

Financial Statements of

**CHAPLEAU CREE FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2021

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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 financial statements are presented fairly, in all material respects.

The Council 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 the Council's assets are appropriately accounted for and adequately safeguarded.

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

The Council reviewed the Chapleau Cree First Nation's financial statements and recommends their approval. The Council meets 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 financial statements and the external auditors' report. The Council takes this information into consideration when approving the financial statements for issuance to the Members. The Council also considers the engagement of the external auditors.

The 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.

Approved on behalf of council:



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Chief



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Band Administrator

KPMG LLP  
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## INDEPENDENT AUDITORS' REPORT

To the Members of Chapleau Cree First Nation

### ***Qualified Opinion***

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

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, except for the extent of the effect of the matters described in the "***Basis for Qualified Opinion***" paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

### ***Basis for Qualified Opinion***

The First Nation has not been provided with information for its investments in First Nation business enterprises accounted for by the modified equity method for their years ended March 31, 2021 and March 31, 2020. As a result, we were not able to determine whether any adjustments might be necessary to:

- The investment in First Nation business enterprises reported on the statements of financial position as at March 31, 2021 and March 31, 2020.
- The share of earnings from First Nation business enterprises reported on the statements of operations and accumulated surplus for years ended March 31, 2021 and March 31, 2020.
- The accumulated surplus, at the end of the year, reported in the statements of operations and accumulated surplus for the years ended March 31, 2021 and March 31, 2020.
- The net financial assets, at the end of the year, reported in the statements of changes in net financial assets for the years ended March 31, 2021 and March 31, 2020.
- The annual surplus reported in the statements of cash flows for the years ended March 31, 2021 and March 31, 2020.

Our opinion on the financial statements for the year ended March 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the 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 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.

### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board, 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.

### ***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 risk 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, internal 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 purposes 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 the 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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the 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' in a stylized, cursive font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
July 21, 2021

# CHAPLEAU CREE FIRST NATION

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Year ended March 31, 2021

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## Financial Statements

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# CHAPLEAU CREE FIRST NATION

## Exhibit A - Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash and term deposits	\$ 9,112,142	\$ 6,500,634
Restricted cash (note 2)	75,134	88,090
Accounts receivable	702,003	550,777
Portfolio investments (note 4)	1,744,311	815,557
Investment in First Nations business enterprises (note 5)	1,722,861	1,270,043
Inventory	136,115	109,671
	13,492,566	9,334,772
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 13)	3,859,610	1,084,169
Deferred revenue (note 7)	1,396,499	1,740,618
Long-term debt (note 8)	845,128	890,226
	6,101,237	3,715,013
Net financial assets	7,391,329	5,619,759
<b>Non-financial assets</b>		
Prepaid expenses	13,632	32,001
Consolidated revenue fund	38	37
Tangible capital assets (note 3)	11,293,206	9,461,914
	11,306,876	9,493,952
Contingent liabilities (note 9)		
Effects of COVID-19 (note 15)		
Accumulated surplus (note 11)	\$ 18,698,205	\$ 15,113,711

See accompanying notes to financial statements.

Approved on behalf of Council



Chief



Band Administrator

# CHAPLEAU CREE FIRST NATION

## Exhibit B - Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
<b>Revenue:</b>		
Indigineous Services Canada (note 10)	\$ 3,853,500	\$ 4,454,898
Ontario First Nations Limited Partnership	618,796	629,179
Canada Mortgage and Housing Corporation	91,625	37,107
Ministry of Health	175,819	162,535
Gas Bar sales	2,699,321	2,924,054
Other	5,786,007	3,057,679
Share of earnings from First Nation business enterprises (note 5)	702,818	505,701
	<b>13,927,886</b>	<b>11,771,153</b>
<b>Expenses:</b>		
Ontario First Nations Limited Partnership	113	110
Band Administration	947,144	937,405
Economic Development	524,007	382,255
Education Fund	813,567	628,120
Employment and Training	94,811	55,516
Culture and Recreation	186,730	255,547
Community Infrastructure	720,772	601,414
Business Enterprises	1,105	68,429
Medical Services	1,716,493	1,486,492
Social Housing	202,445	142,507
Chapleau Cree Garage	314,935	366,591
Land Claims	8,483	18,080
Chapleau Cree Gas Bar	2,641,581	2,884,592
Commercial Rentals	99,958	70,200
Per Capita Distributions	2,071,248	576,779
	<b>10,343,392</b>	<b>8,474,037</b>
<b>Excess of revenue over expenses</b>	<b>3,584,494</b>	<b>3,297,116</b>
<b>Accumulated surplus, beginning of year</b>	<b>15,113,711</b>	<b>11,816,595</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 18,698,205</b>	<b>\$ 15,113,711</b>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit C - Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Excess of revenue over expenses	\$ 3,584,494	\$ 3,297,116
Acquisition of tangible capital assets	(2,359,519)	(2,464,628)
<u>Amortization of tangible capital assets</u>	<u>528,227</u>	<u>479,416</u>
	1,753,202	1,311,904
Consolidated revenue fund	(1)	(1)
Use (acquisition) of prepaid expenses	18,369	(19,246)
Change in net financial assets	1,771,570	1,292,657
Net financial assets, beginning of year	5,619,759	4,327,102
<u>Net financial assets, end of year</u>	<u>\$ 7,391,329</u>	<u>\$ 5,619,759</u>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit D - Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
<b>Operating transactions:</b>		
Excess of revenue over expenses	\$ 3,584,494	\$ 3,297,116
Adjustments for:		
Income from First Nation business enterprises	(702,818)	(505,701)
Amortization of tangible capital assets	528,227	479,416
	3,409,903	3,270,831
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	(151,226)	830,478
Increase (decrease) in accounts payable and accrued liabilities	2,775,440	(892,198)
Decrease in deferred revenue	(344,119)	(1,194,376)
Increase in inventory	(26,444)	(3,698)
Decrease (increase) in prepaid expenses	18,369	(19,246)
	5,681,923	1,991,791
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(2,359,519)	(2,464,628)
<b>Financing transactions:</b>		
Principal payments on long-term debt	(45,098)	(79,309)
<b>Investing transactions:</b>		
Dividends received from First Nation business enterprises	250,000	250,000
Purchase of portfolio investments	(693,848)	-
Investment in First Nation business enterprises	-	(146,659)
Consolidated revenue fund	(1)	(1)
Write-down of 2558107 Ontario Inc. investment	-	184,500
Unrealized gain on portfolio investments	(234,905)	(51,426)
	(678,754)	236,414
<b>Net increase (decrease) in cash position</b>	<b>2,598,552</b>	<b>(315,732)</b>
<b>Cash, beginning of year</b>	<b>6,588,724</b>	<b>6,904,456</b>
<b>Cash, end of year</b>	<b>\$ 9,187,276</b>	<b>\$ 6,588,724</b>
<b>Cash position consists of:</b>		
Cash and term deposits	\$ 9,112,142	\$ 6,500,634
Restricted cash - replacement reserve	75,134	88,090
	<b>\$ 9,187,276</b>	<b>\$ 6,588,724</b>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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The Chapleau Cree First Nation (the “First Nation”), located in Chapleau, Ontario administers programs and provides services to First Nation members.

### **1. Significant accounting policies:**

These financial statements of Chapleau Cree First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local 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 financial statements:

#### **(a) Reporting entity:**

The reporting entity includes activities of all committees of the First Nation under the control of Chief and Council. Commercial enterprises which meet the definition of a business enterprise are included in these financial statements and accounted for on a modified equity basis. Under the modified equity method of accounting, only Chapleau Cree First Nation’s portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

The First Nation has investments in the Wahkohtowin Development LP, Wahkohtowin Development General Partner Inc, Three Nations Drilling LP, 2454357 Ontario Inc., Mushkegowuk Regional Economic Development LP, Northeast Superior First Nations Investment LP, and the 2680985 LP. The First Nation accounts for its investment in these business partnerships using the modified equity method.

#### **(b) Basis of accounting:**

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### **(c) Inventory:**

Inventory is measured at the lower of cost and net realizable value by using the weighted average costing methodology. The First Nation uses the same cost formula for all inventory having a similar nature and use to the entity. When circumstances which previously caused inventory to be written down no longer exists the previous impairment is reversed.

#### **(d) Investments:**

Investments consisting of publicly traded shares are recorded at market value.

Investments consisting of commercial bonds are recorded at cost, with any premium or discount amortized over the term to maturity.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

#### (e) 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 and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	25
Roads infrastructure	20 - 50
Machinery and equipment	5 - 10
Furniture, computers and fixtures	3 - 10
Vehicles	5
Social housing	25

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 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 financial statements.

#### (f) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

#### (g) Consolidated revenue fund:

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.

#### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, and valuation allowances for receivables and inventory. 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.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

#### (i) Employee future benefits:

The First Nation provides pension benefits under a defined contribution pension plan. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year.

### 2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$75,134 (2020 - \$88,090) is restricted to maintain a replacement reserve and operating surplus reserve.

As of fiscal year end, the First Nation is required to have set aside \$9,135 (2020 - \$6,525) for the replacement reserve. Additionally, the First Nation is required to set aside \$Nil (2020 - \$Nil) for the operating surplus reserve. This was due to the First Nation operating with a deficit at year end in the amount of (\$4,637) (2020 - (\$4,637)) (Note 11). The First Nation is in compliance with both restrictions.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 3. Tangible capital assets:

	Cost	Balance at March 31, 2020	Additions	Disposals	Balance at March 31, 2021
Land	\$ 213,194	\$ -	\$ -	\$ -	\$ 213,194
Buildings	8,993,447	1,079,228	-	-	10,072,675
Roads infrastructure	1,827,095	175,000	-	-	2,002,095
Machinery and equipment	1,242,719	346,545	-	-	1,589,264
Furniture, computers and fixtures	55,678	21,500	-	-	77,178
Vehicles	1,365,850	-	-	-	1,365,850
Social housing	1,390,098	737,246	-	-	2,127,344
<b>Total</b>	<b>\$ 15,088,081</b>	<b>\$ 2,359,519</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,447,600</b>

  

	Accumulated Amortization	Balance at March 31, 2020	Disposals	Amortization	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	2,408,029	-	-	169,468	2,577,497
Roads infrastructure	1,031,452	-	-	62,246	1,093,698
Machinery and equipment	896,038	-	-	120,749	1,016,787
Furniture, computers and fixtures	49,268	-	-	8,517	57,785
Vehicles	1,015,678	-	-	119,498	1,135,176
Social housing	225,702	-	-	47,749	273,451
<b>Total</b>	<b>\$ 5,626,167</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 528,227</b>	<b>\$ 6,154,394</b>

  

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 213,194	\$ 213,194
Buildings	6,585,418	7,495,178
Roads infrastructure	795,643	908,397
Machinery and equipment	346,681	572,477
Furniture, computers and fixtures	6,410	19,393
Vehicles	350,172	230,674
Social housing	1,164,396	1,853,893
<b>Total</b>	<b>\$ 9,461,914</b>	<b>\$ 11,293,206</b>

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

### 3. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land	\$ 213,194	\$ -	\$ -	\$ 213,194
Buildings	7,033,247	1,960,200	-	8,993,447
Roads infrastructure	1,794,095	33,000	-	1,827,095
Machinery and equipment	1,213,225	29,494	-	1,242,719
Furniture, computers and fixtures	51,249	4,429	-	55,678
Vehicles	1,254,656	111,194	-	1,365,850
Social housing	1,063,787	326,311	-	1,390,098
<b>Total</b>	<b>\$ 12,623,453</b>	<b>\$ 2,464,628</b>	<b>\$ -</b>	<b>\$ 15,088,081</b>
Accumulated Amortization	Balance at March 31, 2019	Disposals	Amortization	Balance at March 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,255,912	-	152,117	2,408,029
Roads infrastructure	974,406	-	57,046	1,031,452
Machinery and equipment	795,467	-	100,571	896,038
Furniture, computers and fixtures	40,525	-	8,743	49,268
Vehicles	894,051	-	121,627	1,015,678
Social housing	186,390	-	39,312	225,702
<b>Total</b>	<b>\$ 5,146,751</b>	<b>\$ -</b>	<b>\$ 479,416</b>	<b>\$ 5,626,167</b>
	Net book value, March 31, 2019		Net book value, March 31, 2020	
Land	\$ 213,194		\$ 213,194	
Buildings	4,777,335		6,585,418	
Roads infrastructure	819,689		795,643	
Machinery and equipment	417,758		346,681	
Furniture, computers and fixtures	10,724		6,410	
Vehicles	360,605		350,172	
Social housing	877,397		1,164,396	
<b>Total</b>	<b>\$ 7,476,702</b>		<b>\$ 9,461,914</b>	

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 4. Portfolio investments:

	2021		2020	
	Cost	Market	Cost	Market
Public company shares	\$1,601,772	\$1,744,311	\$ 890,159	\$ 815,557

### 5. Investment in First Nation business enterprises:

Chapleau Cree First Nation has the following investments in business enterprises:

A direct 33.33% interest in the Wahkohtowin Development LP ("WDLP") and its general partner Wahkohtowin Development General Partner Inc. ("WDGP"). WDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Three Nations Drilling LP ("TND") and its general partner 2454357 Ontario Inc. ("TNDGP"). TND is engaged in community economic development and is accounted for using the modified equity method.

A direct 14.28% interest in the Mushkegowuk Regional Economic Development LP ("MREDLP"). MREDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Northeast Superior First Nations Investment LP ("NSFNI"). NSFNI is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the 2680985 LP ("2680985"). 2680985 is engaged in community economic development and is accounted for using the modified equity method.

Financial information for First Nation business enterprises was not available for the year ended March 31, 2021. See *Basis for Qualified Opinion* paragraph.

The First Nation's equity interest in these business enterprises is summarized as follows:

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WDLP (250 Class A, 250 Class B Limited Partner Units)	\$ 170,453
WDGP (250 Common Shares)	74
TND (200 Limited Partner Units)	1,146,362
TNDGP (100 Common Shares)	1,154
MREDLP (100 Limited Partner Units)	107,509
NSFNI (1 Limited Partner Unit)	232,977
2680985 (1 Limited Partner Unit)	64,332
	\$ 1,722,861

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2021

## 5. Investment in First Nation business enterprises (continued):

The investments as March 31, 2021, consists of the following:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
Balance, beginning of year	\$ 232,977	73,480	170,453	74	727,573	1,154	64,332	\$ 1,270,043
Dividend received	-	-	-	-	(250,000)	-	-	(250,000)
First Nation's share of earnings	-	34,029	-	-	668,789	-	-	702,818
Balance, end of year	\$ 232,977	107,509	170,453	74	1,146,362	1,154	64,332	\$ 1,722,861

Financial information for the business enterprise fiscal year end March 31, 2021, is as follows:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
<b>Financial position:</b>								
Current assets	\$ 239,937	211,987	353,682	226	4,509,401	6,806	287,630	\$ 5,609,669
Non-current assets	3,614,781	600,118	170,937	-	679,235	-	1,452,064	6,517,135
Total assets	3,854,718	812,105	524,619	226	5,188,636	6,806	1,739,694	12,126,804
Current liabilities	531,072	32,930	119,839	751	992,143	6,506	588,805	2,272,046
Non-current liabilities	2,639,714	150,000	1,041	-	-	-	957,891	3,748,646
Total liabilities	3,170,786	182,930	120,880	751	992,143	6,506	1,546,696	6,020,692
Partners' equity (deficit)	\$ 683,932	629,175	403,739	(525)	4,196,493	300	192,998	\$ 6,106,112

Results of operations:

Revenue	\$ (532,349)	753,107	872,684	-	2,858,262	3,343	1,161,821	\$ 5,116,868
Expenses	202,453	319,911	905,391	254	848,551	3,343	968,827	3,248,730
Net earnings (loss)	\$ (734,802)	433,196	(32,707)	(254)	2,009,711	-	192,994	\$ 1,868,138

Financial information for all business enterprises was not available for the year ended March 31, 2021. Subsequently, financial position information is at March 31, 2020 and no financial information has been presented for results of operations.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 6. Line of credit:

The First Nation has an available line of credit in the amount of \$200,000 with the Royal Bank which is payable on demand and bears interest at prime plus 0.7% payable monthly and is secured by a general security agreement. As at March 31, 2021, there is a balance of \$Nil (2020 - \$Nil).

### 7. Deferred revenue:

Deferred revenue by program is detailed as follows:

	2021	2020
Indigenous Services Canada	\$ 1,260,487	\$ 1,589,755
HydroMega	48,088	48,088
RBC	27,588	28,809
Mushkegowuk Mental Health	28,420	28,420
Ministry of Indigenous Affairs	26,370	40,000
Recreation and Culture – Youth Trip	5,546	5,546
	<hr/> <u>\$ 1,396,499</u>	<hr/> <u>\$ 1,740,618</u>

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 8. Long-term debt:

	2021	2020
Northern Credit Union loan payable, Burkholder, \$771 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2030	\$ 87,103	\$ 96,353
CMHC mortgage payable, Cachagee Road, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	194,010	201,034
CMHC mortgage payable, Louttit Lane, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	194,010	201,034
Northern Credit Union loan payable, Sacred Tree, \$3,351 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2032	370,005	391,805
	<hr/> <u>\$ 845,128</u>	<hr/> <u>\$ 890,226</u>

All long-term debt obligations have been approved and are secured by Band Council resolution and Social Housing mortgages payable are guaranteed by CMHC.

Principal payments required on long-term debt within each of the next five years and thereafter are as follows:

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2022	\$ 49,426
2023	50,787
2024	52,197
2025	53,658
2026	55,173
Thereafter	583,887

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### 9. Contingent liabilities:

#### (a) Loan guarantees:

The First Nation has guaranteed mortgages made to various members and is contingently liable, the balance of which is \$543,418 (2020 - \$574,740).

The First Nation has guaranteed a loan made to Northeast Superior First Nations Investment LP in the amount of \$1,003,000 (2020 - \$1,189,000).

#### (b) Government funding:

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.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### 10. Indigenous Services Canada (“ISC”):

	2021	2020
Revenue as reported	\$ 3,853,500	\$ 4,454,898
Revenue per funding confirmation	(3,523,815)	(3,243,093)
Deferred revenue	(329,685)	(1,211,805)
	\$ -	\$ -

Included in accounts receivable are amounts due from ISC of \$283,648 (2020 - \$264,459).

### 11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 10,448,078	\$ 8,571,688
Operating	(2,444,748)	(1,395,479)
CMHC operating fund	(4,637)	(4,637)
Investment in business enterprises	1,722,861	1,270,043
	9,721,554	8,441,615
Reserve and reserve funds set aside for specific purpose by Council:		
Consolidated Revenue Fund (Ottawa Trust Funds)	38	37
Ontario First Nations Limited Partnership	4,955,775	4,670,116
Reserves	4,020,838	2,001,943
	8,976,651	6,672,096
Accumulated surplus	\$ 18,698,205	\$ 15,113,711

### 12. Employee future benefits:

The contributions to the defined contribution pension plan were \$55,990 (2020 - \$42,293).

### 13. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at March 31, 2021 is \$88,370 (2020 - \$83,078) in per-capita distributions owing to members who have not yet reached the age of majority. These funds are held in a separate bank account and are included in Cash and term deposits.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### **14. Budget figures:**

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current fund budgets are affected on an on-going basis, depending on when various government programs become available to the First Nation. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the statement of financial activities.

### **15. Effects of COVID-19:**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. 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.

### **16. Comparative information:**

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.

### **17. Segmented information:**

Chapleau Cree First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds 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 departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Social Housing**

The housing department manages the operations of the various rental housing owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2021

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### **17. Segmented information (continued):**

#### **Health Services**

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of members.

#### **Education**

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the members.

#### **Band Support**

The band support 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 and management and assistance for computer and communications related projects and services.

#### **Capital**

The capital department provides services for the longevity of the First Nation by the acquisition and development of land resources, equipment, roads and housing. Revenue and expenses included in the capital department are generally of long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

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 allocations 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 financial statements as disclosed in the summary of significant accounting policies.

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2021

## 17. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2021 Total
<b>Revenue:</b>						
Indigenous Services Canada	\$ 51,966	1,229,732	791,483	1,658,328	121,991	\$ 3,853,500
Ontario First Nations Limited Partnership	-	-	-	618,796	-	618,796
Canada Mortgage and Housing Corporation	91,625	-	-	-	-	91,625
Ministry of Health	-	175,819	-	-	-	175,819
Gas Bar Sales	-	-	-	2,699,321	-	2,699,321
Other	56,631	296,879	1,684	6,133,631	-	6,488,825
	200,222	1,702,430	793,167	11,110,076	121,991	13,927,886
<b>Expenses:</b>						
Wages, benefits and honorariums	10,905	628,654	167,454	1,713,158	-	2,520,171
Cost of sales	-	-	-	2,218,319	-	2,218,319
Materials and supplies	804,754	782,551	42,861	1,230,592	-	2,860,758
Tuition and allowances	-	-	561,836	-	-	561,836
Contractual and professional services	44,978	69,618	-	747,177	-	861,773
Other	747	155,389	17,390	2,852,764	-	3,026,290
Interest on long-term debt	15,270	-	-	27,935	-	43,205
Travel and training	-	47,005	3,626	20,505	-	71,136
Capital purchases	11,196	-	-	-	-	11,196
Amortization of tangible capital assets	62,741	117,595	20,400	327,491	-	528,227
Investment in tangible capital assets	(748,146)	(84,319)	-	(1,527,054)	-	(2,359,519)
	202,445	1,716,493	813,567	7,610,887	-	10,343,392
Excess (deficiency) of revenue over expenses	\$ (2,223)	(14,063)	(20,400)	3,499,189	121,991	\$ 3,584,494

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2021

## 17. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2020 Total
<b>Revenue:</b>						
Indigenous Services Canada	\$ 209,409	1,179,078	639,998	2,304,422	121,991	\$ 4,454,898
Ontario First Nations Limited Partnership	-	-	-	629,179	-	629,179
Canada Mortgage and Housing Corporation	37,107	-	-	-	-	37,107
Ministry of Health	-	162,535	-	-	-	162,535
Gas Bar Sales	-	-	-	2,924,054	-	2,924,054
Other	89,743	120,597	1,000	3,352,040	-	3,563,380
	336,259	1,462,210	640,998	9,209,695	121,991	11,771,153
<b>Expenses:</b>						
Wages, benefits and honorariums	10,764	512,690	142,164	1,467,590	-	2,133,208
Cost of sales	-	-	-	2,481,213	-	2,481,213
Materials and supplies	86,983	458,616	20,414	731,288	-	1,297,301
Tuition and allowances	-	-	404,319	-	-	404,319
Contractual and professional services	14,543	152,658	-	417,487	-	584,688
Other	7,566	262,786	18,502	2,776,053	-	3,064,907
Interest on long-term debt	15,676	-	-	26,470	-	42,146
Travel and training	-	83,994	22,321	52,276	-	158,591
Capital purchases	275,718	17,158	-	-	-	292,876
Amortization of tangible capital assets	57,568	103,947	20,400	297,501	-	479,416
Investment in tangible capital assets	(326,311)	(105,357)	-	(2,032,960)	-	(2,464,628)
	142,507	1,486,492	628,120	6,216,918	-	8,474,037
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 193,752</b>	<b>(24,282)</b>	<b>12,878</b>	<b>2,992,777</b>	<b>121,991</b>	<b>\$ 3,297,116</b>