

**Mishkeegogamang First Nation
Consolidated Financial Statements**

March 31, 2020

Mishkeegogamang First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility

To the Members and Chief and Council of Mishkeegogamang First Nation:

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

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

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

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

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

February 10, 2021



**Charlene Chapman, Finance Manager
Northern Waterworks Inc.**

To the Members and to Chief and Council of Mishkeegogamang First Nation:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, changes in its net 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 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 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.
- 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.

MNP LLP

Chartered Professional Accountants

Kenora, Ontario

February 10, 2021

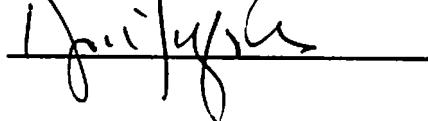
Licensed Public Accountants

MNP
LLP

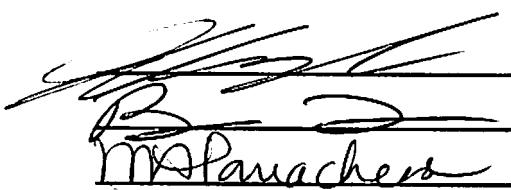
Mishkeegogamang First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash (Note 3)	4,745,858	3,970,370
Temporary investments (Note 4)	3,051,856	3,136,081
Trade and other receivables (Note 6)	1,244,432	875,975
Amounts due from government (Note 5)	1,947,936	2,100,299
Portfolio investments (Note 7)	922,282	914,870
Sovereign Wealth investments (Note 7)	2	2
Funds held in Ottawa Trust Fund (Note 8)	164,815	158,401
Total assets	12,077,181	11,155,998
Liabilities		
Accounts payable and accruals (Note 9)	4,179,480	3,465,448
Deferred revenue (Note 10)	5,921,723	4,910,063
CMHC replacement reserve (Note 11)	138,965	104,647
Term loans due on demand (Note 12)	2,229,602	2,353,478
Long-term debt (Note 13)	5,940,359	6,814,159
Capital lease obligations (Note 14)	40,130	137,574
Total financial liabilities	18,450,259	17,785,369
Net debt	(6,373,078)	(6,629,371)
Contingencies (Note 16)		
Non-financial assets		
Tangible capital assets (Schedule 1)	29,908,870	27,423,790
Prepaid expenses	-	23,663
Total non-financial assets	29,908,870	27,447,453
Accumulated surplus	23,535,792	20,818,082

Approved on behalf of the Council



Chief



Councillor

Councillor

Councillor

Mishkeegogamang First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada (Note 18), (Note 19)	8,427,293	10,902,367	5,969,909	
First Nations and Inuit Health (Note 18), (Note 20)	5,509,673	6,277,523	5,743,252	
Human Resources and Skills Development Canada (Note 18)	5,784,751	1,539,122	1,545,049	
Canada Mortgage and Housing Corporation (Note 18)	2,430,642	144,656	282,743	
Ministry of Community and Social Services (Note 18)	720,102	1,699,980	1,835,380	
Ministry of Health and Long-Term Care (Note 18)	780,399	849,773	896,156	
Ministry of Attorney General (Note 18)	160,000	160,000	160,000	
Ministry of Education (Note 18)	187,000	155,574	205,574	
Ministry of Infrastructure (Note 18)	-	144,000	-	
Ministry of Natural Resources (Note 18)	-	-	93,843	
Ministry of Indigenous Affairs (Note 18)	-	-	90,000	
Ministry of Citizenship (Note 18)	-	-	6,480	
Ontario First Nations Limited Partnership	974,885	1,143,757	1,318,497	
Rental income	262,480	641,317	654,582	
Transfer from Kitchi'Minis Settlement Trust	-	510,815	499,186	
Goldcorp Canada	-	322,983	775,775	
Nishnawbe Aski Nation	291,190	320,614	318,569	
Other revenue	241,035	171,424	309,702	
Investment income	13,036	121,327	85,434	
Sioux Lookout First Nations Health Authority	87,142	87,142	89,980	
Sioux Lookout Area Aboriginal Management Board	57,571	74,540	112,727	
Northern Nishnawbe Education Council	35,856	76,680	129,222	
Lease income	76,000	76,450	78,749	
Cadillac Ventures	60,000	60,000	60,000	
Kwayaciwin Education Resource Centre	135,750	53,092	159,500	
Water and sewer fees	43,800	45,800	45,800	
Nurse transportation revenue	-	40,940	600	
OSLP Revenue	35,880	35,880	-	
Snow removal	37,000	30,000	30,000	
Garbage pick up	28,920	28,920	28,920	
Aboriginal shelters of Ontario	24,000	20,000	-	
Tikinagan Child and Family Services	38,333	19,803	90,733	
Heavy equipment revenue	-	2,381	97,097	
Keewaytinook Okimakanak FNSSP Datavan	-	-	8,231	
Watay Power	-	361,183	-	
Deferred revenue - prior year	81,785	4,910,063	3,632,816	
Deferred revenue - current year	(28,542)	(5,921,723)	(4,910,063)	
Repayment of funding	-	(208,996)	(294,861)	
	26,495,981	24,897,387	20,149,582	

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Mishkeegogamang First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Total revenue <i>(Continued from previous page)</i>		26,495,981	24,897,387	20,149,582
Expenses				
Administration	4	7,452,901	2,478,619	2,419,649
Economic Development	5	781,726	1,540,718	2,221,941
Education	6	1,884,865	3,150,587	2,755,259
Finance	7	-	302,107	69,600
Health	8	7,228,952	8,152,823	7,443,737
Housing	9	5,959,946	1,904,272	2,582,240
Social	10	3,093,384	3,006,041	2,014,240
Technical Services	11	1,154,264	1,644,510	1,489,868
Total expenses <i>(Schedule 2)</i>		27,556,038	22,179,677	20,996,534
Surplus (deficit)		(1,060,057)	2,717,710	(846,952)
Accumulated surplus, beginning of year		20,818,082	20,818,082	21,665,034
Accumulated surplus, end of year		19,758,025	23,535,792	20,818,082

Mishkeegogamang First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2020

	2020 Budget	2020	2019
Surplus (deficit)			
Purchases of tangible capital assets	1,060,117	2,717,710	(846,952)
Amortization of tangible capital assets	-	(4,804,028)	(2,266,733)
Acquisition of prepaid expenses	-	2,318,948	2,356,866
Use of prepaid expenses	-	-	(23,660)
	-	23,663	-
Increase in net debt	1,060,117	256,293	(780,479)
Net debt, beginning of year	(6,629,371)	(6,629,371)	(5,848,892)
Net debt, end of year	(5,569,254)	(6,373,078)	(6,629,371)

Mishkeegogamang First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	2,717,710	(846,952)
Non-cash items		
Amortization	2,318,948	2,356,866
Bad debts	17,697	(41,885)
	5,054,355	1,468,029
Changes in working capital accounts		
Trade and other receivables	(326,649)	(1,375,425)
Amounts due from government	92,859	676,484
Prepaid expenses	23,663	(23,660)
Accounts payable and accruals	694,694	31,106
Receiver General payable	19,337	(13,254)
Deferred revenue	1,011,660	1,198,596
	6,569,919	1,961,876
Financing activities		
Ottawa Trust Funds	(6,414)	(6,827)
CMHC replacement reserve	34,318	9,988
Portfolio investments	(7,412)	-
Repayment of term loan due on demand	(123,876)	(124,416)
Advances of long-term debt	-	1,809,411
Repayment of long-term debt	(873,800)	(824,992)
Repayment of capital lease obligations	(97,444)	(142,091)
	(1,074,628)	721,073
Capital activities		
Purchases of tangible capital assets	(4,804,028)	(2,266,733)
Investing activities		
Proceeds on disposal of investments	-	852
Increase in cash resources	691,263	417,068
Cash resources, beginning of year	7,106,451	6,689,383
Cash resources, end of year	7,797,714	7,106,451
Cash resources are composed of:		
Cash	4,745,858	3,970,370
Temporary investments (Note 4)	3,051,856	3,136,081
	7,797,714	7,106,451
Supplementary cash flow information		
Interest paid	278,436	301,090
Interest received	106,566	85,434

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

1. Operations

Mishkeegogamang First Nation (the "First Nation") is located in the Province of Ontario and provides various services to its members. The First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

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

Reporting entity

The First Nation reporting entity includes the First Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation. Trusts administered on behalf of third parties by the First Nation are excluded from the First Nation reporting entity.

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

- Mishkeegogamang First Nation
- CMHC Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Cash resources

Cash resources includes balances with banks and temporary investments with maturities of one year or less.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Temporary investments

Temporary investments consists of GIC's reported at fair market value.

Portfolio investments

The First Nation's investments consist of mutual funds from entities that are not owned, controlled, or influenced by the First Nation and are accounted for at cost, less any provision for other than temporary impairment.

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

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

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition and construction of the asset.

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

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

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

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

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
Housing	declining balance	10 %
Infrastructure	declining balance	10 %
Healing Centre	declining balance	10 %
Health Station	declining balance	10 %
Community Buildings	declining balance	10 %
Automotive	declining balance	20 %
Teacherages	declining balance	10 %
Lakeview Crescent	straight-line	10 %
Computers	declining balance	55 %
Heavy Equipment	declining balance	10 %
Equipment	declining balance	10 %
Community Centre	declining balance	10 %

Buildings with a total carrying value of \$4,436,333 (2019 - \$2,912,730) is not in use as of March 31, 2020. As such, amortization of these assets has not been recorded during the year.

Long-lived assets

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in surplus for the year.

Discounted cash flows are used to measure fair value of long-lived assets.

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

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

Non-financial assets

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue recognition

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other

Ongoing royalty fees, which are determined on a formula basis in accordance with the terms of the relevant land use agreements, are recognized as revenue when earned or when the related services have been provided.

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used as specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Lease and rent revenue from tenants is recorded monthly when the amounts have been earned and collection is reasonably assured.

Investment income is recorded on an accrual basis.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

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

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

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

Deferred revenue is estimated based on management's review of revenue received, but unspent as of year end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

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

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

Segments

The First Nation conducts its business through eight reportable segments: Administration, Economic Development, Education, Finance, Health, Housing, Social, and Technical Services. These segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

3. Cash

	2020	2019
RBC bank	3,630,836	2,782,832
Cash held in trust - BDO	197,269	208,391
Scattered Housing	(56,464)	148,377
Welfare	173,647	180,607
Ontario First Nations Limited Partnership	104,647	95,995
CMHC replacement reserve	695,114	553,432
Desjardins	809	736
	4,745,858	3,970,370

4. Temporary investments

	2020	2019
Royal Bank of Canada - GIC (Variable Interest, matures November 18, 2020)	800,579	787,775
Royal Bank of Canada - GIC (Variable Interest, matures November 18, 2020)	800,579	787,775
Royal Bank of Canada - GIC (interest at 1.5%, matures October 30, 2020)	557,312	549,075
Royal Bank of Canada - GIC (interest at 1.0%, matures January 30, 2021)	411,143	405,068
Royal Bank of Canada - GIC (interest at 1.5%, matures November 26, 2020)	262,306	300,053
Royal Bank of Canada - GIC (interest at 1.5%, matures February 15, 2021)	159,616	157,451
Royal Bank of Canada - GIC (interest at 1.5%, matures November 18, 2020)	60,321	148,884
	3,051,856	3,136,081

5. Amounts due from government

	2020	2019
Federal		
Indigenous Services Canada	1,312,458	1,332,266
Health Canada	376,440	361,109
Canada Mortgage and Housing Corporation	72,328	-
Province of Ontario	151,710	181,489
Other government organizations	35,000	225,435
	1,947,936	2,100,299

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

6. Trade and other receivables

	2020	2019
Trade receivables	1,077,901	722,882
Due from members	62,229	10,388
Other receivables	104,302	142,705
	1,244,432	875,975

7. Portfolio investments

	2020	2019
PH&N, ENH TTL RTN BD 64,441 units held at March 31, 2020 (2019 - 68,532 units) with a fair market value of \$653,895 (2019 - \$688,913)	661,265	703,228
PH&N, RBC GLB EQTY FOCUS 8,807 units held at March 31, 2020 (2019 - 7,949 units) with a fair market value of \$147,894 (2019 - \$141,144)	120,426	98,213
PH&N, CDN Equity Value 6,267 units held at March 31, 2020 (2019 - 4,877 units) with a fair market value of \$73,650 (2019 - \$70,954)	82,129	66,510
PH&N, CDN Money Market 5,846 units held at March 31, 2020 (2019 - 4,692 units) with a fair market value of \$58,457 (2019 - \$46,917)	58,460	46,917
	922,280	914,868
Sovereign Wealth		
Sovereign Wealth GP Inc. - 1 Common share	1	1
Sovereign Wealth LP. - 1 partnership unit (0.77% interest)	1	1
	2	2
Total investments	922,282	914,870

8. Funds held in Ottawa Trust Fund

	2020	2019
Ottawa Trust Fund		
Capital Trust		
Balance, beginning of year	7,162	7,162
Balance, end of year	7,162	7,162
Revenue Trust		
Balance, beginning of year	151,239	144,413
Add: Interest	6,414	6,826
Balance, end of year	157,653	151,239
Total Funds Held in Ottawa Trust Fund	164,815	158,401

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

9. Accounts payable and accruals

	2020	2019
Trade payables	2,596,135	2,338,033
Accrued salaries, wages and benefits	320,845	359,682
WSIB payable	1,503	-
Pension payable	19,778	18,798
Receiver General payable	40,067	20,730
Amounts due to government - Federal	1,201,152	728,205
	4,179,480	3,465,448

10. Deferred revenue

	<i>Balance March 31, 2019</i>	<i>Funding Received 2020</i>	<i>Revenue Recognized 2020</i>	<i>Balance March 31, 2020</i>
Federal				
Administration	471,730	1,643,122	1,700,970	413,882
Economic Development	85,610	512,142	87,150	510,602
Education	1,287,935	4,098,339	2,781,217	2,605,057
Health	499,782	4,602,712	4,316,747	785,747
Housing	596,697	-	596,697	-
Social	247,960	2,510,720	1,919,285	839,395
Technical Services	225,426	431,400	119,341	537,485
	3,415,140	13,798,435	11,521,407	5,692,168
Provincial				
Economic Development	204,060	60,685	204,060	60,685
Health	-	119,374	-	119,374
Social	-	167,882	139,011	28,871
	204,060	347,941	343,071	208,930
Other				
Administration	60,600	90,813	151,413	-
Economic Development	1,217,261	398,059	1,615,320	-
Health	13,002	94,900	87,277	20,625
	1,290,863	583,772	1,854,010	20,625
	4,910,063	14,730,148	13,718,488	5,921,723

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

11. CMHC replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- A replacement reserve, established by an annual allocation of \$7,587 (2019 - \$7,587), for project #19-151-581-001, \$13,681 (2019 - \$13,681) for project #19-151-281-001 and \$13,050 (2019 - \$13,050) for project #19-151-281-003, to ensure replacement of buildings financed by CMHC.
- A subsidy surplus reserve established by retaining excess federal assistance payments received plus interest. Reserve funds may be used to meet future subsidy requirements of income tested occupants, over and above the maximum federal assistance.

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. As at March 31, 2020, the replacement reserve was unfunded.

	2020	2019
Opening CMHC Replacement Reserve	104,647	94,659
Annual replacement reserve allocation	34,318	34,318
Replacement reserve adjustment per CMHC	-	(24,330)
	138,965	104,647

12. Term loans due on demand

	2020	2019
Royal Bank of Canada term loan, repayable in monthly principal payments of \$10,368 plus interest at prime rate plus 1.5% (4.95% at March 31, 2020), secured by a general security agreement constituting a first ranking security interest, band council resolutions signed by a quorum of the Chief and Council, assignment of ISC capital funding and OFNLP funding.	2,229,602	2,353,478

Mishkeegogamang First Nation
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13. Long-term debt

	2020	2019
Royal Bank of Canada loan, repayable in blended monthly payments of principal and interest in the amount of \$46,801 bearing interest at 4.59%, renewing on March 04, 2021, secured by a general security agreement constituting a first ranking security interest, band council resolutions signed by a quorum of the Chief and Council, assignment of ISC capital funding and OFNLP funding.	1,736,897	2,206,278
Royal Bank of Canada loan, repayable in blended monthly payments of principal and interest in the amount of \$1,917, bearing interest at 5.1%, maturing November 21, 2021, secured by equipment with a net book value of \$91,968 (2019 - \$127,734)	36,625	57,229
Royal Bank of Canada loan, repayable in blended monthly payments of principal and interest in the amount of \$2,885, bearing interest at 4.03%, maturing October 29, 2020, secured by real property with a net book value of \$161,433 (2019 - \$179,370).	19,922	53,002
Royal Bank of Canada loan, repayable in blended monthly payments of principal and interest in the amount of \$1,617, bearing interest at 4.13%, maturing October 20, 2020, secured by real property with a net book value of \$116,868 (2019 - \$129,853).	11,162	29,682
CMHC loan, repayable in blended monthly payments of principal and interest in the amount of \$8,879 bearing interest at 2.13%, maturing October 01, 2042, secured by Ministerial guarantee.	1,913,991	1,979,297
CMHC loan, repayable once project is completed in blended monthly payments of principal and interest in the amount of \$30,478 bearing interest at 2.16%, on a term of 60 months, secured by Ministerial guarantee.	1,779,250	1,745,565
CMHC loan, repayable in blended monthly payments of principal and interest in the amount of \$3,669, bearing interest at 2.11%, maturing September 01, 2027, secured by Ministerial guarantee.	305,990	343,080
CMHC loan, repayable in blended monthly payments of principal and interest in the amount of \$2,263, bearing interest at 1.08%, maturing May 01, 2025, secured by Ministerial guarantee.	136,522	162,076
Royal Bank of Canada loan, matured on May 15, 2019.	-	237,950
	5,940,359	6,814,159

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

2021	671,356
2022	661,222
2023	672,873
2024	325,258
2025	138,661
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	2,469,370

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

14. Capital lease obligations

	2020	2019
Royal Bank of Canada lease, repayable in blended monthly payments of \$3,155, bearing interest at 4.78%, maturing September 18, 2020, secured by real property with a net book value of \$61,990 (2019 - \$77,487)	18,667	54,688
Royal Bank of Canada lease, repayable in blended monthly payments of \$2,683, bearing interest at 5.00%, maturing September 19, 2020, secured by real property with a net book value of \$96,776 (2019 - \$107,529).	21,463	53,658
<u>Royal Bank of Canada lease matured December 12, 2019</u>	<u>-</u>	<u>29,228</u>
	40,130	137,574

15. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

16. Contingencies

The First Nation has filed a statement of claim against a former co-manager and several companies for breach of contract, negligence and breach of fiduciary duty and claimed damages of \$2,000,000. A counterclaim has been filed against the First Nation for breach of contract and negligence without specifying a damage amount. The claims are in the discovery stage and at year-end the likelihood of any contingent asset or liability is indeterminable.

In prior years, the First Nation made payments to all members using funds from the Hydro Settlement and Canada Claims Settlement amounts. In cases where the First Nation was unable to locate certain members, it was decided to disclose as a contingent liability the value owing to these members, as members may request payment in future years. In 2018, \$290,160 and \$240,000 was written off related to the Hydro Settlement and Canada Claims Settlement respectively.

The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

17. Economic dependence

The First Nation receives 43% (2019 - 23%) of its revenue from Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Mishkeegogamang First Nation
Notes to the Consolidated Financial Statements
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18. Government transfers

	Operating	Capital	2020	2019
Federal government transfers				
Indigenous Services Canada	10,902,367	-	10,902,367	5,969,909
First Nations and Inuit Health	6,277,523	-	6,277,523	5,743,252
Human Resources and Skills Development Canada	1,539,122	-	1,539,122	1,545,049
Canada Mortgage and Housing Corporation	144,656	-	144,656	282,743
Total Federal	18,863,668	-	19,930,956	13,540,953
Provincial government transfers				
Ministry of Community and Social Services	1,699,980	-	1,699,980	1,835,380
Ministry of Health and Long-Term Care	849,773	-	849,773	896,156
Ministry of Attorney General	160,000	-	160,000	160,000
Ministry of Education	155,574	-	155,574	205,574
Ministry of Infrastructure	144,000	-	144,000	-
Ministry of Natural Resources	-	-	-	93,843
Ministry of Indigenous Affairs	-	-	-	90,000
Ministry of Citizenship	-	-	-	6,480
Total Provincial	3,009,327	-	3,009,327	3,287,433
	21,872,995	-	22,940,283	16,828,386

19. Indigenous Service Canada funding reconciliation

	2020	2019
ISC funding per Consolidated Financial Statements	10,902,367	5,969,909
ISC funding per funding confirmation	10,902,367	5,969,909

20. First Nation and Inuit Health reconciliation

	2020	2019
FNIH funding per Consolidated Financial Statements	6,277,523	5,743,252
FNIH funding per funding confirmation	6,277,523	5,743,252

21. Budget information

The disclosed budget information has been approved by the Chief and Council, and presented to the members of the First Nation.

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Notes to the Consolidated Financial Statements
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22. Comparative figures

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

23. Significant event

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

24. First Nations Financial Transparency Act

The First Nation is required by the First Nations Financial Transparency Act to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2020. As the audit report date is after this date, the First Nation is not in compliance with the requirement. The possible effect of this non-compliance has not yet been determined.