

**Fort William First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2020

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Canada

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## Independent Auditor's Report

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**To the Members of Fort William First Nation**

### **Qualified Opinion**

We have audited the consolidated financial statements of Fort William First Nation, and its entities (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of operations and surplus, the consolidated statement of changes in net financial assets, the consolidated statement of re-measurement gains and the 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 effect of the matters discussed 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 as at March 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets, its consolidated re-measurement gains and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

The Summary of Significant Accounting Policies describes 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 tangible 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 consolidated 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 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 consolidated financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

As more fully described in Note 15 to the consolidated financial statements, management has excluded the current year and prior years' property tax liabilities in the accompanying consolidated financial statements. Failure to include the taxes as a liability is not in accordance with Canadian public sector accounting standards. Had the liabilities been recorded the consolidated surplus for the year would have decreased by \$902,746 (2019 - \$871,640), capital assets would have been increased by \$1,188,553 (2019 - \$1,188,553), accounts payable would have been increased by \$7,769,477 (2019 - \$7,002,126), disputed property taxes receivable would have been decreased by \$9,744,824 (2019 - \$9,609,429) and the consolidated accumulated surplus would have been decreased by \$17,514,301 (2019 - \$16,611,555). Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 was modified because of the effects of this departure from Canadian public sector accounting standards.

In addition, the First Nation has not included disclosure of budget information as required by Canadian Public Sector Accounting Standards because consolidated budgets were not prepared.

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## Independent Auditor's Report (cont'd)

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### **Basis for Qualified Opinion (cont'd)**

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 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 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.
- 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.

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## Independent Auditor's Report (cont'd)

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- 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  
June 15, 2022

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## Fort William First Nation Management's Statement of Responsibility for Financial Reporting

March 31, 2020


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The accompanying consolidated financial statements of Fort William 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 generally accepted accounting principles for governments in Canada as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian auditing standards on behalf of the members. BDO Canada LLP have access to financial management of Fort William First Nation and meet when required.



Chief

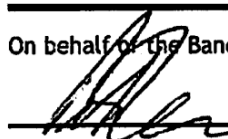


Chief Executive Officer

## Fort William First Nation Consolidated Statement of Financial Position

March 31	2020	2019
<b>Financial assets</b>		
Cash (Note 2)	\$ 38,163,579	\$ 31,058,751
Investments (Note 4)	7,310,525	5,904,118
Deposits	8,000	8,000
Accounts receivable (Note 5)	2,918,627	2,889,744
Due from government and government organizations (Note 6)	2,978,772	3,147,613
Trust funds held by federal government (Note 7)	1,792,759	1,686,741
Inventory	443,628	363,174
Investments in and advances to corporations (Note 14)	3,193,285	1,230,539
	<u>56,809,175</u>	<u>46,288,680</u>
<b>Liabilities</b>		
Accounts payable and accruals (Note 8)	8,913,212	7,630,281
Due to government and government organizations (Note 9)	2,964,206	1,899,454
Tenant deposits	33,333	33,333
Deferred revenue (Note 10)	2,693,618	2,258,515
Long term debt (Note 11)	7,178,003	4,726,473
Amounts held in trust for minors (Note 12)	23,564,130	25,283,987
	<u>45,346,502</u>	<u>41,832,043</u>
<b>Net financial assets</b>	<u>11,462,673</u>	<u>4,456,637</u>
<b>Non-financial assets</b>		
Prepaid expenses	88,275	68,263
Land claim costs	349,232	342,284
Tangible capital assets (Note 13)	32,450,080	33,887,510
Community and youth trust accounts (Notes 4 and 12)	103,524,298	110,948,450
Disputed property taxes receivable (Note 15)	9,744,824	9,609,429
	<u>146,156,709</u>	<u>154,855,936</u>
<b>Accumulated surplus and re-measurement gains</b>		
Accumulated surplus (Note 16)	146,186,355	142,887,727
Accumulated re-measurement gains	11,433,027	16,424,846
	<u>\$ 157,619,382</u>	<u>\$ 159,312,573</u>

On behalf of the Band:

 Chief

 Councilor

## Fort William First Nation Consolidated Statement of Operations and Surplus

For the year ended March 31	2020	2019
<b>Revenue</b>		
Indigenous Services Canada (Note 10)	\$ 8,308,756	\$ 7,631,699
Canada Mortgage and Housing Corporation Subsidy (Note 10)	150,773	183,116
Health Canada (Note 10)	-	614,163
Ministry of Community and Social Services (Note 10)	2,456,874	2,673,492
Ministry of Health (Note 10)	416,770	108,789
Ministry of Transportation (Note 10)	-	41,250
Other revenue (Note 24)	10,246,517	9,760,002
Investment income	7,472,109	5,764,084
Lottery Fund revenue	1,506,973	1,697,389
	<b>30,558,772</b>	<b>28,473,984</b>
<b>Expenses (Note 25)</b>		
Administration	890,243	1,329,421
Public Works	1,004,606	1,619,592
Education	4,604,133	4,547,116
Social Services and Health	5,590,029	4,454,820
Development and Employment	932,537	1,148,714
New Relationship Fund	84,288	81,812
Capital Projects	175	-
Region	4,067,340	4,242,392
Band Operations	2,758,765	2,533,285
Gaming Activities	4,652,726	4,635,985
Housing Operations	949,719	800,734
Rental Operations	996,685	781,594
Lottery Fund	728,086	874,746
Enterprise Fund	436	-
Specific Claim Trust Fund	376	401
	<b>27,260,144</b>	<b>27,050,612</b>
<b>Surplus for the year</b>	<b>3,298,628</b>	<b>1,423,372</b>
<b>Accumulated surplus, beginning of year</b>	<b>142,887,727</b>	<b>141,464,355</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 146,186,355</b>	<b>\$ 142,887,727</b>

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

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## Fort William First Nation Consolidated Statement of Re-Measurement Gains

For the year ended March 31	2020	2019
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Accumulated re-measurement gains, beginning of year	<u>\$ 16,424,846</u>	<u>\$ 14,851,347</u>
Unrealized gains (losses) attributable to:		
Community and youth trust accounts	<u>(4,991,819)</u>	<u>1,573,499</u>
Accumulated re-measurement gains, end of year	<u>\$ 11,433,027</u>	<u>\$ 16,424,846</u>
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The accompanying notes are an integral part of these consolidated financial statements.



## Fort William First Nation Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2020	2019
Annual surplus	\$ 3,298,628	\$ 1,423,372
Acquisition of tangible capital assets	(1,418,455)	(5,611,525)
Amortization of tangible capital assets	2,855,885	2,759,686
Unrealized gain (loss) of investments	(4,991,819)	1,573,499
	<u>(255,761)</u>	<u>145,032</u>
Change in disputed property tax receivable	(135,395)	(215,048)
Change in prepaid expenses	(20,012)	8,309
Change in land claim costs	(6,948)	(8,763)
Change in community and youth trust accounts	7,424,152	(15,090,482)
	<u>7,261,797</u>	<u>(15,305,984)</u>
Net change in net financial assets	7,006,036	(15,160,952)
Net financial assets, beginning of year	<u>4,456,637</u>	<u>19,617,589</u>
Net financial assets, end of year	<u>\$ 11,462,673</u>	<u>\$ 4,456,637</u>

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

## Fort William First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Cash flows from operating activities</b>		
Surplus for the year	\$ 3,298,628	\$ 1,423,372
Adjustment for capital and investment transactions included in operations		
Amortization	2,855,885	2,759,686
Unrealized gain (loss) community youth trust accounts	(4,991,819)	1,573,499
	<u>1,162,694</u>	<u>5,756,557</u>
Increase in non-cash working capital components (Note 17)	6,315,466	(17,330,990)
	<u>7,478,160</u>	<u>(11,574,433)</u>
<b>Cash provided by (used in) financing activities</b>		
Repayment of long-term debt	(613,257)	(175,095)
Advances of long-term debt	3,064,787	709,994
	<u>2,451,530</u>	<u>534,899</u>
<b>Cash provided by (used in) investment activities</b>		
Purchase of capital assets	(1,418,455)	(5,611,525)
<b>Net cash increase (decrease) during the year</b>	<b>8,511,235</b>	<b>(16,651,059)</b>
Cash, beginning of year	<u>36,962,869</u>	<u>53,613,928</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 45,474,104</b>	<b>\$ 36,962,869</b>
<b>Represented by</b>		
Cash	\$ 38,163,579	\$ 31,058,751
Investments	<u>7,310,525</u>	<u>5,904,118</u>
	<u>\$ 45,474,104</u>	<u>\$ 36,962,869</u>

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

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

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### 1. Significant Accounting Policies

**Basis of Financial Statements** 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, and include all organizations, operations and activities that are:

- a) accountable for the administration of their financial affairs and resources directly to the First Nation, or
- b) are owned or controlled by the First Nation.

**Reporting Entity** The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the First Nation. These financial statements include:

- Fort William First Nation Boundary Claim Trust
- Fort William First Nation Specific Claim Housing Trust
- Fort William First Nation Consulting Inc.
- Fort William First Nation Construction Corporation
- Fort William First Nation Development Corporation
- Fort William First Nation Land Development Trust
- 1401354 Ontario Ltd
- 1526045 Ontario Ltd.
- Fort William First Nation Grand Trunk Pacific Railway Claim Minors Trust
- Fort William First Nation Holdings Inc.
- Fort William First Nation Holdings LP

Investments in Government Business Enterprises are recorded using the modified equity method. Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform with those of the First Nation.

- Anemki Mountain Business Trust is considered a Government Business Enterprise and is recorded using the modified equity method and inter organizational transactions are not eliminated.

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 1. Significant Accounting Policies (cont'd)

<b>Reporting Entity (cont'd)</b>	<p>Investments in Business Partnerships are recorded using the modified equity method. Under the modified equity method, the business partnership's accounting principles are not adjusted to conform with those of the First Nation.</p> <p>- Fort William First Nation Holdings LP is 100% owned by Fort William First Nation, which holds a 25% interest in Lot 251-3 Development LP. Therefore, Lot 251-3 Development LP is considered a Business Partnership and is recorded using the modified equity method and inter organizational transactions are not eliminated.</p>																					
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances, bank overdrafts and short-term highly liquid investments with maturities of three months or less.																					
<b>Inventories</b>	Raw materials inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average cost method.																					
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis commencing once the asset is available for productive use as follows:</p> <table><tr><td>First Nation housing</td><td>-</td><td>3.5%</td></tr><tr><td>Infrastructure</td><td>-</td><td>5%</td></tr><tr><td>Non-subsidized buildings</td><td>-</td><td>5%</td></tr><tr><td>Automotive</td><td>-</td><td>10%</td></tr><tr><td>Fire and general equipment</td><td>-</td><td>10%</td></tr><tr><td>Other equipment</td><td>-</td><td>20%</td></tr><tr><td>Assets under capital lease obligation</td><td>-</td><td>10%</td></tr></table> <p>Subsidized housing supported by CMHC long term debt is amortized at a rate equivalent to the long term debt principal repayment.</p>	First Nation housing	-	3.5%	Infrastructure	-	5%	Non-subsidized buildings	-	5%	Automotive	-	10%	Fire and general equipment	-	10%	Other equipment	-	20%	Assets under capital lease obligation	-	10%
First Nation housing	-	3.5%																				
Infrastructure	-	5%																				
Non-subsidized buildings	-	5%																				
Automotive	-	10%																				
Fire and general equipment	-	10%																				
Other equipment	-	20%																				
Assets under capital lease obligation	-	10%																				

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. 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 from other sources are deferred when restrictions are placed on their use by the 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.

##### **Replacement Reserves**

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve for housing is to be credited in varying amounts annually until it accumulates to a maximum amount plus accumulated 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.

##### **Use of Estimates**

The preparation of consolidated 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 1. Significant Accounting Policies (cont'd)

##### **Financial Instruments**

The First Nation classifies its financial instruments as either fair value or amortized cost. The First Nation's accounting policy for each category is as follows:

##### **Fair Value**

This category includes equity instrument quoted in an active market. The First Nation has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the First Nation manages and reports performance of it on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Unrealised changes in the fair value on investments are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Interest and dividends attributable to these financial instruments are reported in the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

##### **Amortized Cost**

This category includes cash, accounts receivable, accounts payable and accrued liabilities, bank loans, and term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 2. Cash

	2020	2019
Restricted cash		
Youth funds in trust	\$ 3,986,403	\$ 3,398,678
Boundary claim trust	482,110	571,975
Boundary claim interest	6,099,711	4,929,337
Specific housing trust	11,913	12,530
Low rental trust	108,064	107,254
GTP claim trust	30,291	101,536
GTP funds	16,272,446	16,272,446
Consulting Inc.	1,064	1,500
Development Corp.	9,020	9,020
Unrestricted cash	11,162,557	5,654,475
	<u>\$ 38,163,579</u>	<u>\$ 31,058,751</u>

#### 3. Financial Instruments

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying values shown below.

	2020		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 38,163,579	\$ 38,163,579
Accounts Receivable	-	2,918,627	2,918,627
Investments	7,310,525	-	7,310,525
Deposits	-	8,000	8,000
Community and youth trust accounts	103,524,298	-	103,524,298
Due from Band members	-	-	-
Due from government and government organizations	-	2,964,206	2,964,206
Trust funds held by federal government	-	1,792,759	1,792,759
Investments in and advances to corporations	-	3,193,285	3,193,285
Accounts payable and accruals	-	8,913,212	8,913,212
Due to government and government organizations	-	2,978,772	2,978,772
Tenant deposits	-	33,333	33,333
Amounts held in trust for minors	-	23,564,130	23,564,130
Long term debt	-	7,178,003	7,178,003

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 3. Financial Instruments (cont'd)

	2019		
	Fair Value	Amortized Cost	Total
Cash	\$ -	\$ 31,058,751	\$ 31,058,751
Accounts Receivable	-	2,889,744	2,889,744
Investments	5,904,118	-	5,904,118
Deposits	-	8,000	8,000
Community and youth trust accounts	110,948,450	-	110,948,450
Due from Band members	-	-	-
Due from government and government organizations	-	1,899,454	1,899,454
Trust funds held by federal government	-	1,686,741	1,686,741
Investments in and advances to corporations	-	1,230,539	1,230,539
Accounts payable and accruals	-	7,630,281	7,630,281
Due to government and government organization	-	1,899,454	1,899,454
Tenant deposits	-	33,333	33,333
Amounts held in trust for minors	-	25,283,987	25,283,987
Long term debt	-	4,726,473	4,726,473

Investments and Community and youth trust accounts consist of equity and debt instruments. These accounts include Government of Canada, Provincial and Corporate bonds of \$11,695,667 (2019 - \$8,355,450).

Maturity profile of bonds held is as follows:

	2020				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying Value	\$ -	\$ 3,786,908	\$ 3,251,522	\$ 4,657,237	\$ 11,695,667
Percentage	0%	32%	28%	40%	

	2019				
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
Carrying Value	\$ 640,919	\$ 1,111,238	\$ 3,513,065	\$ 3,090,228	\$ 8,355,450
Percentage	8%	13%	42%	37%	



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## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 3. Financial Instruments (cont'd)

##### **Credit Risk**

Credit risk is the risk of financial loss to the First Nation if a debtor fails to make payments of interest and principal when due. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the First Nation is not exposed to significant credit risk.

##### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and equity risk.

##### **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation is exposed to currency risk through foreign investments purchased and sold in foreign currencies. Approximately 37% (2019 - 41%) of the First Nation's portfolio investments are in a foreign currency and converted to Canadian dollars at year-end.

The organization considers this risk to be acceptable and therefore does not hedge its foreign exchange rate risks.

##### **Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The First Nation is exposed to this risk through its interest bearing investments, bank loans and long term debt.

The First Nation holds long-term debt with a variable interest rate which involves risks of default on interest and principal and price changes due to, without limitation, such factors as interest rates and general economic conditions.

The First Nation structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

The First Nation's bond portfolio has interest ranging from 1.5% to 5.38% (2019 - 1.32% to 5.38%) with maturities ranging from July 15, 2020 to December 1, 2045 (2019 - April 11, 2019 to December 1, 2045).

At March 31, 2020, a 1% fluctuation in interest rates, with all other variables held constant, would have an estimated impact on the fair value of bonds of \$116,957 (2019 - \$83,555). A 1% fluctuation in interest rates would have an estimated impact on interest expense related to the First Nation's Bank loans of \$73,569 (2019 - \$48,236)

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 3. Financial Instruments (cont'd)

##### Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The First Nation is exposed to this risk through its equity holdings within its investment portfolio. At March 31, 2020, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the First Nation's equities of \$9,643,802 (2019- \$10,557,508)

##### Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the First Nation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The organization is exposed to this risk mainly in respect of its accounts payable and long-term debt. Unless otherwise noted, the expected cash outflows are within one year.

The First Nation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The First Nation maintains a portion of its invested assets in liquid securities. The organization also maintains certain credit facilities, which can be drawn upon as needed.

There have not been any changes in the risk from the prior year.

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 3. Financial Instruments (cont'd)

#### Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1, 2 and 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2020				
	Level 1	Level 2	Level 3	Total
Investments	\$ 6,945,039	\$ 365,486	-	\$ 7,310,525
Community and youth trust accounts	87,715,797	15,808,501	-	103,524,298
	<b>\$ 94,660,836</b>	<b>\$ 16,173,987</b>	<b>-</b>	<b>\$ 110,834,823</b>
2019				
	Level 1	Level 2	Level 3	Total
Investments	\$ 5,544,460	\$ 359,658	-	\$ 5,904,118
Community and youth trust accounts	98,933,175	12,015,275	-	110,948,450
	<b>\$ 104,477,635</b>	<b>\$ 12,374,933</b>	<b>-</b>	<b>\$ 116,852,568</b>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 4. Investments

	2020	2019
a) Investments held in Account #2802196 are as follows:		
Fixed Income Securities:		
Bond Funds (1,178,099 Units)	\$ 15,457,012	\$ 15,856,664
b) Investments held in Account #2802197 are as follows:		
Cash Equivalents:		
Treasury Bills		
(1,420,000 Units, maturing		
between April 2, 2020 - June 11, 2020)	1,414,164	1,712,617
Fixed Income Securities:		
Bond Funds (849,263 Units)	10,552,945	10,805,558
Equity Securities:		
Foreign Preferred Stock (1,807 Units)	91,254	140,856
Canadian Common Stocks (230,927 Units)	8,277,049	9,354,195
Foreign Common Stocks (262,253 Units)	18,949,279	20,173,732
	<u>39,284,691</u>	<u>42,186,958</u>
c) Investments held in Account #2802198 are as follows:		
Cash Equivalents:		
Treasury Bills		
(2,076,000 Units, Maturing May 14, 2020)	2,071,404	951,508
Short Term Deposit		
(75,000 Units, Maturing May 27, 2020)	74,797	-
Fixed Income Securities:		
Canada Bonds		
(3,778,000 Units, 1.5% - 3.5%, Maturing		
between June 15, 2022 - December 1, 2045)	4,210,448	2,776,856
Provincial Bonds		
(2,577,000 Units, 2.6% - 4.95%, Maturing		
between June 2, 2027 - June 18, 2040)	3,059,564	1,686,784
Corporate Bonds		
(4,225,000 Units, 1.809% - 5.381%, Maturing		
between July 26, 2021 - February 8, 2050)	4,425,655	3,891,810
Equity Securities:		
Canadian Common Stocks (127,037 Units)	7,392,810	9,337,726
Foreign Common Stocks (278,688 Units)	17,389,722	21,303,622
	<u>38,624,400</u>	<u>39,948,306</u>
	<u>\$ 93,366,103</u>	<u>\$ 97,991,928</u>

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 4. Investments (cont'd)

	2020	2019
<b>Balance Forward</b>	<b>\$ 93,366,103</b>	<b>\$ 97,991,928</b>
d) Investments held in Account #2802200 are as follows:		
Cash Equivalents:		
Treasury Bills		
(630,000 Units, maturing May 2020)	627,266	995,700
Mutual Funds:		
Bond Funds (575,106 Units)	7,146,264	7,122,110
Canadian Equity Class (31,934 Units)	1,846,215	2,235,170
Canada Fund (7,057 Units)	423,381	518,656
International Equity Fund (41,135 Units)	2,253,871	2,419,790
U.S. Equity Fund (45,353 Units)	2,470,587	2,647,174
	<u>14,767,584</u>	<u>15,938,600</u>
 Interest Bearing accounts, Specific Housing Trust	 2,335,650	 2,562,382
Other	<u>365,486</u>	<u>359,658</u>
	<u><b>\$ 110,834,823</b></u>	<u><b>\$ 116,852,568</b></u>

The investments listed above are included on the statement of financial position as follows:

	2020	2019
Investments	\$ 7,310,525	\$ 5,904,118
Community and youth trust accounts	<u>103,524,298</u>	<u>110,948,450</u>
	<u><b>\$ 110,834,823</b></u>	<u><b>\$ 116,852,568</b></u>

The investments arise from the consolidation of the Fort William First Nation Boundary Claim and Specific Claim Housing Trusts fully controlled by the First Nation as follows:

	2020	2019
<b>Investments</b>		
Fort William First Nation Boundary Claim Trust	\$ 6,945,039	\$ 5,544,460
Other	<u>365,486</u>	<u>359,658</u>
	<u><b>\$ 7,310,525</b></u>	<u><b>\$ 5,904,118</b></u>
 Investments held in trust for the Community and Youth	 <u><b>\$ 103,524,298</b></u>	 <u><b>\$ 110,948,450</b></u>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 5. Accounts Receivables

	2020	2019
<b>Due from members</b>		
Rents receivable	\$ 156,629	\$ 74,313
Other receivables	385,744	328,094
Allowance for doubtful accounts	(542,373)	(402,407)
	<u>\$ -</u>	<u>\$ -</u>
<b>Due from non-members</b>		
Other receivables	\$ 4,913,792	\$ 5,039,618
Allowance for doubtful accounts	(1,995,165)	(2,149,874)
	<u>\$ 2,918,627</u>	<u>\$ 2,889,744</u>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 6. Due from Government and Government Organizations

	2020	2019
Government of Canada		
Indigenous Services Canada	\$ 1,345,562	\$ 1,423,062
Canada Mortgage and Housing Corporation	43,665	57,028
Province of Ontario		
Ministry of Energy	101,722	101,722
Ministry of Transportation	212,014	170,764
Other		
Union of Ontario Indians	756,923	553,779
City of Thunder Bay	-	60,000
Dilico Ojibway Child and Family Services	620,608	882,980
	3,080,494	3,249,335
Allowance for doubtful accounts	(101,722)	(101,722)
	<u>\$ 2,978,772</u>	<u>\$ 3,147,613</u>

#### 7. Trust Funds Held by Federal Government

	March 31, 2019	Additions 2020	Withdrawals 2020	March 31, 2020
Revenue	\$ 1,299,375	\$ 1,086,201	\$ (980,183)	\$ 1,405,393
Capital	387,366	-	-	387,366
	<u>\$ 1,686,741</u>	<u>\$ 1,086,201</u>	<u>\$ (980,183)</u>	<u>\$ 1,792,759</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.

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 8. Accounts Payable and Accruals

	2020	2019
Trade payables	\$ 4,788,011	\$ 3,621,396
Due to members	4,125,201	4,008,885
	<u>\$ 8,913,212</u>	<u>\$ 7,630,281</u>

#### 9. Due to Government and Government Organizations

	2020	2019
Federal government		
Receiver general	\$ 111,164	\$ 17,454
Repayable to funders	1,907,925	1,521,127
Provincial government		
Repayable to funders	945,117	360,873
	<u>\$ 2,964,206</u>	<u>\$ 1,899,454</u>



## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 10. Deferred Revenue and Government Transfers

	Balance March 31, 2019	Funding Received 2020	Funding Repayable 2020	Revenue Recognized 2020	Balance March 31, 2020
<b>Federal Government</b>					
Indigenous Services Canada	\$ 1,611,901	\$ 9,233,881	\$ (465,065)	\$ 8,308,756	\$ 2,071,961
CMHC	-	150,773	-	150,773	-
	<u>1,611,901</u>	<u>9,384,654</u>	<u>(465,065)</u>	<u>8,459,529</u>	<u>2,071,961</u>
<b>Provincial Government</b>					
Ministry of Health	69,065	416,770	(69,065)	416,770	-
Ministry of Community and Social Services	-	2,864,817	(407,943)	2,456,874	-
	<u>69,065</u>	<u>3,281,587</u>	<u>(477,008)</u>	<u>2,873,644</u>	<u>-</u>
<b>Other</b>					
Lottery fund revenue	-	1,506,973	-	1,506,973	-
Other revenues	577,549	10,356,242	(65,617)	10,246,517	621,657
Investment income	-	7,472,109	-	7,472,109	-
	<u>577,549</u>	<u>19,335,324</u>	<u>(65,617)</u>	<u>19,225,599</u>	<u>621,657</u>
	<u>\$ 2,258,515</u>	<u>\$32,001,565</u>	<u>\$ (1,007,690)</u>	<u>\$30,558,772</u>	<u>\$ 2,693,618</u>

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 11. Long Term Debt

	2020	2019
<b>Non-Profit Housing Program - Lynx Court</b>		
Canada Mortgage and Housing Corporation loan, repayable at \$3,971 per month including interest at 1.84%, secured by land and buildings and guaranteed by Indigenous Services Canada, due August 2037	\$ 711,040	\$ 745,357
<b>Non-Profit Housing Program - 8 Unit</b>		
Canada Mortgage and Housing Corporation loan, repayable at \$5,753 per month including interest at 2.39%, secured by land and buildings and guaranteed by Indigenous Services Canada, due February 2043	1,326,225	1,260,550
<b>Land Claims</b>		
Indigenous Services Canada loan, due on settlement of outstanding land claims against the Government of Canada (unless otherwise stated in the claim settlement agreement)	289,074	289,074
Ontario Native Affairs loan, due on settlement of outstanding land claims against the Province of Ontario (unless otherwise stated in the claim settlement agreement)	114,602	114,602
<b>Equipment</b>		
RBC Royal Bank equipment lease, repayable at \$5,000 per month including interest at 5.33%, secured by John Deere Loader, due July 2020	19,779	77,057
RBC Royal Bank equipment lease, repayable at \$3,075 per month including interest at 4.04%, secured by Link Belt Excavator, due January 2023	95,884	128,197
Copier lease repayable at \$149 per month including interest at 6.25%	1,457	3,098
	<b>\$ 2,558,061</b>	<b>\$ 2,617,935</b>

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 11. Long Term Debt (cont'd)

	2020	2019
Balance Forward	\$ 2,558,061	\$ 2,617,935
RBC - CMHC 11 Unit, bridge financing with per annum interest at Royal Bank prime rate plus 1.00%, due April 2020	1,362,687	-
RBC - Lagoon Project Loan, repayable at \$14,147 per month including interest at 3.92%, due November 29, 2024	2,325,369	-
RBC - Waysaya Building Loan, repayable at \$4,489 per month including interest at 3.92%, due November 29, 2024	600,119	-
RBC - Vehicle Loan, repayable at \$2,923 per month including interest at 4.92%, due September, 2023	112,537	141,280
RBC - Vehicle Loan, repayable at \$4,213 per month including interest at 3.96%, due December 2024	219,230	-
RBC - CMHC 8 Unit, bridge financing with per annum interest at Royal Bank prime rate plus 1.00%, due September, 2019	-	105,308
RBC - Lagoon Project, repayable in full including monthly interest at prime plus 1.75%, due July 2019	-	500,000
RBC - CMHC 11 Unit, bridge financing with per annum interest at Royal Bank prime rate plus 1.00%, due July 2019	-	1,361,950
	<u>\$ 7,178,003</u>	<u>\$ 4,726,473</u>

Of the remaining long term debt, principal payments due in the next five years and thereafter are as follows:

Year	Amount
2021	\$ 1,676,983
2022	303,302
2023	302,395
2024	1,327,742
2025	160,133
Thereafter	<u>3,407,448</u>
	<u>\$ 7,178,003</u>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 12. Youth Trust Accounts

As part of the Specific Claim Housing Trust, Loch Lomond and Neebing agreements, all members of Fort William First Nation on the voting day for each respective claim were entitled to receive one time "per capita" payments. All members alive but under the age of 18 on the voting day for each respective claim are not entitled to receive this payment until they reach the age of 18. The Trust has established individual interest-bearing trust bank accounts with the RBC Royal Bank for each member under 18. Once members reach the age of 18, they are entitled to receive the "per capita" payments plus interest that has accrued in their trust bank accounts. For those members under the age of 18, this one time payment was deposited into the pre-existing individual interest bearing trust accounts with the Royal Bank of Canada.

As part of the Boundary Claim Settlement Trust there was a one time "per capita" distribution to members of \$25,000. For those members who were under the age of 18 at the date of the distribution, these monies are held by the Fort William First Nation Boundary Claim Settlement Trust until such time as the member reaches the age of 18. These monies will be distributed to the members as they achieve the age of 18 at the principal amount plus interest calculated at the bank rate plus one percent.

As part of the Grand Trunk Pacific Railway Claim Settlement, a one time "per capita" distribution of \$35,000 per member was declared. For those members who were under the age of 18 at the date of the declaration, these monies are to be held in trust by Fort William First Nation until such time as the member reaches the age of 18. At that time, the \$35,000 distribution is to be paid to each of the minors. At the conclusion of eighteen years from the date of settlement, all investment income earned by the First Nation, net of any holding costs, are to be distributed to the minors on a pro-rata basis calculated based on the time that their monies were held in trust.

The balances payable on these claims at year end are listed below:

	2020	2019
Specific Claim Housing Trust	\$ 2,397,042	\$ 2,624,014
Boundary Claim Settlement Trust	6,397,088	6,839,973
Grand Trunk Pacific Railway Claim Settlement Trust	14,770,000	15,820,000
	<b>\$ 23,564,130</b>	<b>\$ 25,283,987</b>

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 13. Tangible capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
First Nation housing	\$12,370,982	\$ 4,304,856	\$ 12,325,308	\$ 3,991,990
Infrastructure	20,027,144	14,003,218	19,823,117	13,544,180
Buildings	38,946,161	32,596,831	38,946,161	30,946,207
Automotive, fire and general equipment	6,303,249	4,220,279	5,837,619	3,818,868
Other equipment	662,226	587,589	639,808	555,645
Vacant land	2,377,076	-	2,377,076	-
Construction in progress - Capital projects	7,476,015	-	6,795,311	-
	<b>\$88,162,853</b>	<b>\$55,712,773</b>	<b>\$ 86,744,400</b>	<b>\$ 52,856,890</b>
Net book value	<b>\$ 32,450,080</b>		<b>\$ 33,887,510</b>	

Construction in progress are projects which are carried at cost until completion at which time the projects are capitalized. Cost includes all direct costs relating to these projects, as well as interest on debt and overhead costs that can be clearly identified as relating to these projects.

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 14. Investments in and Advances to Corporations

Advances outstanding at year end are non-interest bearing, unsecured with no specific terms of repayment unless otherwise noted.

	2020	2019
Current		
Due to FWFN Development Corp.	\$ (119,339)	\$ (119,339)
Due from 1453183 Ontario Ltd.	15,849	15,849
Due to FWFN Energy Corp.	(100)	(100)
	<u>(103,590)</u>	<u>(103,590)</u>
Long-term		
Investment in Anemki Mountain Business Trust (Note 23)	1,310,620	1,127,415
Investment in Lot 251-3 Development LP	1,779,541	-
Due from FWFN Land Development Trust	205,714	205,714
	<u>3,295,875</u>	<u>1,333,129</u>
Shares		
Shares in various corporations	1,000	1,000
	<u>3,296,875</u>	<u>1,334,129</u>
Total investments in and advances to corporations	<u>\$ 3,193,285</u>	<u>\$ 1,230,539</u>

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 15. Contingent Liabilities

In 1999 the Corporation of the City of Thunder Bay returned approximately 1,100 acres of land that had previously been expropriated in 1905 to Fort William First Nation. Since that time, the City of Thunder Bay has been assessing municipal property taxes on the returned lands. As of March 31, 2020, property taxes owing to the Corporation of the City of Thunder Bay, including interest and penalties, amounted to \$7,769,477 (2019 - \$7,002,126). This amount continues to increase with all subsequent tax assessments, as well as, with interest and penalties accruing monthly.

The First Nation is disputing the taxes charged, as management does not believe the lands have ever left reserve status, and as such, are not subject to municipal taxation.

In 2004, the First Nation applied for an interlocutory injunction to restrain the City of Thunder Bay from collecting unpaid taxes until such time as a decision is rendered regarding the status of the lands; however the court ruled against the injunction.

Had the above mentioned liabilities been recorded, the balances in these consolidated financial statements would have changed as follows:

#### Consolidated statement of operations

Surplus for the year	\$ 3,298,628
Adjustment for property taxes not recorded	<u>(902,746)</u>
Adjusted surplus for the year	<u>\$ 2,395,882</u>

#### Consolidated statement of financial position

Capital assets reported	\$ 32,450,080
Addition for property taxes on vacant land	<u>1,188,553</u>
Adjusted capital asset balance	<u>\$ 33,638,633</u>
Accounts payable and accruals as reported	\$ 8,913,212
Property taxes, including penalties and interest, not recorded	<u>7,769,477</u>
Adjusted accounts payable and accruals balance	<u>\$ 16,682,689</u>
Disputed property taxes receivable as reported	\$ 9,744,824
Tenants' payments applied against payable in excess of payable recorded	<u>(9,744,824)</u>
Adjusted disputed property taxes receivable balance	<u>\$ -</u>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 15. Contingent Liabilities (cont'd)

The First Nation is a party to a claim relating to the band member listing as it pertains to the "per capita" distributions resulting from various claim settlements. The First Nation does not expect the resolution of this matter to have any material adverse effect on the financial position or results of operations of the First Nation. No provision has been provided for in these financial statements as the outcome and measurement are uncertain. Any liability that may be incurred related to this matter will be expensed in the year that it becomes determinable.

#### 16. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2020	2019
<b>Fund balances</b>		
<b>Unrestricted</b>		
Fund balance - General (Note 18)	\$ 47,719,415	\$ 39,862,126
<b>Internally restricted</b>		
Boundary Claim Settlement Trust	93,838,213	99,375,801
Grand Trunk Pacific Railway Minors Trust	862,876	810,136
<b>Externally restricted</b>		
Equity Revenue Trust	1,405,393	1,299,375
Equity Capital Trust	387,366	387,366
Equity Specific Claim Housing Trust	(36,375)	(35,974)
Replacement Reserve - CMHC	108,137	93,990
Fund balance - Lottery Reserve	1,897,830	1,091,407
Equity in long term investment	3,500	3,500
<b>Accumulated Surplus</b>	<b>\$ 146,186,355</b>	<b>\$ 142,887,727</b>



## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 17. Changes in Non-Cash Working Capital Components

	2020	2019
Inventory	\$ (80,454)	\$ 349,119
Trust funds held by federal government	(106,018)	86,625
Land claim costs	(6,948)	(8,763)
Due from government and other government organizations	168,841	(656,405)
Accounts receivable	(28,883)	641,603
Disputed property taxes receivable	(135,395)	(215,048)
Community and youth trust accounts	7,424,152	(15,090,482)
Prepaid expenses	(20,012)	8,309
Accounts payable and accruals	1,282,931	(1,515,453)
Due to government and other government organizations	1,064,752	919,251
Tenant Deposits	-	(10,363)
Amounts held in trust for minors	(1,719,857)	(2,232,856)
Deferred revenue	435,103	617,021
Investments in and advances to corporations	(1,962,746)	(223,548)
	<u>\$ 6,315,466</u>	<u>\$ (17,330,990)</u>

### 18. General Fund Balance

A portion of this balance includes surpluses or deficits from funds contributed by government agencies. Such surpluses or deficits may be subject to recovery or repayment by the contributing agencies, depending on the terms and conditions of the relevant contribution agreements. These potential liabilities or recoveries are estimated and accrued on an annual basis.

### 19. Member Distributions

Included in Region expense is per capita distributions to members as approved by Chief and Council. These distributions were as follows:

	2020	2019
Christmas distribution at \$35 per member	\$ 65,555	\$ 65,275
Boundary Claim payment at \$500 per member	1,182,500	1,221,847
Accrued interest on Boundary Claim payment to minors	238,838	259,875
Other expenses	19,225	-
	<u>\$ 1,506,118</u>	<u>\$ 1,546,997</u>

Region department information is also included in Note 25, Segmented Information.

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## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

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### 20. Guarantees

The First Nation has guaranteed bank loans for Band members in the amount of \$1,128,751 (2019 - \$1,228,415).

The First Nation has guaranteed the bank financing for Anemki Mountain Business Trust up to a maximum of \$100,000 (2019 - \$100,000).

The First Nation has a letter of credit for the Ministry of Finance - Alcohol and Gaming up to a maximum of \$120,000 (2019 - \$120,000).

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### 21. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

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### 22. Contaminated Sites Liability

PSAB 3260.08 states that a liability for contaminated sites should be recognized when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the government is directly responsible or accepts responsibility
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

As at March 31, 2020, The Band has not identified any circumstances where it is directly responsible, accepted responsibility or expects that future economic benefits will be given up to address contaminated sites. Consequently no liability has been accrued in these financial statements.

## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

### 23. Investments in Government Business Enterprises

Fort William First Nation's investments in government business enterprises consist of the following:

	2020	2019
Anemki Mountain Business Trust		
Investment	\$ 100	\$ 100
Advances	1,310,620	1,127,415
	<u>\$ 1,310,720</u>	<u>\$ 1,127,515</u>

The following table presents condensed financial information for these commercial enterprises:

	2020	2019
Cash	\$ 196,185	\$ 165,982
Accounts receivable	5,848	4,856
Tangible capital assets	1,289,920	1,343,666
Other assets	47,625	46,391
<b>Total assets</b>	<u><b>\$ 1,539,578</b></u>	<u><b>\$ 1,560,895</b></u>
Accounts payable	\$ 25,535	\$ 318,211
Long-term debt	1,333,810	1,112,697
Other liabilities	8,024	21,146
<b>Total liabilities</b>	<u><b>1,367,369</b></u>	<u><b>1,452,054</b></u>
Equity	172,211	108,841
<b>Total liabilities and equity</b>	<u><b>\$ 1,539,580</b></u>	<u><b>\$ 1,560,895</b></u>
Revenue	\$ 639,636	\$ 635,835
Expenses	365,631	348,774
<b>Net income</b>	<u><b>\$ 274,005</b></u>	<u><b>\$ 287,061</b></u>

## Fort William First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

#### 24. Other Revenue

	2020	2019
Rental operations	\$ 2,800,768	\$ 2,755,272
Dilico	314,891	311,717
Union of Ontario Indians	890,629	580,916
Bingo revenue	3,973,144	4,260,419
Equipment rentals	145,127	63,146
Sand and gravel	64,706	111,731
Interest	194,898	2,396
Other	1,862,354	1,674,405
	<b>\$ 10,246,517</b>	<b>\$ 9,760,002</b>

#### 25. Segmented Information

Fort William First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Fort William First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Fort William 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 the administrative activities that are needed to run the Fort William First Nation organization.

##### Public Works

Public works contains activities relating to the planning and maintenance of community infrastructure and the business operations and investments in enterprises carrying on commercial activities in the First Nation.

##### Education

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

##### Social Services and Health

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

##### Development and Employment

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

##### New Relationship Fund

The New Relationship Fund contains the activities that provide economic development and employment support for the community.

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## Fort William First Nation Notes to Consolidated Financial Statements

March 31, 2020

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### 25. Segmented Information (cont'd)

**Capital Projects**

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

**Region**

Region contains the activities of the First Nation as it relates to Reserve land management and activities relating the Boundary Claim and Grand Trunk Pacific Railroad Minors Trust'.

**Band Operations**

Band Operations contains the activities of the First Nation that are not captured directly in another segment.

**Gaming Activities**

Gaming Activities contains the Mountain Bingo Hall.

**Housing Operations**

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

**Rental Operations**

Rental Operations contains band-owned rental properties.

**Lottery Fund**

The Lottery Fund contains activities related to the OFNLP.

**Specific Claim Trust Fund**

The Specific Claim Trust Fund contains activities related to the rifle range settlement Trust.

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:

## Fort William First Nation Notes to Consolidated Financial Statements

### 25. Segmented Information (cont'd)

For the year ended March 31, 2020	Administration	Public Works	Education	Social Services and Health	Development & Employment	New Relationship Fund	Capital Projects	Region	Band Operations	Total
<b>Revenue</b>										
Indigenous Services Canada - Operating	\$ 418,431	\$ 422,328	\$ 4,606,472	\$ 1,686,342	\$ 443,014	\$ -	\$ -	\$ 130,272	\$ 86,066	\$ 7,792,925
Indigenous Services Canada - Capital	-	-	-	-	-	-	-	-	-	-
Health Canada	-	-	-	-	-	-	-	-	-	-
Ministry of Community and Social Services	-	-	-	2,456,874	-	-	-	-	-	2,456,874
Ministry of Health and Long Term Care	-	-	-	416,770	-	-	-	-	-	416,770
Ministry of Transportation	-	-	-	-	-	-	-	-	-	-
Other revenue	144,984	313,306	(8,535)	983,180	570,549	135,906	-	24,250	2,266,474	4,430,114
Investment revenue	-	-	-	-	-	-	-	7,472,109	-	7,472,109
	563,415	735,634	4,597,937	5,543,166	1,013,563	135,906	-	7,626,631	2,352,540	22,568,792
<b>Expenses</b>										
Amortization	51,190	707,767	95,099	8,062	-	-	-	-	1,248,233	2,110,351
Bad debt	-	-	-	-	-	-	-	-	-	-
Donations	19,769	-	-	-	-	-	-	-	230	19,999
General welfare assistance	-	-	-	2,297,162	-	-	-	-	-	2,297,162
Honorarium	340,298	-	-	1,775	-	-	-	-	-	342,073
Insurance	-	34,970	-	-	-	-	-	-	-	34,970
Interdepartmental costs	(1,718,361)	(705,913)	72,242	631,272	(156,916)	6,930	-	1,481,908	359,330	(29,508)
Interest and bank charges	69,077	-	-	-	-	-	-	-	-	69,077
Interest on long term debt	169,202	-	-	-	-	-	-	-	-	169,202
Per capita distribution (Note 19)	-	-	-	-	-	-	-	1,506,118	-	1,506,118
Loss on disposal	-	(221,809)	-	-	-	-	-	-	-	(221,809)
Repairs and maintenance	92,460	304,321	203,327	284,755	14,313	-	-	-	247,837	1,147,013
Student allowances	-	-	450,257	-	-	-	-	-	-	450,257
Supplies and service	481,621	143,751	114,951	661,086	635,011	12,209	-	724,359	130,573	2,903,561
Travel and transportation	32,615	114,710	15,313	156,626	26,855	4,733	-	17,129	-	367,981
Tuition	-	-	3,294,725	-	-	-	-	-	-	3,294,725
Utilities and telephone	45,427	14,905	1,649	11,447	6,830	650	175	3,879	362,946	447,908
Wages and benefits	1,306,945	611,904	356,570	1,537,844	406,444	59,766	-	333,947	409,616	5,023,036
	890,243	1,004,606	4,604,133	5,590,029	932,537	84,288	175	4,067,340	2,758,765	19,932,116
<b>Surplus (deficit)</b>	<b>\$ (326,828)</b>	<b>\$ (268,972)</b>	<b>\$ (6,196)</b>	<b>\$ (46,863)</b>	<b>\$ 81,026</b>	<b>\$ 51,618</b>	<b>\$ (175)</b>	<b>\$ 3,559,291</b>	<b>\$ (406,225)</b>	<b>\$ 2,636,676</b>

## Fort William First Nation Notes to Consolidated Financial Statements

### 25. Segmented Information (cont'd)

For the year ended March 31, 2020	Balance Forward	Gaming Activities	Housing Operations	Rental Operations	Lottery Fund	Consulting	Specific Claim Trust Fund	Total
<b>Revenue</b>								
Indigenous Services Canada - Operating	\$ 7,792,925	\$ -	\$ 502,357	\$ 13,474	\$ -	\$ -	\$ -	\$ 8,308,756
Indigenous Services Canada - Capital	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation Subsidy	-	-	150,773	-	-	-	-	150,773
Health Canada	-	-	-	-	-	-	-	-
Ministry of Community and Social Services	2,456,874	-	-	-	-	-	-	2,456,874
Ministry of Health and Long Term Care	416,770	-	-	-	-	-	-	416,770
Ministry of Transportation	-	-	-	-	-	-	-	-
Other revenue	4,430,114	4,500,761	283,115	1,032,527	-	-	-	10,246,517
Investment revenue	7,472,109	-	-	-	-	-	-	7,472,109
Lottery Fund revenue	-	-	-	-	1,506,973	-	-	1,506,973
	<b>22,568,792</b>	<b>4,500,761</b>	<b>936,245</b>	<b>1,046,001</b>	<b>1,506,973</b>	<b>-</b>	<b>-</b>	<b>30,558,772</b>
<b>Expenses</b>								
Amortization	2,110,351	48,233	315,967	381,334	-	-	-	2,855,885
Bad debt	-	-	-	5,588	-	-	-	5,588
Cash short	-	4,117	-	-	-	-	-	4,117
Donations	19,999	130,676	-	-	-	-	-	150,675
General welfare assistance	2,297,162	-	-	-	-	-	-	2,297,162
Honorarium	342,073	77,885	-	-	-	-	-	419,958
Insurance	34,970	-	11,155	36,766	-	-	-	82,891
Interdepartmental costs	(29,508)	382,511	29,278	126,217	14,500	-	-	522,998
Interest and bank charges	69,077	7,685	-	-	-	436	376	77,574
Interest on long term debt	169,202	-	44,156	-	-	-	-	213,358
Per capita distribution (Note 19)	1,506,118	-	-	-	-	-	-	1,506,118
Loss on disposal	(221,809)	-	-	-	-	-	-	(221,809)
Repairs and maintenance	1,147,013	201,896	288,697	332,832	-	-	-	1,970,438
Prizes	-	2,748,007	-	-	-	-	-	2,748,007
Student allowances	450,257	-	-	-	-	-	-	450,257
Supplies and service	2,903,561	339,359	32,899	39,724	-	-	-	3,315,543
Transfer cost	-	-	-	-	713,586	-	-	713,586
Travel and transportation	367,981	14,208	19,088	-	-	-	-	401,277
Tuition	3,294,725	-	-	-	-	-	-	3,294,725
Utilities and telephone	447,908	9,003	1,672	74,224	-	-	-	532,807
Wages and benefits	5,023,036	689,146	206,807	-	-	-	-	5,918,989
	<b>19,932,116</b>	<b>4,652,726</b>	<b>949,719</b>	<b>996,685</b>	<b>728,086</b>	<b>436</b>	<b>376</b>	<b>27,260,144</b>
<b>Surplus (deficit)</b>	<b>\$ 2,636,676</b>	<b>\$ (151,965)</b>	<b>\$ (13,474)</b>	<b>\$ 49,316</b>	<b>\$ 778,887</b>	<b>\$ (436)</b>	<b>\$ (376)</b>	<b>\$ 3,298,628</b>

## Fort William First Nation Notes to Consolidated Financial Statements

### 25. Segmented Information (cont'd)

For the year ended March 31, 2019	Administration	Public Works	Education	Social Services and Health	Development & Employment	New Relationship Fund	Region	Band Operations	Total
<b>Revenue</b>									
Indigenous Services Canada - Operating	\$ 519,764	\$ 536,688	\$ 4,531,670	\$ 186,120	\$ 434,473	\$ -	\$ 109,399	\$ 84,554	\$ 6,402,668
Indigenous Services Canada - Capital		775,485							775,485
Health Canada	-	-	-	614,163	-	-	-	-	614,163
Ministry of Community and Social Services	-	-	-	2,673,492	-	-	-	-	2,673,492
Ministry of Health and Long Term Care	-	-	-	108,789	-	-	-	-	108,789
Ministry of Transportation	-	41,250	-	-	-	-	-	-	41,250
Other revenue	(11,810)	272,162	19,752	816,920	587,818	79,706	-	2,411,555	4,176,103
Investment revenue	-	-	-	-	-	-	5,764,084	-	5,764,084
	507,954	1,625,585	4,551,422	4,399,484	1,022,291	79,706	5,873,483	2,496,109	20,556,034
<b>Expenses</b>									
Amortization	47,034	709,157	74,446	8,262	-	-	-	1,254,284	2,093,183
Bad debt	644,831	-	-	-	-	-	-	-	644,831
Donations	12,462	-	-	-	-	-	-	-	12,462
General welfare assistance	-	-	-	2,251,236	-	-	-	-	2,251,236
Honorarium	320,773	-	-	400	12,050	-	-	-	333,223
Insurance	-	53,928	-	-	-	-	-	-	53,928
Interdepartmental costs	(1,870,923)	(986,910)	156,251	124,877	19,083	15,924	1,825,601	113,645	(602,452)
Interest and bank charges	87,596	-	-	49	-	-	-	-	87,645
Interest on long term debt	78,605	-	-	-	-	-	-	-	78,605
Per capita distribution (Note 19)	-	-	-	-	-	-	1,546,997	-	1,546,997
Loss on disposal	-	-	-	-	-	-	-	-	-
Repairs and maintenance	34,074	789,172	108,194	219,015	24,822	-	-	300,443	1,475,720
Student allowances	-	-	483,473	-	-	-	-	-	483,473
Supplies and service	583,333	120,269	110,779	314,694	583,282	7,391	639,010	130,950	2,489,708
Travel and transportation	40,564	148,073	16,132	166,964	29,272	5,772	12,070	-	418,847
Tuition	-	-	3,261,279	-	-	-	-	-	3,261,279
Utilities and telephone	44,435	12,913	1,677	9,640	7,036	540	4,678	310,218	391,137
Wages and benefits	1,306,637	772,990	334,885	1,359,683	473,169	52,185	214,036	423,745	4,937,330
	1,329,421	1,619,592	4,547,116	4,454,820	1,148,714	81,812	4,242,392	2,533,285	19,957,152
<b>Surplus (deficit)</b>	<b>\$ (821,467)</b>	<b>\$ 5,993</b>	<b>\$ 4,306</b>	<b>\$ (55,336)</b>	<b>\$ (126,423)</b>	<b>\$ (2,106)</b>	<b>\$ 1,631,091</b>	<b>\$ (37,176)</b>	<b>\$ 598,882</b>



## Fort William First Nation Notes to Consolidated Financial Statements

### 25. Segmented Information (cont'd)

For the year ended March 31, 2019

	Balance Forward	Gaming Activities	Housing Operations	Rental Operations	Lottery Fund	Specific Claim Trust Fund	Total
<b>Revenue</b>							
Indigenous Services Canada	\$ 6,402,668	\$ -	\$ 440,309	\$ 13,237	\$ -	\$ -	\$ 6,856,214
Ontario Ministry of Aboriginal Affairs	775,485	-	-	-	-	-	775,485
Canada Mortgage and Housing Corporation Subsidy	-	-	183,116	-	-	-	183,116
Health Canada	614,163	-	-	-	-	-	614,163
Ministry of Community and Social Services	2,673,492	-	-	-	-	-	2,673,492
Ministry of Health and Long Term Care	108,789	-	-	-	-	-	108,789
Ministry of Transportation	41,250	-	-	-	-	-	41,250
Other revenue	4,176,103	4,339,537	241,792	1,002,570	-	-	9,760,002
Investment revenue	5,764,084	-	-	-	-	-	5,764,084
Lottery Fund revenue	-	-	-	-	1,697,389	-	1,697,389
	<b>20,556,034</b>	<b>4,339,537</b>	<b>865,217</b>	<b>1,015,807</b>	<b>1,697,389</b>	<b>-</b>	<b>28,473,984</b>
<b>Expenses</b>							
Amortization	2,093,183	48,233	248,778	369,492	-	-	2,759,686
Bad debt	644,831	-	6,905	(11,072)	-	-	640,664
Cash short	-	7,131	-	-	-	-	7,131
Donations	12,462	131,078	-	-	-	-	143,540
General welfare assistance	2,251,236	-	-	-	-	-	2,251,236
Honorarium	333,223	35,160	-	-	-	-	368,383
Insurance	53,928	-	10,715	33,165	-	-	97,808
Interdepartmental costs	(602,452)	135,398	(235,968)	(544,620)	46,218	-	(1,201,424)
Interest and bank charges	87,645	5,591	-	-	-	401	93,637
Interest on long term debt	78,605	-	44,270	-	-	-	122,875
Per capita distribution (Note 19)	1,546,997	-	-	-	-	-	1,546,997
Loss on disposal	-	-	-	-	-	-	-
Repairs and maintenance	1,475,720	195,496	473,161	829,628	-	-	2,974,005
Prize	-	2,915,992	-	-	-	-	2,915,992
Student allowances	483,473	-	-	-	-	-	483,473
Supplies and service	2,489,708	403,227	29,929	38,688	-	-	2,961,552
Transfer cost	-	-	-	-	828,528	-	828,528
Travel and transportation	418,847	18,118	21,707	-	-	-	458,672
Tuition	3,261,279	-	-	-	-	-	3,261,279
Utilities and telephone	391,137	9,536	2,219	66,313	-	-	469,205
Wages and benefits	4,937,330	731,025	199,018	-	-	-	5,867,373
	<b>19,957,152</b>	<b>4,635,985</b>	<b>800,734</b>	<b>781,594</b>	<b>874,746</b>	<b>401</b>	<b>27,050,612</b>
<b>Surplus (deficit)</b>	<b>\$ 598,882</b>	<b>\$ (296,448)</b>	<b>\$ 64,483</b>	<b>\$ 234,213</b>	<b>\$ 822,643</b>	<b>\$ (401)</b>	<b>\$ 1,423,372</b>