

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

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Indigenous Services Canada  
Services aux Autochtones Canada  
Thunder Bay

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

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## Michipicoten First Nation Management's Responsibility for Financial Reporting

March 31, 2020

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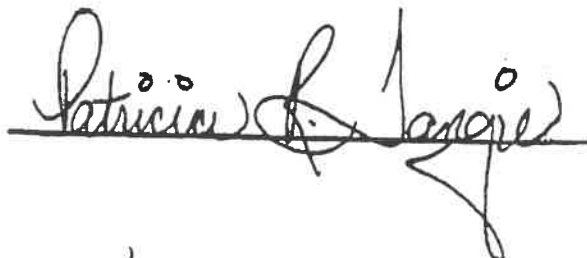
The accompanying consolidated financial statements of Michipicoten First Nation are the responsibility of management and have been approved by Chief and Council.

These consolidated 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.

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

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

On behalf of Michipicoten First Nation:

  
\_\_\_\_\_ Chief

  
\_\_\_\_\_ Executive Officer



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## Independent Auditor's Report

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### To the Members of Michipicoten First Nation

#### Opinion

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

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

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## Independent Auditor's Report (continued)

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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.

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  
Sault Ste. Marie, Ontario  
October 21, 2020

**Michipicoten First Nation**  
**Consolidated Statement of Financial Position**

**March 31**

**2020**

**2019**

**Financial assets**

Cash	\$ 1,580,694	\$ 1,180,559
Short term deposit receipts	3,455,206	1,159,991
Accounts receivable	1,716,853	2,107,306
Portfolio Investments (Note 2)	803,327	-
Investments in partnerships (Note 3)	983,725	2
Funds held in trust with Government of Canada (Note 4)	41,339	37,947
	<u>8,581,144</u>	<u>4,485,805</u>

**Liabilities**

Accounts payable and accrued liabilities	236,240	204,773
Deferred revenue (Note 5)	2,403,596	1,391,750
Future landfill closure and post-closure costs (Note 6)	3,897	23,760
Long term debt (Note 7)	659,173	683,158
	<u>3,302,906</u>	<u>2,303,441</u>

**Net financial assets**

	<u>5,278,238</u>	<u>2,182,364</u>
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**Non-financial assets**

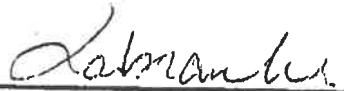
Tangible capital assets (Schedule 1)	14,081,929	13,714,982
Prepaid expenses	37,597	37,007
	<u>14,119,526</u>	<u>13,751,989</u>

**Accumulated surplus (Note 8)**

	<u>\$ 19,397,764</u>	<u>\$ 15,934,353</u>
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On behalf of the First Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Executive Officer

# **Michipicoten First Nation** **Consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2020</b>	<b>2019</b>
<b>Revenue</b>			
Canada	\$ 1,725,011	\$ 1,606,656	\$ 2,404,959
Ontario	666,825	245,622	362,344
Ontario First Nations (2008) Limited Partnership	1,012,000	868,139	1,004,116
Michipicoten First Nation trusts	1,361,037	1,605,680	1,313,292
Aboriginal organizations	2,624,257	1,803,636	935,703
Rentals, interest and other	364,290	3,800,064	2,343,061
	<u>7,753,420</u>	<u>9,929,797</u>	<u>8,363,475</u>
<b>Expenses</b>			
Social and family services	2,222,100	2,187,159	1,979,041
Education	1,479,437	1,197,666	890,079
Operations and maintenance	718,342	546,345	642,288
Medical and other health services	985,234	588,505	749,802
Administration	730,636	527,515	997,451
Housing and community development	1,014,435	1,758,878	1,878,590
Enterprises and economic development	526,774	586,043	562,221
Other	45,110	57,998	65,620
	<u>7,722,068</u>	<u>7,450,109</u>	<u>7,765,092</u>
	31,352	2,479,688	598,383
<b>Annual surplus from partnerships</b>			
Bamkushwada Limited Partnership	-	71,984	-
Supercom Industries LP	-	911,739	-
		<u>983,723</u>	
<b>Annual surplus (deficit)</b>	31,352	3,463,411	598,383
<b>Accumulated surplus, beginning of year</b>	15,934,353	15,934,353	15,335,970
<b>Accumulated surplus, end of year</b>	\$ 15,965,705	\$ 19,397,764	\$ 15,934,353

The notes are an integral part of these financial statements.

**Michipicoten First Nation**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2020</b>	<b>2019</b>
<b>Annual surplus</b>	\$ 31,352	\$ 3,463,411	\$ 598,383
Acquisition of tangible capital assets	(272,383)	(688,596)	(159,946)
Amortization of tangible capital assets	289,000	289,051	239,755
Loss on disposal of tangible capital assets	-	23,098	30,323
Proceeds on sale of tangible capital assets	-	9,500	-
Prepaid expenses	-	(590)	2,263
<b>Net change in net financial assets</b>	47,969	3,095,874	710,778
<b>Net financial assets, beginning of year</b>	2,182,364	2,182,364	1,471,586
<b>Net financial assets, end of year</b>	\$ 2,230,333	\$ 5,278,238	\$ 2,182,364

The notes are an integral part of these financial statements.



# Michipicoten First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
<b>Operating transactions</b>		
Annual surplus	\$ 3,463,411	\$ 598,383
Items not involving cash		
Amortization	289,051	239,755
Loss on disposal of tangible capital assets	23,098	30,323
Annual surplus from partnerships	(983,723)	-
Unfunded landfill site costs	(19,863)	(191,086)
	<u>2,771,974</u>	<u>677,375</u>
Changes in non-cash operating balances		
Accounts receivable	390,453	(1,537,045)
Prepaid expenses	(590)	2,263
Accounts payable and accrued liabilities	31,467	40,943
Deferred revenue	1,011,846	93,282
	<u>4,205,150</u>	<u>(723,182)</u>
<b>Investing activities</b>		
Short term deposit receipts	(2,295,215)	(1,159,991)
Portfolio investments	(803,327)	-
Increase in funds held in trust	(3,392)	(2,693)
	<u>(3,101,934)</u>	<u>(1,162,684)</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(688,596)	(159,946)
Proceeds on sale of tangible capital assets	9,500	-
	<u>(679,096)</u>	<u>(159,946)</u>
<b>Financing activities</b>		
Long term debt obtained	35,056	-
Long term debt repaid	(59,041)	(57,998)
	<u>(23,985)</u>	<u>(57,998)</u>
<b>Net change in cash</b>	<u>400,135</u>	<u>(2,103,810)</u>
<b>Cash, beginning of year</b>	<u>1,180,559</u>	<u>3,284,369</u>
<b>Cash, end of year</b>	<u>\$ 1,580,694</u>	<u>\$ 1,180,559</u>

The notes are an integral part of these financial statements.

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# Michipicoten First Nation

## Notes to Consolidated Financial Statements

March 31, 2020

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### 1. Significant accounting policies

#### a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### b. Reporting Entity

The Michipicoten First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.

#### c. Principles of Consolidation

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

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and its portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in the First Nation's financial statements include:

The First Nation of Michipicoten Cultural Association  
Michipicoten First Nation Economic Development Corporation

Organizations accounted for on a modified equity basis include:

Bamkushwada Limited Partnership  
Supercom Industries LP

#### d. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenue 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 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 being performed, is deferred and recognized when the fee is earned or service performed.

#### e. Measurement uncertainty

In preparing the consolidated financial statements of the First Nation, management is required 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 period. Actual results could differ from these estimates.

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**Michipicoten First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2020**

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**1. Significant accounting policies (continued)**

**f. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purposes of meeting short term cash commitments.

**g. Portfolio Investments**

Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a loss in value that is other than a temporary decline.

**h. Pension Plan**

The First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

**i. 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 over the the following years, which approximate estimated useful life of the tangible capital asset:

Land improvements	10 to 30
Buildings	10 to 40
Housing	10 to 40
Machinery and equipment	10 to 50
Vehicles	3 to 5
Infrastructure	10 to 100
Automotive	7

Tangible capital assets are written down when conditions indicate that they no longer contribute to Michipicoten First Nation's ability to provide goods and service, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated financial statements.

Contributed tangible capital assets are recorded into revenues at their fair values on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case, they are recognized at nominal value.

Leased assets that transfer substantially all the benefits and risks of ownership 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. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

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

Assets under construction are not amortized until the asset is available for service.

# Michipicoten First Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 2. Portfolio investments

	2020	2019
Investment in Argonaut Gold Inc., a publicly traded company (Market value - \$545,654; 2019 - \$-)		
The shares have subsequently recovered all their value	\$ 803,327	\$ -

### 3. Investments in partnerships

The First Nation accounts for its investments in Bamkushwada Limited Partnership and Supercom Industries LP by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received. This equity method is modified only to the extent that the accounting policies of the partnerships are not adjusted to conform to the First Nation's accounting policies.

	2020	2019
Bamkushwada Limited Partnership		
Initial investment	\$ 1	\$ 1
Unremitted earnings	71,984	-
	71,985	1
Supercom Industries LP		
Initial investment	1	1
Unremitted earnings	911,739	-
	911,740	1
	\$ 983,725	\$ 2

The First Nation has partnered with five other First Nations to participate in electrical transmission projects connecting their communities to the provincial grid.

Financial information for the year ended December 31, 2019 for Bamkushwada Limited Partnership and March 31, 2020 for Supercom Industries LP is as follows:

	Bamkushwada Limited Partnership - 16.67%		Supercom Industries LP - 16.67%	
	2019	2018	2020	2019
Assets	\$ 435,333	\$ 314,366	\$ 6,967,312	\$ 3,515,706
Liabilities	3,385	6,572	1,496,331	2,585,276
Revenue	355,578	482,206	6,317,676	7,669,567
Net income (loss)	124,155	59,156	4,540,551	568,944

**Michipicoten First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2020**

**4. Trust funds**

	<b>Beginning</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Ending</b>
Revenue	\$ 35,463	\$ 3,392	\$ -	\$ 38,855
Capital	2,484	-	-	2,484
	<b>\$ 37,947</b>	<b>\$ 3,392</b>	<b>\$ -</b>	<b>\$ 41,339</b>

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.

**5. Deferred revenue**

	<b>2020</b>	<b>2019</b>
Per capita distributions	\$ -	\$ 21,000
Operations and maintenance/landfill remedial work	13,000	73,000
Intern position	-	28,000
Research studies	18,000	-
Economic development	8,000	-
Special education	32,600	63,700
Elementary/Secondary education	574,700	399,400
Post-secondary education	448,300	358,400
Governance	150,000	-
Housing	230,000	52,000
Renovations and retro-fits	108,000	108,000
Custom consultations	50,000	-
Integrated health programs	71,966	-
Medical initiatives	191,500	109,000
Youth employment initiatives	35,000	-
Child and Family programs	62,400	-
Community based initiatives	410,130	179,250
	<b>\$ 2,403,596</b>	<b>\$ 1,391,750</b>

**Reconciliation of deferred revenue**

<b>Balance</b> , beginning of year	\$ 1,391,750	\$ 1,298,468
Additions during the year	2,403,596	1,391,750
Applied to operations during the year	(1,391,750)	(1,288,501)
Repaid to funding agencies	-	(9,967)
<b>Balance</b> , end of year	<b>\$ 2,403,596</b>	<b>\$ 1,391,750</b>

# Michipicoten First Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 6. Accrued landfill closure and post-closure costs

Landfill closure and post-closure requirements include final covering and landscaping of the landfill, storm water management, creation of buffer lands, monitoring wells, fees, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a one hundred year period using the best information currently available to management. Future events may result in significant changes to total estimated expenditures, capacity used or total capacity and estimated liability. Any such changes would be applied prospectively as a change in estimate, when applicable.

An engineering study has determined that the landfill site can accommodate eight trenches of which two have already been used. The engineers have also recommended adopting "best practices" to further extend the life of the whole landfill site to over 70 years. The estimated remaining useful life of the landfill site is 27 years, after which the period for post-closure care costs is estimated to be 30 years. The estimated liability for landfill closure and post-closure costs is recognized as the landfill site's capacity is used.

The estimated total net present value of expenditures to close and maintain the landfill site is approximately \$31,174 (2019 - \$40,096). As at March 31, 2020, \$3,897 (2019 - \$23,760) of the total estimated expenditures have been recognized based on the cumulative capacity of 13% (2019 - 7%) of the active trench utilized at that date compared to the total estimated landfill capacity. The First Nation has not designated any source of revenue to fund the cost of closing and maintaining the landfill site.

### 7. Long term debt

	2020	2019
Mortgage, Canada Mortgage and Housing Corporation, repayable \$5,919 monthly including interest at 1.83%, due December 1, 2019, but continued on a month-to-month basis to September 1, 2020 at which time it was renewed for five years with monthly payments of \$5,625 including interest at 0.70%	\$ 624,117	\$ 683,158
Vehicle loan, Ford Credit, repayable \$638 monthly including interest at 3.49%, maturing March 4, 2025	35,056	-
	<u>\$ 659,173</u>	<u>\$ 683,158</u>

Interest paid on long term debt during the year amounted to \$11,988 (2019 - \$13,030). Assuming renewal on comparable terms, principal payments required on long term debt for the next five years are as follows:

Year	Amount
2021	\$ 68,459
2022	70,540
2023	71,227
2024	71,920
2025	72,642
Thereafter	<u>304,385</u>
	<u>\$ 659,173</u>

# Michipicoten First Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 8. Accumulated surplus

	2020	2019
<b>Allocation of annual surplus (deficit)</b>		
Reserves and reserve funds	\$ 2,060,841	\$ 361,000
Equity in tangible capital assets	390,932	(52,136)
General surplus (deficit)	4,661	95,739
Equity in partnerships	983,723	-
Unfunded landfill liabilities	19,863	191,086
Funds held in trust	3,391	2,694
	<u>\$ 3,463,411</u>	<u>\$ 598,383</u>
 <b>Accumulated surplus, end of year</b>		
Reserves set aside for specific purposes by Chief and Council		
Land acquisition fund	\$ 871,599	\$ 890,708
Economic development fund	2,792,269	907,000
CMHC reserves	4,384	18,173
Reserve for better living policies	774,035	565,565
	<u>4,442,287</u>	<u>2,381,446</u>
Total reserves		
Equity in tangible capital assets	13,422,753	13,031,821
General surplus (deficit)	511,559	506,898
Unfunded landfill liabilities	(3,897)	(23,760)
Funds held in trust	41,339	37,948
Equity in partnerships	983,723	-
	<u>\$ 19,397,764</u>	<u>\$ 15,934,353</u>

### 9. Pension agreement

The First Nation provides defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement gratuity that could be purchased based on the employees share of the pension plan at the time of the employee's withdrawal from the plan. The First Nation contributed \$56,663 (2019 - \$50,290) during the year for retirement benefits.

### 10. Contingent liability

The First Nation is contingently liable to Canada Mortgage and Housing Corporation for housing renovations loans extended to band members. Loans are forgivable on a straight line basis over four years as long as the occupant remains the same over the term. Any outstanding balance becomes payable by the First Nation if the terms of forgiveness are not met.

### 11. Boundary claim settlement trust

As beneficiary, the First Nation is entitled to receive all taxable income of the boundary claim settlement trust. Income distributions are recognized as revenue when received or receivable and the amount can be reasonably estimated.

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## Michipicoten First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 12. Segmented information

The Michipicoten First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by 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 and family services*

This department is responsible for administering programs focussing on improving the lives of members and families of the First Nation, including: better living, education and funeral policies; promoting awareness of cultural ties by gathering together youth and elders; youth employment projects; and distribution of trust settlement proceeds to members.

##### *Education*

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

##### *Operations and maintenance*

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

##### *Medical and other health services*

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, pre-natal and early childhood care, brighter futures, building healthy communities, traditional healing, family violence prevention and other programs designed to enhance the health of members.

##### *Administration*

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

##### *Housing and community development*

This department oversees construction and renovation of housing in the community and as well, operates the CMHC project and other band-owned homes. In addition, this department undertakes planning activities to ensure the long-term improvement of the community.

##### *Enterprises and economic development*

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



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## Michipicoten First Nation

### Notes to Consolidated Financial Statements

March 31, 2020

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#### 12. Segmented information (continued)

##### *Other services*

The First Nation provides a wide array of other services, including volunteer fire department, library and land purchases, as well as administering ONFLP funding.

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Segment Disclosure.

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#### 13. Budget

The Financial Plan (Budget) By-Law adopted by Council on August 30, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council with adjustments as follows:

Budget surplus (deficit) for the year	\$ (11,031)
Add:	
Capital expenditures	272,383
Principal payment on long term debt	59,000
Less:	
Amortization	(289,000)
Budget surplus (deficit) per statement of operations	\$ 31,352

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#### 14. Uncertainty due to COVID-19

Subsequent to the year end, the impact of the COVID-19 pandemic in Canada and on the global economy continues to be significant and is causing uncertainties for many entities. The full financial implications of this pandemic cannot be determined and as the impacts of COVID-19 continue, there could be further impact on the organization and its funders. Management is actively monitoring the affect on its financial condition and liquidity of the organization.

# **Michipicoten First Nation** **Schedule 1 - Consolidated Tangible Capital Assets**

**For the year ended March 31, 2020**

	Land	Land Improve- ments	Buildings	Housing	Machinery and Equipment	Vehicles	Infra- structure	Construction in Progress	Total
Cost, beginning of year	\$ 8,951,177	\$ 114,039	\$ 1,832,238	\$ 3,385,537	\$ 1,008,226	\$ 364,647	\$ 2,931,818	\$ -	\$ 18,587,682
Additions	-	370,761	-	-	103,112	214,723	-	-	688,596
Disposals	-	-	-	-	-	(48,897)	-	-	(48,897)
<b>Cost, end of year</b>	<b>8,951,177</b>	<b>484,800</b>	<b>1,832,238</b>	<b>3,385,537</b>	<b>1,111,338</b>	<b>530,473</b>	<b>2,931,818</b>	<b>-</b>	<b>19,227,381</b>
Accumulated amortization, beginning of year	-	99,358	984,170	1,484,210	512,937	61,624	1,730,401	-	4,872,700
Amortization	-	44,610	45,556	83,373	32,327	28,207	54,978	-	289,051
Disposals	-	-	-	-	-	(16,299)	-	-	(16,299)
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>143,968</b>	<b>1,029,726</b>	<b>1,567,583</b>	<b>545,264</b>	<b>73,532</b>	<b>1,785,379</b>	<b>-</b>	<b>5,145,452</b>
<b>Net carrying amount, end of year</b>	<b>\$ 8,951,177</b>	<b>\$ 340,832</b>	<b>\$ 802,512</b>	<b>\$ 1,817,954</b>	<b>\$ 566,074</b>	<b>\$ 456,941</b>	<b>\$ 1,146,439</b>	<b>\$ -</b>	<b>\$ 14,081,929</b>

The notes are an integral part of these financial statements.

# **Michipicoten First Nation** **Schedule 1 - Consolidated Tangible Capital Assets**

**For the year ended March 31, 2019 (comparative figures)**

	Land	Land Improve- ments	Buildings	Housing	Machinery and Equipment	Vehicles	Infra- structure	Construction in Progress	Total
<b>Cost, beginning of year</b>	\$ 8,951,177	\$ 114,039	\$ 1,832,238	\$ 3,385,537	\$ 980,273	\$ 278,139	\$ 2,931,818	\$ -	\$ 18,473,221
<b>Additions</b>	-	-	-	-	27,953	131,993	-	-	159,946
<b>Disposals</b>	-	-	-	-	-	(45,485)	-	-	(45,485)
<b>Cost, end of year</b>	8,951,177	114,039	1,832,238	3,385,537	1,008,226	364,647	2,931,818	-	18,587,682
<b>Accumulated amortization, beginning of year</b>	-	91,822	938,614	1,400,822	484,919	56,507	1,675,423	-	4,648,107
<b>Amortization</b>	-	7,536	45,556	83,388	28,018	20,279	54,978	-	239,755
<b>Disposals</b>	-	-	-	-	-	(15,162)	-	-	(15,162)
<b>Accumulated amortization, end of year</b>	-	99,358	984,170	1,484,210	512,937	61,624	1,730,401	-	4,872,700
<b>Net carrying amount, end of year</b>	\$ 8,951,177	\$ 14,681	\$ 848,068	\$ 1,901,327	\$ 495,289	\$ 303,023	\$ 1,201,417	\$ -	\$ 13,714,982

The notes are an integral part of these financial statements.

# Michipicoten First Nation

## Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2020

	Social and Family Services	Education	Operations and Maintenance	Medical and Other Health Services	Administration	Housing and Community Development	Enterprises and Economic Development	Other	Consolidated Total
<b>Revenue</b>									
Canada	\$ 38,948	\$ -	\$ 511,344	\$ 272,181	\$ 330,476	\$ 302,900	\$ 150,807	\$ -	\$ 1,606,656
Ontario	-	-	10,080	39,555	28,000	-	154,084	13,903	245,622
Ontario First Nations (2008) Limited Partnership	-	-	-	-	-	-	-	868,139	868,139
Trust income	1,605,680	-	-	-	-	-	-	-	1,605,680
Aboriginal organizations	60,554	1,197,651	52,457	284,743	126,000	-	82,231	-	1,803,636
Interest, rentals and other	49,230	-	(1,813)	43,290	15,889	3,595,786	92,591	5,091	3,800,064
Transfers between segments	636,070	-	-	-	9,139	70,530	109,400	(825,139)	-
	2,390,482	1,197,651	572,068	639,769	509,504	3,969,216	589,113	61,994	9,929,797
<b>Expenses</b>									
Salaries, wages and benefits	87,579	172,707	375,303	295,112	459,017	174,933	241,461	47,767	1,853,879
Materials and supplies	25,059	14,635	50,130	156,057	89,641	66,198	28,341	3,640	433,701
Contracted services	5,142	14,610	167,951	24,426	456,794	1,296,063	223,499	-	2,188,485
Rents and financial expenses	3,200	1,000	24,780	27,915	49,105	43,589	19,088	-	168,677
External transfers	1,839,406	676,910	-	-	-	-	-	-	2,516,316
Amortization	5,217	-	164,261	9,985	21,104	86,702	-	1,782	289,051
Transfers between segments	221,556	317,804	(236,080)	75,010	(548,146)	91,393	73,654	4,809	-
	2,187,159	1,197,666	546,345	588,505	527,515	1,758,878	586,043	57,998	7,450,109
<b>Excess (deficiency) of revenue over expenses</b>	\$ 203,323	\$ (15)	\$ 25,723	\$ 51,264	\$ (18,011)	\$ 2,210,338	\$ 3,070	\$ 3,996	\$ 2,479,688

The notes are an integral part of these financial statements.

# **Michipicoten First Nation** **Schedule 2 - Consolidated Segment Disclosure**

**For the year ended March 31, 2019 (comparative figures)**

	Social and Family Services	Education	Operations and Maintenance	Medical and Other Health Services	Admini- stration	Housing and Community Development	Enterprises and Economic Development	Other	Consolidated Total
<b>Revenue</b>									
Canada	\$ 9,451	\$ 430,756	\$ 782,295	\$ 222,792	\$ 476,081	\$ 255,387	\$ 228,197	\$ -	\$ 2,404,959
Ontario	-	-	9,486	138,755	-	16,000	184,200	13,903	362,344
Ontario First Nations (2008) Limited Partnership	-	-	-	-	-	-	-	1,004,116	1,004,116
Trust income	1,313,292	-	-	-	-	-	-	-	1,313,292
Aboriginal organizations	21,759	510,894	-	401,803	1,247	-	-	-	935,703
Interest, rentals and other	45,454	-	(26,811)	10,497	218,464	1,995,048	76,472	23,937	2,343,061
Transfers between segments	574,878	-	-	-	284,025	54,613	58,000	(971,516)	-
	1,964,834	941,650	764,970	773,847	979,817	2,321,048	546,869	70,440	8,363,475
<b>Expenses</b>									
Salaries, wages and benefits	55,658	73,324	391,888	372,011	652,327	51,898	103,038	55,302	1,755,446
Materials and supplies	181,259	27,195	1,794	255,168	201,254	113,823	20,187	5,330	806,010
Contracted services	5,918	12,365	349,117	33,413	379,238	1,519,178	389,758	-	2,688,987
Rents and financial expenses	1,081	2,157	16,904	1,585	62,473	27,899	16,518	-	128,617
External transfers and other	1,569,024	577,253	-	-	-	-	-	-	2,146,277
Amortization	5,217	-	118,437	7,666	21,104	86,718	-	613	239,755
Transfers between segments	160,884	197,785	(235,852)	79,959	(318,945)	79,074	32,720	4,375	-
	1,979,041	890,079	642,288	749,802	997,451	1,878,590	562,221	65,620	7,765,092
<b>Excess (deficiency) of revenue over expenses</b>	\$ (14,207)	\$ 51,571	\$ 122,682	\$ 24,045	\$ (17,634)	\$ 442,458	\$ (15,352)	\$ 4,820	\$ 598,383

The notes are an integral part of these financial statements.