

Consolidated Financial Statements of

BATCHEWANA FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Batchewana maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Batchewana's assets are appropriately accounted for and adequately safeguarded.

Batchewana is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council reviewed Batchewana's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.



Chief



Chief Financial Officer



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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Batchewana First Nation

Opinion

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

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net assets (debt) for the year then ended
- 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

(Hereinafter referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Consolidated Financial Statements"*** section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, 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.



- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group 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.

A handwritten signature in black ink that reads "KPMG LLP". The signature is fluid and cursive, with a horizontal line underneath it.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

January 8, 2021

BATCHEWANA FIRST NATION

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Year ended March 31, 2020

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BATCHEWANA FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash (note 2)	\$ 14,826,199	\$ 6,066,422
Restricted cash (note 3)	825,216	2,440,065
Accounts receivable (note 4)	4,232,751	3,235,165
Investment in Batchewana Band Industries Limited (note 5)	1,574,186	1,542,109
Investment in Mukwaa 2 Inc. (note 6)	689,501	677,266
Investment in Nodin Kitagan Limited Partnerships (note 7)	4	13,129,589
Investment in Chi-Wiikwedong LP (note 8)	10,347,431	10,566,515
Investment in GBG-BFN Limited Partnership (note 9)	341,777	362,317
Investment and advances in Zaagate Giizis Energy Inc. (note 10)	1,481,989	1,455,031
Trust funds held by federal government	478,836	451,163
	<u>34,797,890</u>	<u>39,925,642</u>
Financial liabilities		
Operating lines of credit (note 2)	2,032,822	1,333
Accounts payable and accrued liabilities	3,115,315	3,364,953
Deferred revenue (note 11)	1,648,403	1,613,342
Term demand loans (note 12)	7,382,499	8,175,679
Long-term debt (note 14)	18,409,923	36,510,078
	<u>32,588,962</u>	<u>49,665,385</u>
Net assets (debt)	2,208,928	(9,739,743)
Non-financial assets		
Tangible capital assets (note 13)	29,747,505	28,470,372
Prepaid expenses and inventory of supplies	233,305	141,180
	<u>29,980,810</u>	<u>28,611,552</u>
Contingent liabilities (note 16)		
Effects of COVID-19 (note 20)		
Accumulated surplus (note 15)	\$ 32,189,738	\$ 18,871,809

See accompanying notes to consolidated financial statements.

Approved:



Chief



Chief Financial Officer

BATCHEWANA FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	Budget	2020	2019
	(note 18)		
Revenue:			
Indigenous Services Canada (note 17)	\$ 10,181,424	\$ 11,856,934	\$ 9,970,817
Province of Ontario	2,555,042	2,424,257	2,777,861
Government of Canada	817,871	782,514	2,486,514
Ontario First Nations Limited Partnership	1,600,000	1,499,030	1,729,738
North Shore Tribal Council	1,373,393	1,381,717	1,373,986
Band operated enterprises	9,293,200	9,169,973	9,371,906
Other	9,142,034	22,653,858	8,866,357
Government of Canada Trust Funds	10,500	27,673	10,240
	34,973,464	49,795,956	36,587,419
Expenses:			
Niigaanin	1,313,116	1,286,588	1,317,116
Government	2,210,158	1,575,844	490,102
Lands, Memberships and Estates	65,647	67,312	73,865
Elections	-	-	19,015
Licensing	6,000	6,000	6,750
Community Services	1,165,988	1,251,519	1,059,074
Education	6,730,951	6,672,750	7,203,205
Child Day Care	1,052,733	897,512	871,178
Cultural Education Centre	-	1,573	1,573
Capital Projects	600,166	928,226	819,797
Other Subsidized Programs	2,010,937	1,871,898	1,645,216
Health	3,913,396	3,350,680	3,632,108
Employment and Training	493,075	503,750	510,788
Arena Operations	1,072,990	1,386,260	1,314,980
Band Operated Activities - Buildings	541,754	586,425	416,399
Band Operated Activities - CMHC	1,048,717	1,090,721	1,120,536
Bingo Operations	9,001,065	9,102,481	8,947,686
Other Band Activities	717,333	538,883	710,146
Renewable Energy Development	175,000	25,472	217,408
Other Band Activities - Natural Resources	737,819	785,888	628,093
Band Committees	33,457	35,869	33,089
Other Band Operated Enterprises	284,976	416,851	333,983
Batchewana First Nation Housing Authority Incorporated	192,664	248,692	325,701
Batchewana Band Industries Ltd.	(95,000)	(32,077)	(94,914)
Renewable Energy Enterprises	943,218	3,878,910	2,373,141
	34,216,160	36,478,027	33,976,035
Excess of revenue over expenses	757,304	13,317,929	2,611,384
Accumulated surplus, beginning of year	18,871,809	18,871,809	16,260,425
Accumulated surplus, end of year	\$ 19,629,113	\$ 32,189,738	\$ 18,871,809

See accompanying notes to consolidated financial statements.

BATCHEWANA FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Assets (Debt)

Year ended March 31, 2020, with comparative information for 2019

	Budget	2020	2019
	(note 18)		
Excess of revenue over expenses	\$ 757,304	\$ 13,317,929	\$ 2,611,384
Acquisition of tangible capital assets	-	(2,798,133)	(1,338,966)
Loss on disposal of tangible capital assets	-	111,358	-
Amortization of tangible capital assets	1,348,594	1,409,642	1,385,698
Change in prepaid expenses and inventory of supplies	-	(92,125)	7,898
Change in net assets	2,105,898	11,948,671	2,666,014
Net debt, beginning of year	(9,739,743)	(9,739,743)	(12,405,757)
Net assets (debt), end of year	\$ (7,633,845)	\$ 2,208,928	\$ (9,739,743)

See accompanying notes to consolidated financial statements.

BATCHEWANA FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Excess of revenue over expenses	\$ 13,317,929	\$ 2,611,384
Adjustment for:		
Amortization of tangible capital assets	1,409,642	1,385,698
Loss on disposal of tangible capital assets	111,358	-
Income from Nodin Kitagan Limited Partnerships special distribution above book value	(12,595,003)	-
Share of operating profit from investment in Batchewana Band Industries Limited	(32,077)	(94,914)
Share of operating (profit) loss from investment in Mukwaa 2 Inc.	(12,235)	65,061
Share of operating profit from Nodin Kitagan Limited Partnerships	(4,092,498)	(3,234,997)
Share of operating profit from Chi-Wiikwedong LP	(776,421)	(1,466,469)
Share of operating profit from investment in GBG-BFN Limited Partnership	(20,364)	(21,146)
<u>Share of operating profit from Zaagate Giizis Energy Inc.</u>	<u>(26,958)</u>	<u>(64,174)</u>
	(2,716,627)	(819,557)
Changes in non-cash working capital:		
Increase in accounts receivable	(997,586)	(70,320)
(Increase) decrease in prepaid expenses and inventory of supplies	(92,125)	7,898
(Decrease) increase in accounts payable and accrued liabilities	(249,638)	680,854
Increase in deferred revenue	35,061	1,347,684
Decrease in term demand loans	(793,180)	(730,617)
	(4,814,095)	415,942
Capital transactions:		
Cash used to acquire tangible capital assets	(2,798,133)	(1,338,966)
Financing transactions:		
Increase (decrease) in operating lines of credit	2,031,489	(1,407,571)
Long-term debt advanced during year	-	338,394
Principal payments on long-term debt	(18,100,155)	(1,551,114)
	(16,068,666)	(2,620,291)
Investing transactions:		
Distributions from Chi-Wiikwedong LP	995,505	1,436,164
Distributions from Nodin Kitagan Limited Partnerships	29,817,086	2,400,000
Distributions from GBG-BFN Limited Partnership	40,904	63,750
Repayment from Zaagate Giizis Energy Inc.	-	12,358
Increase in trust funds held by federal government	(27,673)	(10,241)
	30,825,822	3,902,031
Net increase in cash	7,144,928	358,716
Cash, beginning of year	8,506,487	8,147,771
Cash, end of year	\$ 15,651,415	\$ 8,506,487
Represented by:		
Cash	\$ 14,826,199	\$ 6,066,422
Restricted cash	825,216	2,440,065
	\$ 15,651,415	\$ 8,506,487

See accompanying notes to consolidated financial statements.

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

The Batchewana First Nation (the “First Nation”), located in Sault Ste. Marie Ontario, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representations of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transaction are eliminated upon consolidation.

Under the modified equity method of accounting, only Batchewana First Nation’s portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

Organizations consolidated include:

Batchewana First Nation Housing Authority Incorporated
Mukwaa Inc. – a bare trustee corporation
2419656 Ontario Inc. – a bare trustee corporation

Organizations accounted for on a modified equity basis include:

Batchewana Band Industries Limited
Mukwaa 2 Inc.
6597982 Manitoba Ltd. – a bare trustee corporation
2425771 Ontario Inc.
Zaagate Giizis Energy Inc.

Batchewana First Nation has invested in limited partnerships through Mukwaa Inc. and 2419656 Ontario Inc. The First Nation accounts for its investment in these business partnerships using the modified equity method.

(b) Inventories:

Inventories are stated at lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

(c) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful Life - Years
Land improvements	20 years
Buildings	40 years
Infrastructure	30 years
Machinery and equipment	10 years
Furniture, computers and fixtures	4 to 10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Natural resources:

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

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(e) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government. Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(g) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is 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.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Trust funds held by federal government:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

2. Cash and lines of credit:

Cash

Cash consists of cash on hand, bank balances and investments in money market instruments with maturities of one year or less.

Lines of credit

- (a) The First Nation has an unrestricted operating line of credit of \$1,500,000 with Scotiabank. At March 31, 2020, there is an outstanding balance of \$1,080,000 (2019 – \$nil).
- (b) The First Nation has an overdraft line of credit of \$50,000 with CIBC. At March 31, 2020, there is an outstanding balance of \$nil (2019 – \$52,251). The line of credit is due on demand and has an interest rate of prime plus 1.5%
- (c) The First Nation has an overdraft line of credit of \$1,200,000 with the Bank of Montreal for the Renewable Energy Department. At March 31, 2020, there is an outstanding balance of \$952,822 (2019 – \$1,333). The line of credit is due on demand and has an interest rate of prime plus 1%.

The balance has been used to finance First Nation's purchase of land and buildings for future development.

- (d) In accordance with the terms and conditions of the BMO Loan Agreement (see note 3), 2419656 Ontario Inc. (a bare trustee corporation) has established a revolving \$1,015,000 debt service reserve loan (the "DSR Loan") arrangement bearing interest at the prime rate. At March 31, 2020 there is an outstanding balance of \$nil (2019 – \$nil). The DSR Loan has been established to make principal, interest and fee payments to the extent there are insufficient funds in the Proceeds Account (see note 3(b)).

3. Restricted cash:

- a) As a condition of the Siemens Financial Ltd. facility, Mukwaa Inc. (a bare trustee corporation) is required to maintain a debt service reserve account equal to six months principal and interest of the outstanding loan balance (see note 7 and note 14).
- b) Pursuant to a Bank of Montreal loan agreement (the "BMO Loan Agreement") (see note 14), between the Bank of Montreal ("BMO") and 2419656 Ontario Inc. and Batchewana First Nation ("the Project Parties") distributions to the Project Parties from the Chi-Wiikwedong LP ("CWLP") are permitted via a Proceeds Account which are subject to the following conditions:
 - (i) debt service ratio for 2419656 Ontario Inc. for the previous 12 consecutive months is not less than 1:05 to 1:00 and the projected debt service ratio on a rolling 12-month basis shall not be less than 1:05 to 1:00;

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Restricted cash (continued):

- (ii) all amounts including accrued interest and principal and all other amounts due in respect of the BMO Loan Agreement have been paid in full;
- (iii) no balance is outstanding on the DSR Loan (see note 2(d));
- (iv) no event of default has occurred or would reasonably be expected to occur;
- (v) no breach of the Province Guarantee has occurred.

Distributions must be applied in the following order of priority.

- (i) first, to pay taxes of the Project Parties to the extent such amounts are due and payable;
- (ii) second, to pay scheduled BMO loan interest due and payable. If sufficient funds are not available, then to draw upon the DSR Loan to extent of any shortfall;
- (iii) third, to pay scheduled BMO loan principal due and payable. If sufficient funds are not available then to draw upon the DSR Loan to extent of any shortfall;
- (iv) fourth, to pay BMO an amount equal to the annual renewal fee, quarterly standby and processing fee and any account transaction fees;
- (v) fifth, to pay the Province guarantee and indemnification fees;
- (vi) sixth, to pay any interest due and payable on the DSR loan;
- (vii) seventh; to repay any balance outstanding on the DSR loan;
- (viii) eighth, only to the extent the account balance will be at least \$2,500.

If sufficient funds are not available to pay BMO principal, interest and related fees or the Province guarantee and indemnification fees then the DSR loan may be drawn upon to the extent of any shortfall.

Notwithstanding the above, BMO may block payments and retain such funds and apply such funds towards the reduction of the obligations, at any time after the occurrence of any event of default until such notice of default is revoked.

- c) In accordance with the operating agreements between the First Nation and Canada Mortgage Housing Corporation ("CMHC"), cash in the amount of \$557,842 (2019 – \$123,833) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacements reserve bank account. As of March 31, 2020, the First Nation is required to have set aside \$621,565 (2019 – \$553,353).

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

4. Accounts receivable:

	2020	2019
Indigenous Services Canada	\$ 1,465,972	\$ 1,217,363
Province of Ontario	108,950	535,187
Government of Canada	308,528	48,934
North Shore Tribal Council	268,769	259,897
Aboriginal Labour Force Development Corporation	112,584	39,243
Other First Nations (Education Boarding Homes)	-	254,554
Other	1,065,425	765,441
Investment distributions (i)	1,175,000	580,000
	4,505,228	3,700,619
Less: allowance for doubtful accounts	(272,477)	(465,454)
	<hr/> \$ 4,232,751	<hr/> \$ 3,235,165

i. Included first quarter cash distributions from the investment in Nodin Kitagan Limited Partnership of \$1,175,000 (2019 – \$580,000). These amounts have been collected subsequent to March 31, 2020.

5. Investment – Batchewana Band Industries Limited (BBI):

Batchewana Band Industries Limited operates an industrial park on lands owned by the First Nation. Its major assets include income producing properties and investments.

	December 31, 2019	December 31, 2018
Retained earnings	\$ 1,558,586	\$ 1,526,509
Contributed surplus	15,600	15,600
	<hr/> \$ 1,574,186	<hr/> \$ 1,542,109

Financial information for BBI for its non-coterminous fiscal periods reflected herein is as follows:

	December 31, 2019	December 31, 2018
Assets	\$ 2,414,653	\$ 2,452,014
Liabilities	840,467	909,905
Revenues	453,558	435,518
Net earnings for the year	32,077	94,914

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Investment – Mukwaa 2 Inc.:

Mukwaa 2 Inc. is a wholly owned corporation of Batachewana First Nation. The corporation undertakes economic development activities on behalf of the First Nation.

	2020	2019
Share capital	\$ 255,000	\$ 255,000
Retained earnings and advances	434,501	422,266
	<hr/>	<hr/>
	\$ 689,501	\$ 677,266

Financial position

Total assets	\$ 689,501	\$ 743,940
Total liabilities	–	66,674
Revenue	20,569	–
Net earnings (loss) for the year	12,235	(65,061)

7. Investment – Nodin Kitagan Limited Partnerships:

The First Nation has invested through Mukwaa Inc., a bare trustee corporation, into Nodin Kitagan Limited Partnership (“NKLP”) and Nodin Kitagan 2 Limited Partnership (“NK2LP”) for the purposes of designing, developing, constructing, financing and operating a 60 megawatt wind-powered electricity generating facility known as the Bow Lake Wind Farm. Mukwaa Inc.’s share is 50% of both NKLP and NK2LP. In addition, Mukwaa Inc. has a .001% equity investment in the related general partners Shongwish Nodin Kitigan GP Corp. (“SNKGP”) and Shongwish Nodin Kitigan 2 GP Corp. (“SNK2GP”).

	2020	2019
Nodin Kitagan Limited Partnerships	\$ 2	\$ 13,129,589
Shongwish Nodin Kitigan General Partners	2	2
	<hr/>	<hr/>
	\$ 4	\$ 13,129,591

Investments in Limited Partnerships

The investments in the partnerships are measured using the modified equity method. The investment in partnerships have been reduced to nominal value of \$4 after reflecting the Divisions’ share of the operating profits and distributions since inception.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Investment – Nodin Kitagan Limited Partnerships (continued):

The investments at March 31, 2020 consist of the following:

	NKLP	NK2LP	2020	2019
Balance, beginning of year	\$ 4,586,631	\$ 8,542,958	\$ 13,129,589	\$ 12,294,592
Regular partner distributions	(810,000)	(3,485,000)	(4,295,000)	(2,400,000)
Special partner distributions	(9,636,599)	(15,885,487)	(25,522,086)	–
First Nation's share of earnings	819,500	3,272,996	4,092,496	3,234,997
Balance, end of year	\$ (5,040,468)	\$ (7,554,533)	\$ (12,595,001)	\$ 13,129,589

Financial information for NKLP and NK2LP for their non-coterminous December 31 fiscal periods reflected herein is as follows:

	NKLP	NK2LP	2020	2019
Financial position				
Current assets	\$ 2,341,000	\$ 4,642,000	\$ 6,983,000	\$ 11,199,000
Non-current assets	76,195,000	129,964,000	206,159,000	215,522,000
Total assets	\$ 78,536,000	\$ 134,606,000	\$ 213,142,000	\$ 226,721,000
Current liabilities	\$ 4,238,000	\$ 7,201,000	\$ 11,439,000	\$ 12,200,000
Non-current liabilities	83,548,000	139,454,000	233,002,000	185,342,000
Total liabilities	\$ 87,786,000	\$ 146,655,000	\$ 234,441,000	\$ 197,542,000
 Partner's equity				
Partner's equity	\$ (9,250,000)	\$ (12,049,000)	\$ (21,229,000)	\$ 29,179,000
 Results of operations				
Revenue	\$ 9,650,000	\$ 19,652,000	\$ 29,302,000	\$ 28,913,000
Operating expenses	(1,551,000)	(2,786,000)	(4,337,000)	(3,752,000)
Other expenses	(5,143,000)	(8,314,000)	(13,457,000)	(19,213,000)
Net income	2,956,000	8,552,000	11,508,000	5,948,000
Items of other comprehensive (loss) income	(1,317,000)	(2,006,000)	(3,323,000)	522,000
Comprehensive income	\$ 1,639,000	\$ 6,546,000	\$ 8,185,000	\$ 6,470,000

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Investment – Nodin Kitagan Limited Partnerships (continued):

Investments in General Partnership

The investments at March 31, 2020 consists of the following:

	SNKGP	SNK2GP	2020	2019
Number of common shares Class A	\$ 1	\$ 1	\$ 2	\$ 2
Cost of investment	\$ 1	\$ 1	\$ 2	\$ 2

Special distributions

On April 3, 2019 the First Nation through Mukwaa Inc. (bare trustee corporation) received a \$25,522,086 partnership distribution from its investment in the Nodin Kitagan Limited Partnerships. The proceeds from the distribution were used to repay the outstanding Siemens Financial Ltd. debt as well as related interest and debt retirement fees in the amount of \$16,525,823 and \$3,077,606 respectively. The net distribution proceeds of \$5,918,657 and previously restricted cash in the amount of \$1,517,796 has been internally set aside by the First Nation.

8. Investment – Chi-Wiikwedong LP:

The First Nation has invested through 2419656 Ontario Inc., a bare trustee corporation (“Trustco”), a 49% equity share of Chi-Wiikwedong LP (“CWLP”). In addition, Trustco has a .001% equity interest in Chi-Wiikwedong GP Inc. (“CWGP”) the related general partner. CWLP operates a 25-megawatt wind-powered electricity generating facility known as the Goulais Wind Farm which has entered into 20-year power purchase Feed-In Tariff (FIT) agreement with the IESO expiring in 2034.

Under terms of the partnership and related agreements Trustco is entitled to 49% of annual distributions based on targets which have been pre-established by the partners for the duration of the FIT of the agreement. During the year Trustco received distributions in the amount of \$995,505 (2019 – \$1,436,164) of which included income in the amount of \$776,421 (2019 – \$1,273,105).

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Investment – GBG-BFN Limited Partnership:

The First Nation has invested through 6597982 Manitoba Ltd., a bare trustee corporation, a 50.999% equity share of GBG-BFN Limited Partnership, for the purpose of designing, developing, constructing, financing, owning, maintaining and operating solar electricity generating projects in Ontario, including Solar Projects developed for commercial operation under the FIT Program and all related or ancillary activities. The Partnership is currently invested in a rooftop Solar Project in Markham, Ontario.

	2020	2019
GBG-BFN Limited Partnership	\$ 341,777	\$ 362,317

GBG-BFN Limited Partnership

The investment at March 31, 2020 consists of the following:

	2020	2019
Balance, beginning of year	\$ 362,317	\$ 404,921
Partner distributions	(40,904)	(63,750)
First Nation's share of earnings	20,364	21,146
Balance, end of year	\$ 341,777	\$ 362,317

Financial information for GBG-BFN Limited Partnership is for its March 31 fiscal year reflected herein is as follows:

	2020	2019
Financial position		
Total assets	\$ 775,540	\$ 775,213
Total liabilities	(105,434)	(64,832)
Partner's equity	\$ 670,106	\$ 710,381
	2020	2019
Results of operations		
Revenue	\$ 104,387	\$ 108,951
Expenses	(64,458)	(67,490)
Net income	\$ 39,929	\$ 41,461

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Investment and advances – Zaagate Giizis Energy Inc.:

The investment in Zaagate Giizis Energy Inc. (“ZGEI”) is comprised of a 51% equity interest. ZGEI constructed, operates and manages on reserve rooftop and ground mount solar electrical generating projects.

	2020	2019
Zaagate Giizis Energy Inc. (51 common shares)	\$ 51	\$ 51
Advances to Zaagate Giizis Energy Inc.	1,387,913	1,387,159
Share of ZEGI's retained earnings	94,025	67,821
	<hr/> \$ 1,481,989	<hr/> \$ 1,455,031

Financial information for Zaagate is for its March 31 fiscal year reflected herein is as follows:

	2020	2019
Financial position		
Total assets	\$ 2,728,665	\$ 2,780,567
Total liabilities	2,544,203	2,647,484
Revenue	303,073	330,806
Net earnings for the year	51,379	125,831

Subsequent event:

On July 10, 2020, the First Nation purchased 49 common shares representing the remaining 49% equity interest in ZGEI for \$364,432. The First Nation also advanced an additional \$1,149,592 to ZGEI to repay all loans owing to the former shareholder. This advance is a loan bearing interest at 4%, repayable to the First Nation over 15 years. These transactions increased the First Nation's interest in ZGEI by \$1,514,024. The First Nation now owns 100% of the common shares of ZGEI.

11. Deferred revenue:

Deferred revenue is broken down by program as follows:

	March 31, 2019	Funding received	Revenue recognized	March 31, 2020
Indigenous Services Canada	\$ 1,333,745	\$ 1,259,261	\$ (1,643,261)	\$ 949,745
Province of Ontario	189,615	789,769	(655,692)	323,692
Other	89,982	996,525	(711,541)	374,966
Balance, end of year	<hr/> \$ 1,613,342	<hr/> \$ 3,045,55	<hr/> \$ (3,010,494)	<hr/> \$ 1,648,403

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Term demand loans:

	Operating	Investing	2020	2019
Loan 1 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in Mukwaa Inc., repayable at \$45,241 monthly plus interest at prime plus 1%, renewable August 2021	\$ 203,787	\$ 5,089,426	\$ 5,293,213	\$ 5,877,465
Loan 2 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in 2419656 Ontario Inc., used to repay amounts owing to Capstone Power Corp., repayable \$52,232 quarterly plus interest at prime plus 1%, renewable December 2021	–	2,089,286	2,089,286	2,298,214
	\$ 203,787	\$ 7,178,712	\$ 7,382,499	\$ 8,175,679

These loans are secured by a first ranking security interest over all Ontario First Nation Limited Partnership distributions.

Interest expense incurred during the year on term demand loans was \$348,786 (2019 – \$332,629).

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2021	\$ 20,901	\$ 730,922	\$ 751,823
2022	20,901	730,922	751,823
2023	20,901	730,922	751,823
2024	20,901	730,922	751,823
2024	20,901	730,922	751,823
Thereafter	99,282	3,524,102	3,623,384
	\$ 203,787	\$ 7,178,712	\$ 7,382,499

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

13. Tangible capital assets:

Cost		Balance at March 31, 2019	Additions	Disposals and transfers	Balance at March 31, 2020
Land	\$ 383,001	400,000	-	783,001	
Land improvements	372,235	-	-	372,235	
Buildings	18,451,316	1,170,227	(121,700)	19,499,843	
Housing	15,120,350	213,869	(133,629)	15,200,590	
Infrastructure	9,276,828	-	-	9,276,828	
Machinery and equipment	1,037,443	-	-	1,037,443	
Vehicles	504,565	46,386	-	550,951	
Furniture and equipment	695,874	137,798	-	833,672	
Construction in progress	484,174	1,314,027	(484,174)	1,314,027	
Total	\$ 46,325,786	3,282,307	(739,503)	48,868,590	

Accumulated Amortization		Balance at March 31, 2019	Disposals	Amortization	Balance at March 31, 2020
Land	\$ -	-	-	-	-
Land improvements	157,646	-	-	18,612	176,258
Buildings	6,751,408	(121,700)	487,055	7,116,763	
Housing	4,299,587	(22,271)	480,990	4,758,306	
Infrastructure	5,228,727	-	270,631	5,499,358	
Machinery and equipment	527,355	-	77,327	604,682	
Vehicles	237,218	-	42,673	279,891	
Furniture and equipment	653,473	-	32,354	685,827	
Construction in progress	-	-	-	-	-
Total	\$ 17,855,414	(143,971)	1,409,642	19,121,085	

	Net book value, March 31, 2019	Net book value, March 31, 2020
Land	\$ 383,001	783,001
Land improvements	214,589	195,977
Buildings	11,699,908	12,383,080
Housing	10,820,763	10,442,284
Infrastructure	4,048,101	3,777,470
Machinery and equipment	510,088	432,761
Vehicles	267,347	271,060
Furniture and equipment	42,401	147,845
Construction in progress	484,174	1,314,027
Total	\$ 28,470,372	29,747,505

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

13. Tangible capital assets (continued):

Cost	Balance at March 31, 2018	Additions	Disposals and transfers	Balance at March 31, 2019
Land	\$ 383,001	-	-	383,001
Land improvements	372,235	-	-	372,235
Buildings	18,346,544	104,772	-	18,451,316
Housing	12,965,924	2,154,426	-	15,120,350
Infrastructure	9,276,828	72,500	(72,500)	9,276,828
Machinery and equipment	851,813	185,630	-	1,037,443
Vehicles	337,475	167,090	-	504,565
Furniture and equipment	695,874	-	-	695,874
Construction in progress	1,829,626	484,174	(1,829,626)	484,174
Total	\$ 45,059,320	3,168,592	(1,902,126)	46,325,786

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2019
Land	\$ -	-	-	-
Land improvements	139,035	-	18,611	157,646
Buildings	6,290,125	-	461,283	6,751,408
Housing	3,808,481	-	491,106	4,299,587
Infrastructure	5,030,141	(72,500)	271,086	5,228,727
Machinery and equipment	447,297	-	80,058	527,355
Vehicles	193,970	-	43,248	237,218
Furniture and equipment	633,167	-	20,306	653,473
Construction in progress	-	-	-	-
Total	\$ 16,542,216	(72,500)	1,385,698	17,855,414

	Net book value, March 31, 2018	Net book value, March 31, 2019
Land	\$ 383,001	383,001
Land improvements	233,200	214,589
Buildings	12,056,419	11,699,908
Housing	9,157,443	10,820,763
Infrastructure	4,246,687	4,048,101
Machinery and equipment	404,516	510,088
Vehicles	143,505	267,347
Furniture and equipment	62,707	42,401
Construction in progress	1,829,626	484,174
Total	\$ 28,517,104	28,470,372

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

14. Long-term debt:

CMHC Project	Renewal Date	Monthly Payment	Interest Rate	2020	2019
Senior's complex	Apr. 1, 2022	\$ 3,760	1.43%	\$ 497,393	\$ 535,760
16-135-543-002	Mar. 1, 2024	4,059	2.14%	391,865	432,518
16-135-543-003	Sept. 1, 2020	3,335	0.94%	394,009	430,485
16-135-543-004	Sept. 1, 2020	5,241	0.94%	619,133	676,452
16-135-543-005	Apr. 1, 2024	4,867	1.86%	487,924	537,631
16-135-543-006	May 1, 2022	9,222	1.35%	1,241,330	1,336,085
16-135-543-007	May 1, 2022	5,475	1.35%	736,955	793,209
16-135-543-008	May 1, 2023	3,338	2.49%	449,710	479,224
16-135-543-009	Oct. 1, 2023	6,889	2.68%	936,368	995,437
16-135-543-010	Dec. 1, 2019	1,271	1.83%	136,119	148,986
16-135-543-011	May 1, 2021	3,997	1.21%	704,219	744,174
16-135-543-012	Oct. 1, 2022	5,084	2.13%	1,032,910	1,072,269
16-135-543-013	June 1, 2023	7,391	2.50%	1,405,386	1,457,815
CMHC subtotal				9,033,321	9,640,045
All CMHC loans and advances are secured by Ministerial guarantees.					
Royal Bank, term loan, repayable \$11,132 monthly including interest at 4.43%, maturing November 2021				736,375	867,228
Royal Bank, term loan, repayable \$15,858 monthly including interest at 3.96%, maturing November 2021				1,113,782	1,256,739
Operating loans subtotal				10,883,478	11,764,012
Bank of Montreal, term loan, repayable at \$155,198 to \$254,528 quarterly including interest at 3.95% maturing February 2030 (a)				7,526,445	8,220,243
Siemens Financial Ltd, Tranche A, term loan, bears interest at 8.5%, and was repaid April 3, 2019 (see note 7)				–	16,525,823
Investing loans subtotal				7,526,445	24,746,066
				\$ 18,409,923	\$ 36,510,078

Interest expense incurred during the year on long term debt was \$868,827 (2019 – \$1,717,333).

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

14. Long-term debt (continued):

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2021	\$ 854,603	\$ 691,478	\$ 1,546,081
2022	875,592	1,373,951	2,249,543
2023	897,227	749,276	1,646,503
2024	919,532	757,813	1,677,345
2025	942,530	763,011	1,705,541
Thereafter	6,393,994	3,190,916	9,584,910
	\$ 10,883,478	\$ 7,526,445	\$ 18,409,923

(a) The Bank of Montreal loan (the “BMO Loan Agreement”) borrowed through 2419656 Ontario Inc. (the “Borrower”) is secured by a security pledge agreement for the shares of Borrower held by the First Nation, a general security agreement in respect of the Borrower’s interest in CWHL and CWGP, an assignment of the Proceeds Account (see note 3) and payments made by CWHL, and a loan guarantee by the Province of Ontario for the sum of the principal amount of the loan to a maximum of \$9,611,000 and all accrued but unpaid interest.

15. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2020	2019
Reserves	\$ 14,278,869	\$ 14,017,592
Equity in tangible capital assets	17,911,205	16,706,361
Renewable Energy Enterprises deficit	(3,613,956)	(7,182,010)
Members’ equity (deficit)	3,134,784	(5,121,296)
Funds held in trust	478,836	451,162
	\$ 32,189,738	\$ 18,871,809

Allocation of annual surplus (deficit):

	2020	2019
Reserves	\$ 261,277	\$ 181,251
Equity in tangible capital assets	1,206,178	388,734
Operations	(1,853,844)	(1,920,210)
Renewable Energy Enterprises	13,632,332	3,921,516
Batchewana Band Industries Limited	32,077	94,914
Mukwaa 2 Inc.	12,235	(65,061)
Funds held in trust	27,674	10,240
	\$ 13,317,929	\$ 2,611,384

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

16. Contingent liabilities:

- (i) The First Nation has an agreement with the Royal Bank under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$2,500,000 for qualified members of the First Nation. As of March 31, 2020, the First Nation has guaranteed loans with remaining principal balances of \$1,487,575 (2019 – \$933,300).
- (ii) The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of \$2,500,000 under the First Nation on Reserve Loan Program and \$250,000 under the First Nation on Reserve Loan Program for qualified members of Batchewana First Nation. As of March 31, 2020, the First Nation has guaranteed loans with remaining principal balances of \$595,722 (2019 – \$343,553).
- (iii) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the “Trust”), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$507,500. As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$507,500 (2019 – \$507,500).
The loan guarantee is secured by an assignment of the First Nation’s distributions from the Ontario First Nation Limited Partnership.
- (iv) The First Nation has provided a guarantee and postponement of claim in the amount of \$940,595 in favour of the Royal Bank on behalf of Batchewana Band Industries Limited (BBI). As of March 31, 2020, BBI had not drawn on this loan with the Royal Bank.
- (v) The First Nation has been named as defendant in various legal actions. The outcome of these actions are not determinable at this time and accordingly, no amounts have been reflected in the accounts of the First Nation for this matter.

17. Indigenous Services Canada revenue:

	2020	2019
Revenue per confirmation	\$ 11,595,548	\$ 11,493,589
ISC funding deferred in prior year	1,333,745	94,370
ISC funding receivable in prior year	(95,000)	–
ISC funding repayable	(27,614)	(283,397)
ISC funding deferred	(949,745)	(1,333,745)
	<hr/>	<hr/>
	\$ 11,856,934	\$ 9,970,817

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

18. Budget:

The operating budget approved by the First Nation for 2020 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed principal payments of debt.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Assets (Debt) have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Council approved budget and the consolidated budget presented in these consolidated financial statements is presented below:

Budgeted surplus for the year:	\$	—
Adjustments to adopted budget:		
Principal portion of loan payments	868,333	
Transfers from reserves and other	(111,029)	
Budgeted surplus per statements of operations	\$	757,304

19. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

20. Effects of COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

21. Segmented information:

Batchewana First Nation is a diversified governmental institution that provides a wide range of services to its band members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by functional areas and their activities are reported in these programs. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Social assistance

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

Government

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

Infrastructure maintenance

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

Education

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Capital

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

Medical and other health services

The community wellness department provides a diverse bundle of service directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

21. Segmented information (continued):

Enterprises

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income, gaming income and other projects from time to time.

Other services

The First Nation provides a wide array of other services, including youth employment projects, natural resource management, economic development, housing activities, forestry and others.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

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

BATCHEWANA FIRST NATION

Note 21 - Segmented Information (continued)

Year ended March 31, 2020

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2020 Total
Revenue	\$ 1,262,074	941,490	480,997	6,714,393	1,817,162	3,130,450	26,812,484	8,636,906	\$ 49,795,956
Expenses:									
Salaries and benefits	220,412	1,727,076	257,464	805,283	68,215	1,694,937	1,407,912	2,774,978	8,956,277
Materials, supplies and capital	43,400	191,443	177,259	357,841	606,245	350,023	930,811	873,350	3,530,372
Contracted services	-	635,962	327,928	27,894	32,414	399,152	223,719	665,370	2,312,439
Rents and financial expenses	45,714	38,114	90,414	-	2,422	14,280	3,851,498	255,293	4,297,735
External transfers and other	975,710	(1,040,393)	84,357	5,465,440	218,930	759,308	7,834,113	1,711,343	16,008,808
Amortization of tangible capital assets	1,352	23,642	314,097	16,292	-	132,980	145,070	738,963	1,372,396
	1,286,588	1,575,844	1,251,519	6,672,750	928,226	3,350,680	14,393,123	7,019,297	36,478,027
Excess (deficiency) of revenue over expenses	\$ (24,514)	(634,354)	(770,522)	41,643	888,936	(220,230)	12,419,361	1,617,609	\$ 13,317,929

BATCHEWANA FIRST NATION

Note 21 - Segmented Information (continued)

Year ended March 31, 2020

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2019 Total
Revenue	\$ 1,317,116	651,773	495,500	6,661,188	810,735	3,460,575	14,216,679	8,973,853	\$ 36,587,419
Expenses:									
Salaries and benefits	215,332	892,002	175,743	645,234	63,610	1,559,237	1,321,116	2,701,191	7,573,465
Materials, supplies and capital	17,411	142,147	151,593	232,298	684,366	778,083	1,011,233	1,086,672	4,103,803
Contracted services	-	373,868	326,871	3,640	-	320,871	434,628	449,937	1,909,815
Rents and financial expenses	49,073	18,090	50,297	-	393	81,167	2,173,969	220,588	2,593,577
External transfers and other	1,033,948	(959,648)	35,559	6,306,209	71,428	759,770	7,767,199	1,437,669	16,452,134
Amortization of tangible capital assets	1,352	23,643	319,011	15,824	-	132,980	145,070	705,361	1,343,241
	1,317,116	490,102	1,059,074	7,203,205	819,797	3,632,108	12,853,215	6,601,418	33,976,035
Excess (deficiency) of revenue over expenses	\$ -	161,671	(563,574)	(542,017)	(9,062)	(171,533)	1,363,464	2,372,435	\$ 2,611,384