizations. Actual results could differ from management's best estimates as additional information becomes available in the future.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies (cont'd)

Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the First Nation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. The First Nation has evaluated all of its properties and has determined that there are no properties that meet the above criteria and therefore no liability has been accrued.

2. Cash

	2020	2019
Royal Bank of Canada - Thunder Bay		
Administration - Bank	\$ 5,331,931	\$ 6,222,036
Eabametoong Communications Inc.	104,310	145,947
Eabamet Lake Construction Ltd.	2,396	2,396
Education Authority	1,595,801	896,816
Heavy Equipment	(113,843)	232,327
H.O.P.E. Committee	(92,543)	(4,079)
Housing Authority Inc.	215,220	244,534
CMHC Housing	820,060	153,302
Integrated Health Services	193,517	322,739
Social Assistance - General Welfare	(23,108)	(100,542)
Breakfast Program	25,824	25,824
Hotel	150,795	56,768
Public Utilities	(815,341)	13,731
Economic Development Corporation	249,816	249,816
	7,644,835	8,461,615
Canadian Imperial Bank of Commerce - Thunder Bay:		
Administration	-	4,700
	\$ 7,644,835	\$ 8,466,315

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2020

2. Cash (cont'd)

The First Nation has available an operating line of credit of \$150,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 1% (3.45% per annum at March 31, 2020). At March 31, 2020, the First Nation had utilized \$Nil (2019 - \$Nil) on this line of credit. The overdraft line of credit is supported by a Band Council Resolution.

The First Nation has available overdraft lines of credit of \$5,000, \$300,000, \$150,000 and \$50,000 with the Royal Bank of Canada incurring interest at the bank's prime lending rate plus 5%, 1%, 1% and 1% (7.45%, 3.45%, 3.45% and 3.45% per annum at March 31, 2020 respectively). Interest only payments are made monthly. At March 31, 2020, the First Nation had utilized \$Nil (2019 - \$Nil) on these lines of credit. The overdraft lines of credit are supported by a Band Council Resolution and a general security agreement covering all assets other than real property.

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2020	2019
CMHC replacement reserve (Note 16)	\$ 551,075	\$ 503,312
Unrestricted	7,093,760	7,963,003
	\$ 7,644,835	\$ 8,466,315

3. Investments

Included in investments are the following:

Royal Bank of Canada - Thunder Bay

	2020	2019
Matured GICs	\$ -	\$ 2,120,335
CMHC Housing - GIC, interest at 1.00%, maturing March 2021	31,871	31,701
CMHC Housing - GIC, interest at 1.50%, maturing December 2020	407,819	401,792
Housing - GIC, interest at 0.50%, maturing January 2021	103,504	101,975
Education Authority - GIC, interest at 0.91%, maturing April 2021	506,284	500,000
Balance forward	\$ 1,049,478	\$ 3,155,803

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

3. Investments (cont'd)

	2020	2019
Balance forward	\$ 1,049,478	\$ 3,155,803
Education Authority - GIC, interest at 1.25%, maturing April 2020	409,219	404,212
Education Authority - GIC, interest at 0.92%, maturing March 2021	103,599	102,320
	<u>\$ 1,562,296</u>	<u>\$ 3,662,335</u>

4. Accounts Receivables

	2020	2019
Trade and other receivables (by program):		
Public Utilities:		
General receivables	\$ 1,057,403	\$ 724,695
Loans	5,911	5,635
	<u>1,063,314</u>	<u>730,330</u>
Less allowance for doubtful accounts	<u>(499,625)</u>	<u>(426,808)</u>
	<u>563,689</u>	<u>303,522</u>
Administration:		
General receivables	1,550,284	1,462,169
Less allowance for doubtful accounts	<u>(677,509)</u>	<u>(651,879)</u>
	<u>872,775</u>	<u>810,290</u>
Housing Authority Inc.:		
First Nation members	3,430,527	3,145,975
Less allowance for doubtful accounts	<u>(3,297,184)</u>	<u>(3,040,184)</u>
	<u>133,343</u>	<u>105,791</u>
Heavy Equipment:		
First Nation members	150	150
General receivables	499,616	432,525
Less allowance for doubtful accounts	<u>(448,619)</u>	<u>(432,675)</u>
	<u>51,147</u>	<u>-</u>
Balance forward	<u>\$ 1,620,954</u>	<u>\$ 1,219,603</u>

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2020

4. Accounts Receivables (cont'd)

	2020	2019
Balance Forward	\$ 1,620,954	\$ 1,219,603
CMHC:		
First Nation members	921,446	797,989
Less allowance for doubtful accounts	(874,138)	(767,725)
	47,308	30,264
Education Authority:		
First Nation members	19,922	17,279
General receivables	63,941	487
Less allowance for doubtful accounts	(24,772)	(17,766)
	59,091	-
H.O.P.E. Committee:		
First Nation members	71,423	66,976
Less allowance for doubtful accounts	(14,315)	(14,315)
	57,108	52,661
Integrated Health Services:		
First Nation members	34,566	68,812
General receivables	488,637	512,847
Less allowance for doubtful accounts	(40,157)	(40,157)
	483,046	541,502
Other:		
Eabametoong Communications Inc. and Hotel	629,499	503,702
Less allowance for doubtful accounts	(470,712)	(456,290)
	158,787	47,412
	\$ 2,426,294	\$ 1,891,442

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2020

5. Due from Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada	\$ 1,545,074	\$ 1,031,685
Canada Mortgage and Housing Corporation	65,851	43,867
Health Canada	105,263	551,759
Canadian Environmental Assessment Agency	11,600	-
Provincial government		
Ministry of Community and Social Services	239,335	80,966
Ministry of Energy, Northern Development and Mines	134,595	475,579
Ministry of Health and Long-Term Care	23,689	25,635
Other	196,969	159,743
	<u>\$ 2,322,376</u>	<u>\$ 2,369,234</u>

6. Trust Funds Held by Federal Government

	March 31, 2019	Additions 2020	Withdrawals 2020	March 31, 2020
Revenue	\$ 107,068	\$ 1,234	\$ -	\$ 108,302
Capital	5,783	-	-	5,783
	<u>\$ 112,851</u>	<u>\$ 1,234</u>	<u>\$ -</u>	<u>\$ 114,085</u>

The 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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Administration originally borrowed \$10,000 from the Trust and loaned this amount to the Fort Hope Indian Band Co-operative. The loan to the Co-operative was subsequently forgiven by administration. As at year end the First Nation had not returned these funds to the Trust. During 1996, \$40,000 was borrowed from the Trust by Eabametoong Communications Inc. The amount is to be repaid to the First Nation from any future profits of the company, who will in turn return it to the Trust.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

7. Accounts Payable

	2020	2019
Trade payables by program:		
Administration	\$ 1,009,320	\$ 3,457,974
CMHC Housing	18,671	21,489
Hotel	67,617	8,824
Eabametoong Communications Inc.	19,299	13,044
Education Authority	753,505	831,498
Heavy Equipment	44,496	35,571
H.O.P.E. Committee	36,691	41,164
Housing Authority Inc.	46,839	31,603
Integrated Health Services	411,844	618,267
Public Utilities	81,600	1,315,781
	<u>\$ 2,489,882</u>	<u>\$ 6,375,215</u>

8. Due to Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada	\$ 646,128	\$ 520,715
Provincial government		
Ministry of Indigenous Relations and Reconciliation	212,342	191,333
Ministry of Energy, Northern Development and Mines	37,085	30,015
Ministry of Education	6,066	4,476
Ministry of Health and Long-Term Care	128,698	128,698
Ministry of Children, Community and Social Services	8,862	54,957
MCSS - Employment Support	43,326	232,800
Due to Trust account (Note 6)	50,000	50,000
	<u>\$ 1,132,507</u>	<u>\$ 1,212,994</u>

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2020

9. Deferred Revenue and Government Transfers

	Balance March 31, 2019	Funding Received 2020	Revenue Recognized 2020	Funding Recoveries	Balance March 31, 2020
Federal Government					
Indigenous Services Canada	\$5,554,552	\$20,754,423	\$(20,163,891)	\$ (132,480)	\$6,012,604
Canadian Mortgage and Housing Corporation	-	581,712	(581,712)	-	-
Health Canada	327,200	6,071,460	(5,997,339)	-	401,321
Canadian Environmental Assessment Agency	-	31,600	(31,600)	-	-
Total Federal	5,881,752	27,439,195	(26,774,542)	(132,480)	6,413,925
Provincial Government					
Ministry of Children, Community and Social Services	-	4,159,938	(3,987,600)	(80,966)	91,372
Ministry of Health and Long Term Care	127,393	376,689	(251,719)	-	252,363
Ministry of Northern Development and Mines	-	272,012	(230,240)	(41,772)	-
Ministry of Energy, Natural Resources and Forestry	20,902	-	(6,453)	(14,449)	-
Ministry of Attorney General	79,460	100,000	(86,724)	(33,815)	58,921
Ontario Trillium Foundation	163,912	249,431	(354,888)	-	58,455
Other Provincial	17,264	617,996	(468,374)	(165,636)	1,250
Total Provincial	408,931	5,776,066	(5,385,998)	(336,638)	462,361
Other Deferred Revenue					
Wataynikaneyap Power LP	-	150,000	(130,526)	-	19,474
	\$6,290,683	\$33,365,261	\$(32,291,066)	\$(469,118)	\$6,895,760

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

9. Deferred Revenue and Government Transfers (cont'd)

Included in the total transfers from Indigenous Services Canada (ISC) during the year is \$5,750,717 in capital funding.

Deferred revenue is broken down by program as follows:

	2020	2019
Capital Projects - Power Authority Operation Support - ISC	\$ 158,613	\$ -
Capital Projects - DGS upgrades - ISC	1,318,550	-
Capital Projects - Sewage Station Expansion - ISC	186,628	-
Capital Projects - Remediation - ISC	720,158	1,294,411
Capital Projects - New Water Treatment Plant - ISC	110,365	1,589,548
Capital Projects - Tank Farm - ISC	39,772	58,202
Community Garden - OTF	-	163,912
Nursing Station Renovations - OTF	58,455	-
Economic and Employment - Land Use Planning - MNR	-	20,902
Education Programs		
- Instructional, Special Education, Guidance - ISC	3,478,518	1,913,293
Social Assistance - Administration - ISC	-	43,426
Social Assistance - Transition Support Fund - MCSS	91,372	-
Generator purchases - ISC	-	24,219
Fire suppression and service contract - ISC	-	9,739
Preventative measures - ISC	-	621,714
Integrated Health Services		
- Aboriginal Headstart on Reserve Program	200,128	-
Integrated Health Services - Choose Life Program	-	32,429
Integrated Health Services - Nutrition North	-	65,900
Integrated Health Services - Jordan's Principle	-	228,871
Integrated Health Services - Home and Community Care	117,383	127,393
Integrated Health Services - Homemakers	134,980	-
Integrated Health Services - Tobacco Control	6,944	-
Integrated Health Services - Emergency Vehicle	194,249	-
Other	79,645	96,724
	\$ 6,895,760	\$ 6,290,683

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

10. Long Term Debt

	2020	2019
Royal Bank of Canada		
Consolidation loan for Tikinagan building and housing units repayable in monthly principal installments of \$14,056 plus interest at the bank's prime lending rate plus 1.25% (3.70% per annum) and maturing January 2021. Collateral security consists of a Band Council Resolution confirming borrowings.	\$ 112,972	\$ 277,120
Term loan payable in monthly installments of \$2,494 including interest at 3.35% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable July 2021.	36,776	64,950
Term loan payable in monthly installments of \$9,635 plus interest at the bank's prime lending rate plus 1.25% (3.70% at year end) and maturing October 2020. Collateral security consists of a Band Council Resolution confirming borrowings.	111,261	218,086
Mortgage payable in monthly installments of \$7,651 including interest at 3.70%, maturing June 2021	843,478	902,788
Term loan payable in monthly installments of \$1,348 including interest at 4.18%, maturing April 2022	171,897	-
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$6,079 including interest at 1.69%, maturing May 2029	619,229	680,784
Mortgage payable in monthly installments of \$3,107 including interest at 1.30% maturing June 2022	422,049	453,621
Mortgage payable in monthly installments of \$4,015 including interest at 2.39% maturing March 2023	535,465	570,431
Mortgage payable in monthly installments of \$6,509 including interest at 2.14% maturing February 2024	930,334	987,907
Mortgage payable in monthly installments of \$6,158 including interest at 1.11% maturing April 2021	1,088,254	1,149,704
Mortgage payable in monthly installments of \$2,297 including interest at 1.48% maturing January 2022	410,687	432,010
Balance forward	\$ 5,282,402	\$ 5,737,401

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

10. Long Term Debt (cont'd)

	2020	2019
Balance forward	\$ 5,282,402	\$ 5,737,401
Mortgage payable in monthly installments of \$15,153 including interest at 2.14% maturing March 2024	2,191,296	2,324,612
Mortgage payable, repayment terms to be determined once the full loan has been advanced to the First Nation. Total loan is expected to be \$1,662,000	847,157	831,000
Receiver General Canada (Indigenous Services Canada)		
Promissory note payable on the earlier of March 31, 2021 or the date on which the Land Claim is settled	387,040	387,040
	\$ 8,707,895	\$ 9,280,053

Anticipated annual principal payments due in the next five years and thereafter are as follows:

Year	Amount
2021	\$ 1,120,756
2022	2,546,644
2023	1,099,394
2024	972,122
2025	642,094
Thereafter	2,326,885
	\$ 8,707,895

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

11. Obligations Under Capital Leases

	2020	2019
Obligation under a capital lease for heavy equipment, blended monthly payments of \$17,254 with interest at the rate of 4.10%, maturing on February 12, 2022	\$ 381,100	\$ 568,334
Obligation under a capital lease for heavy equipment, blended monthly payments of \$2,562 with interest at the rate of 2.29%, maturing February 2023	82,256	107,384
Obligation under a capital lease for heavy equipment	-	24,223
Total	\$ 463,356	\$ 699,941

Interest expense for the year related to obligations under capital leases is \$25,955 (2019 - \$51,083).

Future minimum lease payments under the capital leases for the three subsequent years are as follows:

2021	\$ 237,789
2022	220,568
2023	26,671
	485,028
Less: amounts representing interest	(21,672)
	\$ 463,356

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2020

12. Tangible Capital Assets

	Cost					Accumulated Amortization					2020 Net Book Value
	Opening Balance	Additions	Transfers	Write down	Closing Balance	Opening Balance	Amortization	Write down	Closing Balance		
First Nation housing	\$ 29,393,652	\$ -	\$ -	\$ (1,834,752)	\$ 27,558,900	\$ 11,919,735	\$ 663,699	\$ (881,452)	\$ 11,701,982	\$ 15,856,918	
Infrastructure	6,575,590	1,770,813	-	-	8,346,403	3,630,788	327,061	-	3,957,849	4,388,554	
Buildings	31,044,083	66,963	-	-	31,111,046	9,087,754	879,592	-	9,967,346	21,143,700	
Automotive	1,141,458	280,708	-	-	1,422,166	855,462	127,905	-	983,367	438,799	
Heavy equipment	2,411,662	-	-	-	2,411,662	2,039,256	81,768	-	2,121,024	290,638	
Office furniture and equipment	3,598,850	7,265	-	-	3,606,115	2,787,944	135,420	-	2,923,364	682,751	
Land improvements	111,433	-	-	-	111,433	45,888	2,622	-	48,510	62,923	
Construction in progress - Capital projects	23,447,934	5,171,914	-	-	28,619,848	-	-	-	-	28,619,848	
Assets under capital lease obligations	1,244,581	-	-	-	1,244,581	539,853	211,419	-	751,272	493,309	
	\$ 98,969,243	\$ 7,297,663	\$ -	\$ (1,834,752)	\$ 104,432,154	\$ 30,906,680	\$ 2,429,486	\$ (881,452)	\$ 32,454,714	\$ 71,977,440	

	Cost					Accumulated Amortization					2019 Net Book Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance		
First Nation housing	\$ 25,750,642	\$ 1,610,178	\$ 2,032,832	\$ -	\$ 29,393,652	\$ 11,330,798	\$ 588,937	\$ -	\$ 11,919,735	\$ 17,473,917	
Infrastructure	6,575,590	-	-	-	6,575,590	3,249,379	381,409	-	3,630,788	2,944,802	
Buildings	30,711,679	332,404	-	-	31,044,083	8,179,832	907,922	-	9,087,754	21,956,329	
Automotive	949,932	191,526	-	-	1,141,458	773,933	81,529	-	855,462	285,996	
Heavy equipment	2,411,662	-	-	-	2,411,662	1,901,887	137,369	-	2,039,256	372,406	
Office furniture and equipment	3,388,211	210,639	-	-	3,598,850	2,642,789	145,155	-	2,787,944	810,906	
Land improvements	111,433	-	-	-	111,433	43,157	2,731	-	45,888	65,545	
Construction in progress - Capital projects	13,842,205	11,638,561	(2,032,832)	-	23,447,934	-	-	-	-	23,447,934	
Assets under capital lease obligations	1,132,606	111,975	-	-	1,244,581	259,583	280,270	-	539,853	704,728	
	\$ 84,873,960	\$ 14,095,283	\$ -	\$ -	\$ 98,969,243	\$ 28,381,358	\$ 2,525,322	\$ -	\$ 30,906,680	\$ 68,062,563	

The net book value of tangible capital assets not being amortized because they are under construction is \$28,619,848 (2019 - \$23,447,934).

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2020

13. Accumulated Surplus

The Band segregates its accumulated surplus in the following categories:

	2020	2019
Unrestricted		
General surplus	\$ 5,353,623	\$ 4,584,914
Internally restricted		
Capital (Note 14)	57,919,034	54,004,157
Casino (Note 15)	2,523,394	1,658,346
Trust (Note 6)	114,085	112,851
Externally restricted		
Replacement reserve - CMHC (Note 16)	626,391	558,336
Accumulated surplus	\$ 66,536,527	\$ 60,918,604

14. Capital Reserve

	2020	2019
Balance, beginning of year	\$ 54,004,157	\$ 42,434,196
Increased by:		
Additions to capital assets	7,297,663	14,095,283
Decreased by:		
Amortization of tangible capital assets	(2,429,486)	(2,525,322)
Write down of tangible capital assets	(953,300)	-
Balance, end of year	\$ 57,919,034	\$ 54,004,157

15. Casino Reserve

	2020	2019
Balance, beginning of year	\$ 1,658,346	\$ 3,426,097
Increased by:		
OFNLP distributions	1,775,982	2,044,336
Interest	7,123	16,301
Decreased by:		
Expenses	(918,057)	(3,828,388)
Balance, end of year	\$ 2,523,394	\$ 1,658,346

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

16. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$15,000, \$4,000, \$12,000, \$8,000, \$11,790, \$4,800 and \$12,648 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2020 included in the restricted fund balance is cash and deposits held in a separate bank account for the replacement reserve of \$551,075 (2019 - \$503,312) and an actual reserve balance of \$626,391 (2019 - \$558,336).

17. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures expensed all tangible capital asset expenditures. As a result, the budget figures presented in the statement of operations and the statement of changes in net financial assets (net debt) represent the budget adopted by Chief and Council with adjustments as follows:

	<u>2020</u>
Budget surplus for the year	\$ 825,584
Add:	
Acquisition of tangible capital assets	5,376,716
Less:	
Budget surplus per statement of operations	<u>\$ 6,202,300</u>

18. Impact of COVID-19

As the impacts of COVID-19 in Canada and on the global economy continue, there could be further impact on the First Nation, and its funders. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to Covid-19, the First Nation has had to limit its service offerings, however, additional funding has been received for wages and health and safety costs.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the COVID-19 outbreak on its operating results, financial condition, or liquidity at this time.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2020

19. Segmented Information

Eabametoong First Nation provides a range of services to its members. For management reporting purposes, 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 specific regulations, restrictions or limitations. The services are provided by several entities of Eabametoong First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

Administration contains activities that are needed to run the Eabametoong First Nation organization.

Community Infrastructure

Community Infrastructure contains activities that provide infrastructure to the community such as road maintenance, sewer and water, community buildings and public utilities.

Economic and Employment

Economic and Employment contains all the activities that provide economic and employment support for the community.

Integrated Health Services

Integrated Health Services contains activities that provide medical services to band members.

Community Services

Community Services contains activities that provide a benefit to the community.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members.

Projects

Projects contains capital and renovation activities for which a specific project has been set up and separately monitored.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2020

19. Segmented Information (cont'd)

For the year ended March 31, 2020

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2020 Total
Revenue										
Federal	\$ 1,275,493	\$ 3,398,580	\$ 105,773	\$ 5,963,498	\$ -	\$ 525,940	\$ 4,733,566	\$ 1,595,510	\$ 9,176,182	\$ 26,774,542
Provincial	-	168,372	110,134	365,158	304,358	-	71,622	4,133,362	232,992	5,385,998
Casino	857,925	-	596,354	-	211,703	110,000	-	-	-	1,775,982
Other	345,505	2,651,458	1,558,687	1,182,951	203,216	923,614	12,133	114,308	372,513	7,364,385
	2,478,923	6,218,410	2,370,948	7,511,607	719,277	1,559,554	4,817,321	5,843,180	9,781,687	41,300,907
Expenses										
Administration fees (recoveries)	(669,147)	525	33,852	457,570	28,182	39,657	-	10,000	99,361	-
Amortization	2,429,486	-	-	-	-	-	-	-	-	2,429,486
Bad debt expense	142,313	72,817	30,366	25,463	-	363,414	-	-	7,005	641,378
Bank charges and interest (recoveries)	14,665	310	1,761	11,123	242	(1,553)	-	5,031	12,427	44,006
Donations	9,759	51,438	-	-	179,518	-	-	-	5,155	245,870
Honorarium (recoveries)	258,836	-	(150)	69,186	2,000	-	-	27,600	78,920	436,392
Insurance	29,132	47,043	48,438	17,338	-	420,257	-	160,427	-	722,635
Interest on long term debt	-	16,818	65,182	-	-	134,521	-	-	1,753	218,274
Materials and supplies	119,116	3,290,269	777,335	1,711,651	322,048	28,397	145	852,129	1,437,041	8,538,131
Professional fees	363,941	26,252	70,830	1,008,277	56,538	30,846	-	37,067	440,218	2,033,969
Rent	-	4,970	150	146,473	3,350	4,970	-	122,000	16,272	298,185
Replacement reserve	-	-	-	-	-	68,055	-	-	-	68,055
Training (recoveries)	25,993	(130)	440	144,047	-	-	-	334,473	220,978	725,801
Travel	122,878	2,776	33,883	364,898	24,508	5,530	-	119,105	894,914	1,568,492
External transfers	-	-	-	-	-	-	-	3,016,148	1,101,587	4,117,735
Utilities, hydro, telephone	19,592	343,499	184,065	131,654	-	-	-	66,589	584,249	1,329,648
Wages and benefits	862,075	495,655	732,325	3,233,012	106,320	63,706	-	1,116,940	4,701,594	11,311,627
	3,728,639	4,352,242	1,978,477	7,320,692	722,706	1,157,800	145	5,867,509	9,601,474	34,729,684
Surplus (deficit) before undernoted	(1,249,716)	1,866,168	392,471	190,915	(3,429)	401,754	4,817,176	(24,329)	180,213	6,571,223
Write down of tangible capital assets	-	-	-	-	-	(953,300)	-	-	-	(953,300)
Surplus (deficit)	\$ (1,249,716)	\$ 1,866,168	\$ 392,471	\$ 190,915	\$ (3,429)	\$ (551,546)	\$ 4,817,176	\$ (24,329)	\$ 180,213	\$ 5,617,923

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2020

19. Segmented Information (cont'd)

For the year ended March 31, 2019

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2019 Total
Revenue										
Federal	\$ 870,216	\$ 1,900,491	\$ 144,680	\$ 4,735,795	\$ -	\$ 1,133,204	\$ 10,436,662	\$ 533,367	\$ 7,264,409	\$ 27,018,824
Provincial	-	166,705	229,847	147,624	203,350	-	-	3,584,380	270,290	4,602,196
Casino	519,835	21,000	173,955	-	487,600	689,925	152,021	-	-	2,044,336
Other	824,090	2,392,884	2,473,271	1,068,001	106,757	842,253	173,996	7,923	387,934	8,277,109
	2,214,141	4,481,080	3,021,753	5,951,420	797,707	2,665,382	10,762,679	4,125,670	7,922,633	41,942,465
Expenses										
Administration fees (recoveries)	(208,847)	-	61,945	-	10,000	35,948	-	10,000	90,954	-
Amortization	2,525,322	-	-	-	-	-	-	-	-	2,525,322
Bad debt expense	161,222	56,310	152,005	5,098	-	365,917	-	-	-	740,552
Bank charges and interest (recoveries)	7,266	(74)	7,914	7,456	315	(1,697)	-	4,770	11,233	37,183
Donations	3,111	24,699	202	-	351,575	-	-	-	2,192	381,779
Honorarium	230,632	-	6,751	92,927	4,200	-	-	30,600	64,997	430,107
Insurance	3,935	115,010	52,309	49,700	-	392,060	-	-	-	613,014
Interest on long term debt (recoveries)	-	25,628	-	-	-	123,382	-	-	(390)	148,620
Materials and supplies	92,335	5,023,376	996,565	1,473,107	239,137	92,147	600	504,492	745,759	9,167,518
Professional fees	308,384	10,186	351,324	177,879	14,720	22,990	-	-	271,607	1,157,090
Rent	-	-	7,000	95,663	3,600	-	-	120,000	14,916	241,179
Replacement reserve	-	-	-	-	-	56,629	-	-	-	56,629
Training	9,351	8,830	3,542	151,377	-	-	-	197,564	131,343	502,007
Travel	102,948	2,447	114,355	296,489	5,466	-	-	63,671	624,114	1,209,490
External transfers	-	-	-	-	-	-	-	2,583,814	1,009,875	3,593,689
Utilities, hydro, telephone (recoveries)	31,210	(455,587)	181,552	98,048	-	-	-	5,847	595,711	456,781
Wages and benefits	791,926	371,274	1,003,467	3,173,756	108,527	59,409	-	609,845	4,106,631	10,224,835
	4,058,795	5,182,099	2,938,931	5,621,500	737,540	1,146,785	600	4,130,603	7,668,942	31,485,795
Surplus (deficit)	\$ (1,844,654)	\$ (701,019)	\$ 82,822	\$ 329,920	\$ 60,167	\$ 1,518,597	\$ 10,762,079	\$ (4,933)	\$ 253,691	\$ 10,456,670