

Sachigo Lake First Nation
Financial Statements
For the year ended March 31, 2020

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For the year ended March 31, 2020

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Changes in Net Debt	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

Management's Responsibility for Financial Reporting

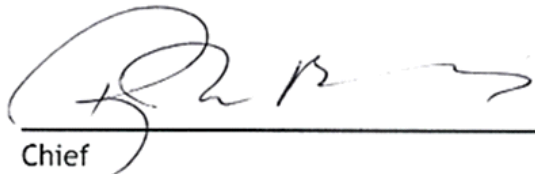
The accompanying financial statements of Sachigo Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

On behalf of Sachigo Lake First Nation:



Chief

Band Administrator

Independent Auditor's Report

To the Members of
Sachigo Lake First Nation

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Section 1201, Financial Statement Presentation, of the CPA Canada Public Sector Accounting Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, no budgeted information has been presented on the financial statements for the year ended March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the effects of this departure from Canadian public sector accounting standards.

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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the 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.

Independent Auditor's Report (cont'd)

Auditor's 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 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 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 auditor's 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BDO Canada LLP

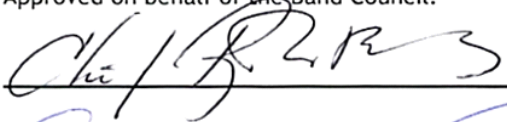
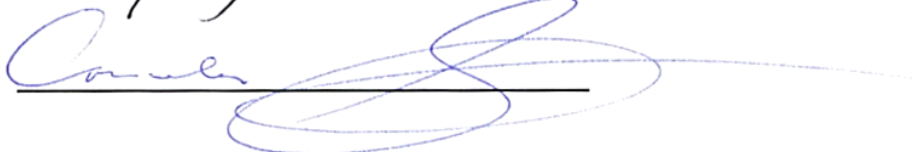
Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
March 3, 2021

Sachigo Lake First Nation Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash (Note 2)	\$ 12,522,340	\$ 5,776,787
Accounts receivable (Note 3)	1,179,470	517,340
Due from government and government organizations (Note 4)	548,150	872,690
Inventory for resale	393,203	414,072
Trust funds held by federal government (Note 12)	96,290	87,290
	<u>14,739,453</u>	<u>7,668,179</u>
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	5,269,878	3,239,052
Due to government and government organizations (Note 6)	626,083	458,778
Deferred revenue (Note 7)	7,617,887	2,048,765
Debt (Note 8)	2,494,167	2,603,435
Obligation under capital lease (Note 9)	168,540	245,089
	<u>16,176,555</u>	<u>8,595,119</u>
Net debt	<u>(1,437,102)</u>	<u>(926,940)</u>
Non-financial assets		
Tangible capital assets (Note 10)	34,809,461	26,473,861
Prepaid expenses	341,248	6,097
	<u>35,150,709</u>	<u>26,479,958</u>
Accumulated surplus (Note 11)	<u>\$ 33,713,607</u>	<u>\$ 25,553,018</u>

Approved on behalf of the Band Council:

Sachigo Lake First Nation

Statement of Operations and Accumulated Surplus

For the year ended March 31	2020	2019
Revenue		
Federal government transfers	\$ 17,750,478	\$ 12,267,549
Provincial government transfers	1,935,922	2,057,149
Contributed assets	-	455,000
Fuel sales	1,794,957	2,437,316
Hydro One	97,640	83,637
Nishnawbe Aski Nation	364,601	332,298
Northern Nishnawbe Education Council	82,584	110,124
Ontario First Nations (2008) Limited Partnership	1,226,822	1,413,643
Other	2,669,920	1,982,301
Rental	221,820	424,746
Sioux Lookout Area Aboriginal Management Board	141,210	210,728
Tourism	143,709	131,207
	26,429,663	21,905,698
	-	
Expenses		
Band support	3,493,742	3,456,848
Community funds	619,680	951,705
Economic development	1,035,768	1,061,675
Education and training	3,752,693	3,434,610
Health	2,740,796	2,547,847
Housing and infrastructure	4,998,820	5,352,016
Social services	1,627,575	1,665,589
	18,269,074	18,470,290
Annual surplus	8,160,589	3,435,408
Accumulated surplus, beginning of year	25,553,018	22,117,610
Accumulated surplus, end of year	\$ 33,713,607	\$ 25,553,018

Sachigo Lake First Nation Statement of Changes in Net Debt

For the year ended March 31	Actual 2020	Actual 2019
Annual surplus	\$ 8,160,589	\$ 3,435,408
Acquisition of tangible capital assets	(11,057,286)	(6,255,068)
Amortization of tangible capital assets	2,721,686	2,565,069
Change in prepaid expenses	(335,151)	(6,097)
Net change in net debt	(510,162)	(260,688)
Net debt, beginning of year	(926,940)	(666,252)
Net debt, end of year	\$ (1,437,102)	\$ (926,940)

Sachigo Lake First Nation Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Annual surplus	\$ 8,160,589	\$ 3,435,408
Item not involving cash:		
Amortization	2,721,686	2,565,069
Changes in non-cash working capital balances		
Accounts receivable	(662,130)	(83,837)
Due from government and government organizations	324,540	(409,922)
Inventory	20,869	(1,360)
Prepaid expenses	(335,151)	(6,097)
Accounts payable and accrued liabilities	2,030,826	2,368,281
Due to government and government organizations	167,305	335,236
Deferred revenue	5,569,122	1,412,234
	<u>17,997,656</u>	<u>9,615,012</u>
Cash used in capital activities		
Acquisition of tangible capital assets	(11,057,286)	(6,255,068)
Cash used in financing activities		
Repayment of debt	(867,480)	(779,419)
Advances of debt	758,212	1,828,951
Repayment of obligation under capital lease	(76,549)	(72,499)
	<u>(185,817)</u>	<u>977,033</u>
Cash used in investment activities		
Increase in trust assets	(9,000)	(87,290)
Increase in cash during the year	6,745,553	4,249,687
Cash, beginning of year	<u>5,776,787</u>	<u>1,527,100</u>
Cash, end of year	<u>\$ 12,522,340</u>	<u>\$ 5,776,787</u>

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies

Basis of Accounting	These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Sachigo Lake First Nation reporting entity includes only the Sachigo Lake First Nation government.
Tangible Capital Assets	Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis as follows:

Buildings	20 years
Equipment	5 years
Computers	2 years
Infrastructure and housing	25 years
Vehicles	3 years
Airplanes	4 years
Heavy equipment	10 years

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value. During the year, there were no such transfers from related parties.

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

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

Leased Tangible Capital Assets	Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease.
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Amortization is provided on a straight-line basis as follows:

Heavy equipment	10 years
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Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

1. Significant Accounting Policies (cont'd)

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.

Inventory for Resale

Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on a weighted average basis.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The principal estimates used in the preparation of these financial statements is the useful lives of tangible capital assets, allowance for doubtful accounts and accrued liabilities. Actual results could differ from those estimates.

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

2. Cash

	2020	2019
Canadian Imperial Bank of Commerce - Sioux Lookout		
Administration	\$ 511,665	\$ 3,258,208
Community Funds	8,650	112,532
Savings	265,422	471,132
New Store	356,209	499,091
Echoing Lake Camp	27,344	39,945
Winter Roads	(5,988)	(69,077)
Post Office	73,151	100,791
Internet Services	4,775	10,372
Economic Development	242,519	244,310
Business Centre	37,359	43,310
Health	328,955	345,393
Education	569,644	638,004
Social Services	(12,287)	78,300
Water Treatment Plant - Operating	9,413,010	-
Water Treatment Plant - Holdback	200,798	-
New Police Detachment - Holdback	496,638	-
Guaranteed investment certificate	4,476	4,476
	\$ 12,522,340	\$ 5,776,787

The First Nation has several overdraft lines of credit totaling \$395,000 which are due on demand and bear interest rates of prime plus 1.5% (3.95% per annum at March 31, 2020). At March 31, 2020, the First Nation has utilized \$18,275 (2019 - \$69,077) on these lines of credit. The overdraft lines of credit are supported by a Band Council Resolution and a general security agreement.

3. Accounts Receivable

	2020	2019
Band member loans and advances	\$ 15,717	\$ 15,717
Canada Post	91,280	-
Nishnawbe Aski Nation	76,175	83,385
Other	226,298	36,791
Penn-co Construction Inc.	579,603	-
Sioux Lookout Area Aboriginal Management Board	33,012	25,925
Tikinagan Child & Family Services	5,743	65,627
Windigo First Nations Council	151,642	44,443
Windigo Investments Limited Partnership	-	245,452
	\$ 1,179,470	\$ 517,340

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

4. Due from Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada	\$ 318,672	\$ 543,425
Canada Mortgage and Housing Corporation	35,883	35,883
Canada Revenue Agency - public service bodies' rebates	85,968	60,265
Health Canada	-	17,247
Public Safety Canada	-	200,000
Provincial government		
Ministry of Transportation Ontario	37,414	-
Ministry of Indigenous Affairs	8,500	-
Ministry of Children, Community and Social Services	61,713	15,870
	\$ 548,150	\$ 872,690

5. Accounts Payable and Accrued Liabilities

	2020	2019
Trade payables and other accrued liabilities	\$ 269,979	\$ 350,340
Capital project payables	4,753,248	2,640,081
Windigo First Nations Council	237,470	238,167
WSIB	9,181	10,464
	\$ 5,269,878	\$ 3,239,052

6. Due to Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada (previously Health Canada)	\$ 435,133	\$ 421,267
Receiver General for Canada	12,466	12,414
Provincial government		
Ministry of Health and Long-Term Care	116,563	25,097
Ministry of Indigenous Affairs	61,921	-
	\$ 626,083	\$ 458,778

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

7. Deferred Revenue and Government Transfers

	Balance March 31, 2019	Funding Received	Revenue Recognized	Funding Recoveries/ Repayable Funding	Balance March 31, 2020
Federal					
Indigenous Services Canada	\$ 1,669,408	\$ 20,442,654	\$ 14,623,523	\$ 13,866	\$ 7,474,673
Canada Mortgage and Housing Corporation	-	47,956	47,956	-	-
Employment & Social Development Canada	-	25,000	25,000	-	-
Health Canada	379,357	-	379,357	-	-
Public Safety Canada	-	2,817,856	2,674,642	-	143,214
Total Federal	2,048,765	23,333,466	17,750,478	13,866	7,617,887
Provincial					
Ministry of Children, Community and Social Services	-	1,433,829	1,433,829	-	-
Ministry of Indigenous Affairs	-	94,000	32,079	61,921	-
Ministry of Energy, Northern Development and Mines	-	107,146	107,146	-	-
Ministry of Natural Resources	-	1,310	1,310	-	-
Ministry of Health and Long Term Care	-	246,209	154,743	91,466	-
Ministry of Tourism, Culture and Sport	-	187,734	187,734	-	-
Ministry of Transportation	-	37,414	37,414	-	-
Ontario Trillium Foundation	-	-	(18,333)	18,333	-
Total Provincial	-	2,107,642	1,935,922	171,720	-
	\$ 2,048,765	\$ 25,441,108	\$ 19,686,400	\$ 185,586	\$ 7,617,887

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

7. Deferred Revenue (cont'd)

Deferred revenue is broken down by program as follows:

	2020	2019
Indigenous Services Canada		
Aboriginal Head Start on Reserve	\$ 133,716	\$ -
Child and Family Services	751,739	521,700
Construction (Capital Housing)	195,762	-
Education - Plan, Design & Construction	210,000	-
Fire Protection	55,130	-
First Nations Water & Wastewater Action Plan	5,649,716	1,147,708
Water Systems	67,320	-
Skills Link Program	22,343	-
Aboriginal Diabetes Initiative	10,178	42
Aboriginal Diabetes Initiative - Reinvestment	32,267	32,267
Canada Prenatal Nutrition	13,563	38,178
Choose Life	98,672	99,461
Community Health Promotion	3,098	107,319
Community Health Promotion - X-ray After Hours	50,000	25,000
Federal Tobacco Control Strategy	6,944	-
Healthy Child Development	12,511	8,115
National Native Alcohol & Drug Abuse Program	75,303	-
Nutrition North Canada	10,523	12,059
Suicide Prevention	75,888	56,916
Public Safety Canada		
Police detachment	143,214	-
	\$ 7,617,887	\$ 2,048,765

8. Debt

	2020	2019
<u>Canada Imperial Banking Corporation (CIBC)</u>		
Demand instalment loan payable in monthly instalments of \$25,611 plus interest of prime plus 1.5% (3.95% at year-end) and maturing March 2021. Secured by a general security agreement and a Band Council Resolution confirming borrowings.	\$ 307,333	\$ -
Demand instalment loan payable in monthly instalments of \$7,487 plus interest of prime plus 1.5% (3.95% at year-end) and maturing March 2023. Secured by a general security agreement and by a Band Council Resolutions confirming borrowings.	269,532	-
Carried forward	\$ 576,865	\$ -

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

8. Debt (cont'd)	2020	2019
Carried forward	\$ 576,865	\$ -
<u>Canada Imperial Banking Corporation (CIBC)</u>		
Demand instalment loan payable in monthly instalments of \$15,112 plus interest at the bank's prime lending rate plus 1.5% (3.95% at year-end) and maturing March 2021. Secured by a general security agreement and a Band Council Resolution confirming borrowings.	181,347	-
Demand instalment loan payable in monthly instalments of \$3,375 plus interest at the bank's prime lending rate plus 1.5% (3.95% at year-end) and maturing November 2025. Secured by a general security agreement and a Band Council Resolution confirming borrowings.	229,500	270,000
Demand instalment loan payable in monthly instalments of \$2,500 plus interest of prime plus 1.5% (3.95% at year-end) and maturing March 2023. Secured by a general security agreement and a Band Council Resolution confirming borrowings.	90,000	120,000
Demand instalment loan payable in monthly instalments of \$12,606 plus interest of prime plus 1.5% (3.95% at year-end) and maturing February 2024. Secured by a general security agreement and a Band Council Resolution confirming borrowings.	592,474	743,746
Demand instalment loan	-	249,537
Demand instalment loan	-	359,422
<u>Daimler Truck Financial</u>		
Loan payable in monthly instalments of \$1,332 including interest of 5.31% and maturing February 2023. Secured by automotive equipment.	43,109	56,423
<u>Canada Mortgage and Housing Corporation (CMHC)</u>		
Mortgage payable in monthly instalments of \$3,720 including interest at 2.68%, maturing October 2023	780,872	804,307
	\$ 2,494,167	\$ 2,603,435

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

8. Debt (cont'd)

Anticipated annual principal payments, assuming repayment is not demanded and continues as scheduled, due in the next five years and thereafter are as follows:

2021	\$ 838,300
2022	351,100
2023	351,200
2024	886,100
2025	40,500
Thereafter	<u>26,967</u>
	<u>\$ 2,494,167</u>

9. Obligation Under Capital Lease

	<u>2020</u>	<u>2019</u>
Obligation under a capital lease for heavy equipment, blended monthly payments of \$7,334, with interest at the rate of 5.45%, maturing February 2023, secured by specific equipment	<u>\$ 168,540</u>	<u>\$ 245,089</u>

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

2021	\$ 88,013
2022	<u>90,382</u>
	178,395
Less: amounts representing interest	<u>(9,855)</u>
	<u>\$ 168,540</u>

**Sachigo Lake First Nation
Notes to Financial Statements**

March 31

10. Tangible Capital Assets

	2020									
	Buildings	Equipment	Computers	Infrastructure and Housing	Vehicles	Airplanes	Heavy Equipment	Asset Under Capital Lease Obligation	Construction in Progress	Total
Cost, beginning of year	\$ 61,720,079	\$ 1,948,947	\$ 182,984	\$ 2,240,000	\$ 1,278,454	\$ 400,000	\$ 3,791,015	\$ 386,191	\$ 3,832,050	\$ 75,779,720
Additions	823,573	34,775	-	64,051	50,049	-	946,420	-	9,138,418	11,057,286
Transfer	1,109,456	-	-	-	-	-	-	-	(1,109,456)	-
Cost, end of year	63,653,108	1,983,722	182,984	2,304,051	1,328,503	400,000	4,737,435	386,191	11,861,012	86,837,006
Accumulated amortization, beginning of year	42,238,468	1,721,796	176,510	2,048,640	956,545	400,000	1,667,352	96,548	-	49,305,859
Amortization	2,053,852	51,505	6,474	29,681	185,788	-	355,767	38,619	-	2,721,686
Accumulated amortization, end of year	44,292,320	1,773,301	182,984	2,078,321	1,142,333	400,000	2,023,119	135,167	-	52,027,545
Net carrying amount, end of year	\$ 19,360,788	\$ 210,421	\$ -	\$ 225,730	\$ 186,170	\$ -	\$ 2,714,316	\$ 251,024	\$ 11,861,012	\$ 34,809,461

Sachigo Lake First Nation Notes to Financial Statements

March 31

10. Tangible Capital Assets (cont'd)

	2019									
	Buildings	Equipment	Computers	Infrastructure and Housing	Vehicles	Airplanes	Heavy Equipment	Asset Under Capital Lease Obligation	Construction in Progress	Total
Cost, beginning of year	\$ 60,293,977	\$ 1,848,943	\$ 182,984	\$ 2,240,000	\$ 1,103,365	\$ 400,000	\$ 2,398,790	\$ 386,191	\$ 670,402	\$ 69,524,652
Additions	755,700	100,004	-	-	175,089	-	1,392,225	-	3,832,050	6,255,068
Transfer	670,402	-	-	-	-	-	-	-	(670,402)	-
Cost, end of year	61,720,079	1,948,947	182,984	2,240,000	1,278,454	400,000	3,791,015	386,191	3,832,050	75,779,720
Accumulated amortization, beginning of year	40,248,166	1,658,544	162,830	2,013,640	788,449	400,000	1,411,232	57,929	-	46,740,790
Amortization	1,990,302	63,252	13,680	35,000	168,096	-	256,120	38,619	-	2,565,069
Accumulated amortization, end of year	42,238,468	1,721,796	176,510	2,048,640	956,545	400,000	1,667,352	96,548	-	49,305,859
Net carrying amount, end of year	\$ 19,481,611	\$ 227,151	\$ 6,474	\$ 191,360	\$ 321,909	\$ -	\$ 2,123,663	\$ 289,643	\$ 3,832,050	\$ 26,473,861

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$11,861,012 (2019 - \$3,832,050).

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

11. Accumulated Surplus

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

	2020	2019
Investment in tangible capital assets	\$ 32,635,433	\$ 24,234,296
Unrestricted surplus	1,078,174	1,318,722
	<u>\$ 33,713,607</u>	<u>\$ 25,553,018</u>

12. Trust Funds Held by Federal Government

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

13. Comparative Figures

The comparative figures presented in the financial statements have been reclassified to conform to the current year's presentation.

14. Impact of COVID-19 Global Pandemic

Prior to the 2019/20 fiscal year ending on March 31, 2020, the Province of Ontario declared a state of emergency and placed restrictions on specific business activities, allowing only essential businesses to remain open. Due to the remote location, access to the community was restricted by the First Nation in order to help prevent transmission of the virus. This resulted in capital projects, such as the new police detachment and water treatment plant upgrade and lagoon expansion, being put on hold as contractors were sent home. Subsequent to year-end, extra charges have been incurred on these contracts because equipment was not able to be shipped out before the winter road melted. Due to shifting priorities in the later half of March 2020, additional costs were incurred for the purchase of personal protective equipment, sanitation products and groceries, while programs were halted and spending could not be completed as planned. Subsequent to year-end, additional funding was provided by various funders to assist with these unplanned costs.

The closures and government restrictions are expected to be temporary. Given the dynamic nature of these circumstances and the duration of the disruption, the related financial impact cannot be reasonably estimated at this time. The First Nation's ability to continue to service debt and meet other obligations as they come due is dependent on the continued support of Indigenous Services Canada and all the other various funders of the First Nation.

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

15. Indigenous Services Canada

	2020	2019
Funding per ISC confirmation	\$ 20,442,654	\$ 8,447,351
<u>Transfer from deferred revenue</u>		
NPD7 - Preventative/Least Disruptive Measures (Child and Family Services / CWB Jurisdiction Initiatives)	521,700	71,000
NTQB - Projects & Capacity (Climate Change)	-	44,071
NTFW - FNWWAP - Water < \$1.5M	1,147,708	135,000
<u>Transfer to deferred revenue</u>		
Q22K - Aboriginal Head Start on Reserve	(133,716)	-
Q35N - First Nations Water & Wastewater Action Plan	(5,649,716)	-
Q36O - Education Plan, Design & Construction	(210,000)	-
Q3AA - Construction	(195,762)	-
Q3BG - Fire Protection	(45,133)	-
Q3BN - Training - Fire Protection	(9,997)	-
Q35B - Water Systems	(67,320)	-
Q221 - Aboriginal Diabetes Initiative	(10,178)	-
Aboriginal Diabetes Initiative - Re-investment	(32,267)	-
Q226 - Federal Tobacco Control Strategy	(6,944)	-
Q216 - National Native Alcohol & Drug Abuse Program	(75,303)	-
Q22G - Canada Prenatal Nutrition	(13,563)	-
Q207 - Jordan's Principle - Suicide Prevention	(98,672)	-
Q227 - CHP - X-Ray After Hours	(50,000)	-
Community Health Promotion	(3,098)	-
Q22N - Healthy Child Development	(12,511)	-
Nutrition North Canada	(10,523)	-
Q213 - Suicide Prevention	(75,888)	-
Q26G - Skill Link Program	(22,343)	-
NPD7 - Preventative/Least Disruptive Measures (Child and Family Services / CWB Jurisdiction Initiatives)	(751,739)	(521,700)
NTFW - FNWWAP - Water < \$1.5M	-	(1,147,708)
<u>Repayable</u>		
Q01T - MHC - Traditional Healer	(8,811)	-
Q302 - Community Facilities O&M (Security)	(5,055)	-
Revenue recognized	<u>\$ 14,623,523</u>	<u>\$ 7,028,014</u>

Sachigo Lake First Nation Notes to Financial Statements

March 31, 2020

16. Segmented Information

Sachigo Lake First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The activities can be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Support

Band support contains activities that are needed to run the Sachigo Lake First Nation organization.

Community Funds

Community funds contains activities of all other programs including funding from Ontario First Nations (2008) Limited Partnership.

Housing and Infrastructure

Housing and infrastructure contains all the activities that provide maintenance to the community and its infrastructure including road maintenance, sewer and water, community buildings and public utilities. It also contains all activities that relate to the maintenance of the First Nation's buildings and land and the provision of housing and repairs and maintenance to band members' housing.

Health

Health contains activities that provide medical services to band members. Furthermore, the community wellness department provides a diverse bundle of services directed towards 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.

Education & Training

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

Social Services

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

Economic Development

Economic Development contains all activities that provide economic support for the community including the motel, business centre, fuel sales and more.

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

Sachigo Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2020

16. Segmented Information (cont'd)

For the year ended March 31	Band Support	Community Funds	Housing & Infrastructure	Health	Education & Training	Social Services	Economic Development	Total 2020
Revenue								
Federal government transfers	\$ 706,254	\$ -	\$ 10,991,945	\$ 2,504,390	\$ 3,417,789	\$ 77,500	\$ 52,600	\$ 17,750,478
Provincial government transfers	107,946	-	144,560	(18,333)	130,000	1,562,015	9,734	1,935,922
OFNLP	-	1,226,822	-	-	-	-	-	1,226,822
Other	3,230,232	233,505	356,464	215,515	446,963	3,209	1,030,553	5,516,441
	<u>4,044,432</u>	<u>1,460,327</u>	<u>11,492,969</u>	<u>2,701,572</u>	<u>3,994,752</u>	<u>1,642,724</u>	<u>1,092,887</u>	<u>26,429,663</u>
Expenses								
Amortization	48,178	100,482	2,435,235	57,938	67,634	-	12,219	2,721,686
Contracted services, supplies and other	2,074,022	519,198	782,993	1,031,378	2,014,640	1,360,718	679,020	8,461,969
Salaries and benefits	1,240,025	-	956,753	1,378,648	1,580,247	234,730	259,382	5,649,785
Travel and training	52,666	-	13,684	111,196	78,588	32,127	9,870	298,131
Rent, utilities and telephone	78,851	-	810,155	161,636	11,584	-	75,277	1,137,503
	<u>3,493,742</u>	<u>619,680</u>	<u>4,998,820</u>	<u>2,740,796</u>	<u>3,752,693</u>	<u>1,627,575</u>	<u>1,035,768</u>	<u>18,269,074</u>
Annual surplus (deficit)	550,690	840,647	6,494,149	(39,224)	242,059	15,149	57,119	8,160,589

**Sachigo Lake First Nation
Notes to Consolidated Financial Statements**

March 31, 2020

16. Segmented Information (cont'd)

For the year ended March 31	Band Support	Community Funds	Housing & Infrastructure	Health	Education & Training	Social Services	Economic Development	Total 2019
Revenue								
Federal government transfers	\$ 806,405	\$ -	\$ 6,213,679	\$ 2,245,605	\$ 2,875,160	\$ 74,100	\$ 52,600	\$ 12,267,549
Provincial government transfers	210,545	-	165,273	63,000	130,000	1,488,331	-	2,057,149
OFNLP	-	1,413,643	-	-	-	-	-	1,413,643
Other	2,872,715	264,522	836,937	189,373	581,363	913	1,421,534	6,167,357
	<u>3,889,665</u>	<u>1,678,165</u>	<u>7,215,889</u>	<u>2,497,978</u>	<u>3,586,523</u>	<u>1,563,344</u>	<u>1,474,134</u>	<u>21,905,698</u>
Expenses								
Amortization	71,609	98,016	2,268,726	48,219	67,957	-	10,542	2,565,069
Contracted services, supplies and other	2,049,559	853,689	921,392	898,886	1,746,797	1,412,267	649,320	8,531,910
Salaries and benefits	1,153,526	-	1,207,940	1,250,372	1,580,401	196,234	288,674	5,677,147
Travel and training	121,772	-	8,649	102,751	25,580	57,088	13,837	329,677
Rent, utilities and telephone	60,382	-	945,309	247,619	13,875	-	99,302	1,366,487
	<u>3,456,848</u>	<u>951,705</u>	<u>5,352,016</u>	<u>2,547,847</u>	<u>3,434,610</u>	<u>1,665,589</u>	<u>1,061,675</u>	<u>18,470,290</u>
Annual surplus (deficit)	\$ 432,817	\$ 726,460	\$ 1,863,873	\$ (49,869)	\$ 151,913	\$ (102,245)	\$ 412,459	\$ 3,435,408