

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

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Neskantaga First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2020

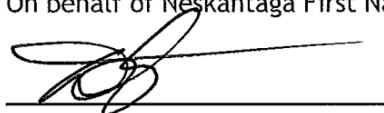
The accompanying consolidated financial statements of Neskantaga First Nation are the responsibility of management and have been approved by the Chief and Council.

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.

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 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. BDO Canada LLP have access to financial management of Neskantaga First Nation and meet when required.

On behalf of Neskantaga First Nation:



Chief



Councillor

Independent Auditor's Report

To the Members of Neskantaga First Nation

Qualified Opinion

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

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

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 10. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2020 and 2019. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report (cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

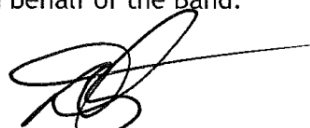
Thunder Bay, Ontario
December 8, 2021


Neskantaga First Nation

Consolidated Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash	\$ 5,922,457	\$ 5,836,175
Accounts receivable (Note 2)	540,952	328,468
Due from government and government organizations (Note 3)	994,655	1,844,910
Trust funds held by federal government (Note 4)	9,539	9,355
Portfolio investment (Note 5)	255,000	255,000
	<u>7,722,603</u>	<u>8,273,908</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	6,385,014	3,080,799
Due to government and government organizations (Note 7)	973,604	979,739
Demand and term loans (Note 8)	3,718,662	3,229,909
Deferred revenue (Note 9)	5,554,507	6,469,182
	<u>16,631,787</u>	<u>13,759,629</u>
Net debt	<u>(8,909,184)</u>	<u>(5,485,721)</u>
Non-financial assets		
Prepaid expenses	33,294	12,415
Tangible capital assets (Note 10)	35,191,281	30,215,058
	<u>35,224,575</u>	<u>30,227,473</u>
Accumulated surplus	<u>\$ 26,315,391</u>	<u>\$ 24,741,752</u>

On behalf of the Band:


 _____ Chief


 _____ Councillor

Neskantaga First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
	(Note 11)		
Revenue			
Federal government transfers (Note 9)	\$ 14,190,693	\$ 17,035,815	\$ 16,011,116
Provincial government transfers (Note 9)	339,900	1,725,696	1,705,040
Hydro One	-	97,725	76,073
Kiikenomaga Kikenjigewen Employment Training Services	-	84,616	40,040
Matawa First Nations Management	92,487	122,995	244,209
Nishnawbe Aski Nation	165,960	315,732	176,663
Ontario First Nations (2008) Limited Partnership	1,032,000	1,027,857	1,183,929
Other	1,487,575	4,114,949	1,429,890
Rent	72,000	170,617	109,880
	<u>17,380,615</u>	<u>24,696,002</u>	<u>20,976,840</u>
Expenses			
Capital projects	4,275,881	2,896,165	2,806,766
Community infrastructure	1,729,105	2,784,604	2,108,513
Economic & employment	208,000	2,050,807	2,521,237
Education	4,153,623	4,707,928	2,821,985
Governance & administration	2,762,649	6,117,387	3,992,542
Health	3,449,948	4,014,742	3,260,455
Social services	336,280	550,730	532,692
	<u>16,915,486</u>	<u>23,122,363</u>	<u>18,044,190</u>
Annual surplus	465,129	1,573,639	2,932,650
Accumulated surplus, beginning of year	-	24,741,752	21,809,102
Accumulated surplus, end of year	\$ 465,129	\$ 26,315,391	\$ 24,741,752

The accompanying notes are an integral part of these consolidated financial statements.

Neskantaga First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
	(Note 11)		
Surplus for the year	\$ 465,129	\$ 1,573,639	\$ 2,932,650
Acquisition of tangible capital assets	(45,000)	(796,224)	(2,140,215)
Acquisition of construction in progress	-	(5,507,710)	(3,050,718)
Amortization of tangible capital assets	-	1,327,711	1,146,676
Change in prepaid expenses	-	(20,879)	30,488
Net change in net debt	<u>420,129</u>	<u>(3,423,463)</u>	<u>(1,081,119)</u>
Net debt, beginning of year	<u>-</u>	<u>(5,485,721)</u>	<u>(4,404,602)</u>
Net debt, end of year	<u>\$ 420,129</u>	<u>\$ (8,909,184)</u>	<u>\$ (5,485,721)</u>

The accompanying notes are an integral part of these consolidated financial statements.

Neskantaga First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Surplus for the year	\$ 1,573,639	\$ 2,932,650
Item not involving cash		
Amortization	1,327,711	1,146,676
	<u>2,901,350</u>	<u>4,079,326</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(212,484)	158,114
Due from government and government organizations	850,255	409,005
Prepaid expenses	(20,879)	30,488
Accounts payable and accrued liabilities	3,304,215	(2,241,820)
Due to government and government organizations	(6,135)	111,219
Deferred revenue	(914,675)	(213,966)
	<u>5,901,647</u>	<u>2,332,366</u>
Cash used in financing activities		
Repayment of long term debt	(68,686)	(100,117)
Advances of long term debt	557,439	2,544,000
	<u>488,753</u>	<u>2,443,883</u>
Cash used in capital activities		
Acquisition of tangible capital assets	(796,224)	(2,140,215)
Acquisition of construction in progress	(5,507,710)	(3,050,718)
	<u>(6,303,934)</u>	<u>(5,190,933)</u>
Cash used in investment activities		
Interest earned on trust assets	(184)	(212)
Purchase of portfolio investment	-	(255,000)
	<u>(6,304,118)</u>	<u>(5,446,145)</u>
Net increase (decrease) in cash during the year	86,282	(669,896)
Cash, beginning of year	5,836,175	6,506,071
Cash, end of year	\$ 5,922,457	\$ 5,836,175

The accompanying notes are an integral part of these consolidated financial statements.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies

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.												
Reporting Entity	The Neskantaga First Nation reporting entity includes the Neskantaga First Nation government and all related entities that are controlled by the First Nation.												
Basis of Consolidation	<p>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.</p> <p>Organizations consolidated in Neskantaga First Nation's financial statements include:</p> <ul style="list-style-type: none"> • Neskantaga Economic Development Corporation 												
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.												
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.												
Tangible Capital Assets	<p>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.</p> <p>Amortization is provided for on a declining balance basis as follows:</p> <table> <tr> <td>Buildings</td><td>4 - 5%</td></tr> <tr> <td>Equipment and furniture</td><td>20%</td></tr> <tr> <td>Heavy equipment</td><td>20%</td></tr> <tr> <td>Housing</td><td>5%</td></tr> <tr> <td>Infrastructure</td><td>4 - 20%</td></tr> <tr> <td>Vehicles</td><td>20%</td></tr> </table>	Buildings	4 - 5%	Equipment and furniture	20%	Heavy equipment	20%	Housing	5%	Infrastructure	4 - 20%	Vehicles	20%
Buildings	4 - 5%												
Equipment and furniture	20%												
Heavy equipment	20%												
Housing	5%												
Infrastructure	4 - 20%												
Vehicles	20%												

Neskantaga First Nation

Notes to Consolidated Financial Statements

March 31, 2020

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets (Cont'd)

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.

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.

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 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.

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 reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and amounts due to government and government organizations. Actual results could differ from management's best estimates as additional information becomes available in the future.

Neskantaga First Nation

Notes to Consolidated Financial Statements

March 31, 2020

2. Accounts Receivable

	2020	2019
Trade and other	\$ 376,919	\$ 169,422
Kiikenomaga Kikenjigewen Employment and Training Services	47,116	30,030
Matawa First Nations Management	130,646	142,745
	554,681	342,197
Less: allowance for doubtful accounts	(13,729)	(13,729)
	<u>\$ 540,952</u>	<u>\$ 328,468</u>

3. Due from Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada	\$ 473,062	\$ 908,455
Health Canada	62,959	567,152
Canada Revenue Agency	397,843	160,558
Provincial government		
Ministry of Indigenous Relations and Reconciliation	9,000	9,000
Ministry of Northern Development and Mines	51,791	199,745
	<u>\$ 994,655</u>	<u>\$ 1,844,910</u>

4. Trust Funds Held by Federal Government

	March 31, 2019	Additions 2020	Withdrawals 2020	March 31, 2020
Revenue	\$ 8,232	\$ 184	\$ -	\$ 8,416
Capital	1,123	-	-	1,123
	<u>\$ 9,355</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 9,539</u>

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*.

Neskantaga First Nation

Notes to Consolidated Financial Statements

March 31, 2020

5. Portfolio Investment

On October 4, 2018, the First Nation acquired 2,865 Class C common shares of 2317186 Ontario Limited o/a Happy Time Tours and Travel, a full service travel agency 100% owned by First Nations, for consideration of \$255,000. The shares represent an ownership interest of approximately 15%.

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade payables and other accrued liabilities	\$ 6,270,125	\$ 2,974,803
Accrued wages and benefits payable	114,889	105,996
	<u>\$ 6,385,014</u>	<u>\$ 3,080,799</u>

7. Due to Government and Government Organizations

	2020	2019
Federal government		
Indigenous Services Canada	\$ 380,129	\$ 380,129
Health Canada	178,349	178,349
Receiver General for Canada	247,640	300,413
Canada Mortgage and Housing Corporation	48,905	2,267
Provincial government		
Ministry of Education	118,581	118,581
	<u>\$ 973,604</u>	<u>\$ 979,739</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

8. Demand and Term Loans

	2020	2019
Royal Bank of Canada		
Term loan repayable at \$1,908 monthly including interest at 4.33%, maturing March 31, 2021 and secured by an assignment of Tikinagan lease payments	\$ 197,701	\$ 211,276
Term loan repayable at \$2,901 monthly including interest at 4.33%, maturing March 31, 2021 and secured by an assignment of rents and insurance of the Nishnawbe-Aski Police Service	300,526	321,156
Bridge financing for Canada Mortgage and Housing Corporation Section 95 construction loan; repayable December 31, 2020 plus interest at prime plus 2.18% (4.63% at year-end) and secured by assignment of \$55,000 of annual OFNLP distributions. Facility to be converted to term loan upon completion of construction, repayment terms to be determined at that time	1,200,000	1,200,000
Canada Mortgage and Housing Corporation		
Mortgage payable, repayment terms to be determined once the full loan has been advanced; total loan is expected to be \$2,688,000. Interest rate is determined monthly by Canada Mortgage and Housing Corporation based on the Lender's Floating Non-Profit Direct Construction Rate, calculated monthly based on the one-month Canada Treasury Bill rate	1,901,439	1,344,000
Caterpillar Financial Services		
Term loan repayable at \$3,628 monthly including interest at 6.70%, maturing February 2023 and secured by a specific piece of heavy equipment with a net book value of \$106,877	118,996	153,477
	\$ 3,718,662	\$ 3,229,909

Anticipated annual principal payments due in the next five years and thereafter, assuming refinancing at similar terms, are as follows:

Year	Amount
2021	\$ 1,273,847
2022	77,128
2023	83,047
2024	42,105
2025	43,965
Thereafter	2,198,570
	\$ 3,718,662

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

9. Deferred Revenue and Government Transfers

	Balance March 31, 2019	Funding Received 2020	Revenue Recognized 2020	Funding Recoveries	Balance March 31, 2020
Federal					
Indigenous Services Canada	\$ 6,469,182	\$ 16,107,481	\$ 17,022,156	\$ -	\$ 5,554,507
Canada Mortgage and Housing Corporation	-	13,659	13,659	-	-
Total Federal	6,469,182	16,121,140	17,035,815	-	5,554,507
Provincial					
MCCSS	-	453,206	453,206	-	-
MEDU	-	162,940	162,940	-	-
MENDM	-	795,453	795,453	-	-
MOHLTC	-	112,038	112,038	-	-
MIRR	-	202,059	202,059	-	-
Total Provincial	-	1,725,696	1,725,696	-	-
	6,469,182	17,846,836	18,761,511	-	5,554,507

MCCSS = Ministry of Children, Community and Social Services

MENDM = Ministry of Energy, Northern Development and Mines

MIRR = Ministry of Indigenous Relations and Reconciliation

MEDU = Ministry of Education

MOHLTC = Ministry of Health and Long-Term Care

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

9. Deferred Revenue and Government Transfers (cont'd)

Deferred revenue is broken down by program as follows:

	2020	2019
Indigenous Services Canada		
Aboriginal Diabetes Initiative	55,804	50,359
Band Operated Schools	\$ 1,084,731	\$ 226,387
Brighter Futures	-	48,593
Early Childhood Education	-	45,339
Economic Development	140,128	-
Health Facility - O&M	192,627	172,545
Improving School Effectiveness	-	15,035
Instructional Services	-	46,422
Language and Culture	-	15,103
National Child Benefit	436,672	373,870
New Water Treatment Plant	-	463,658
NNADAP	-	41,287
Planning, Design & Construction	934,700	527,242
Remediation	1,893,427	3,511,375
Strategic Partnership Initiative	198,921	471,357
Student Accommodation	395,485	158,526
Student Transportation	-	64,114
Suicide Prevention	214,041	219,933
Winter Road	7,971	-
Youth Solvent Abuse Program	-	18,037
	\$ 5,554,507	\$ 6,469,182

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2020

10. Tangible Capital Assets

	Cost				Accumulated Amortization				2020 Net Book Value	2019 Net Book Value
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance		
Buildings	\$ 17,390,473	\$ -	\$ -	\$ 17,390,473	\$ 10,264,015	\$ 314,186	\$ -	\$ 10,578,201	\$ 6,812,272	\$ 7,126,458
Construction in progress - water treatment plant	7,585,915	4,565,050	-	12,150,965	-	-	-	-	12,150,965	7,585,915
Construction in progress - bridges	-	451,215	-	451,215	-	-	-	-	451,215	-
Construction in progress - section 95 housing	1,685,879	491,445	-	2,177,324	-	-	-	-	2,177,324	1,685,879
Equipment and furniture	483,512	380,877	-	864,389	302,651	74,260	-	376,911	487,478	180,861
Heavy equipment	3,541,081	90,000	-	3,631,081	2,814,574	154,301	-	2,968,875	662,206	726,507
Housing	13,755,814	-	-	13,755,814	6,141,798	380,701	-	6,522,499	7,233,315	7,614,016
Infrastructure	8,626,591	-	-	8,626,591	4,233,029	191,358	-	4,424,387	4,202,204	4,393,562
Vehicles	2,110,083	325,347	-	2,435,430	1,208,223	212,905	-	1,421,128	1,014,302	901,860
	\$ 55,179,348	\$ 6,303,934	\$ -	\$ 61,483,282	\$ 24,964,290	\$ 1,327,711	\$ -	\$ 26,292,001	\$ 35,191,281	\$ 30,215,058

The First Nation is undertaking a review of their capital assets to identify and fully implement Section 3150, Tangible Capital Assets.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

11. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

The Budget was prepared on a modified accrual basis while Public Sector Accounting Standards required a full accrual basis. The budget figures expensed all tangible capital asset expenditures. As a result, the budget figures presented in the statement of operations and accumulated surplus and the statement of changes in net assets (debt) represent the budget adopted by Chief and Council with adjustments as follows:

	<u>2020</u>
Budget surplus for the year	\$ 420,129
Add:	
Acquisition of tangible capital assets	<u>45,000</u>
Budget surplus per statement of operations	<u>\$ 465,129</u>

12. Subsequent Events

A contractor filed a claim against the First Nation in regards to the water treatment plant project in a prior year. This dispute was settled in November 2020 and at year-end the settlement has been recorded in the financial statements.

13. Impact of Covid-19

On March 11, 2020, the World Health Organization ("WHO") classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. On March 17, 2020, the Province of Ontario declared a state of emergency which was shortly followed by the closure of all non-essential workplaces. The First Nation did not close operations as a result of the pandemic. Future projects are expected to be impacted by the pandemic resulting in decreased expenditures and revenues in future periods. There has been little impact on current expenses and revenues.

The pandemic and its impacts continue to persist beyond the March 31, 2020 year-end. The closures and government restrictions are expected to be temporary and fluid based on the course of the virus. Given the dynamic nature of these circumstances and the duration of business disruptions, the related financial impact cannot be reasonably estimated at this time.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

14. Segmented Information

Neskantaga 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 services are provided by several entities of Neskantaga First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Governance and Administration

Governance and Administration contains the activity related to the delivery of all government services.

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.

Education

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

Community Infrastructure

Community 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.

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.

Capital Projects

Capital Projects includes capital construction projects and activities for the First Nation, as well as remediation projects.

Economic & Employment

Economic & Employment includes activities to increase the economic opportunities for the First Nation.

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:

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

15. Segmented Information (cont'd)

For the year ended March 31, 2020	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2020 Total
Revenue								
Federal government transfers	\$ 922,961	\$ 239,978	\$ 3,870,144	\$ 1,527,381	\$ 3,498,670	\$ 6,544,373	\$ 432,308	\$ 17,035,815
Provincial government transfers	-	453,206	-	673,213	274,978	-	324,299	1,725,696
Hydro One	97,725	-	-	-	-	-	-	97,725
Kiikenomaga Kikenjigewen								
Employment & Training Services	34,616	-	-	-	-	-	50,000	84,616
Matawa First Nations Management	-	-	-	-	89,662	-	33,333	122,995
Nishnawbe Aski Nation	-	-	76,500	-	239,232	-	-	315,732
Ontario First Nations Limited Partnership	1,027,857	-	-	-	-	-	-	1,027,857
Other	2,445,107	-	-	105,953	7,483	55,629	1,500,777	4,114,949
Rent	170,617	-	-	-	-	-	-	170,617
	<u>4,698,883</u>	<u>693,184</u>	<u>3,946,644</u>	<u>2,306,547</u>	<u>4,110,025</u>	<u>6,600,002</u>	<u>2,340,717</u>	<u>24,696,002</u>
Expenses								
Administration	158,056	63,817	429,562	133,787	413,852	5,200	57,708	1,261,982
Amortization	730,934	-	61,439	121,392	91,562	265,835	56,549	1,327,711
Community projects	449,526	-	38,639	-	-	-	-	488,165
Contracts	-	-	-	-	-	134,977	-	134,977
Dues, fees and licenses	22,163	-	-	-	-	-	-	22,163
Equipment	38,042	-	-	90,345	-	-	-	128,387
Graduation expense	9,524	-	561	-	-	-	-	10,085
Honoraria	64,738	-	25,400	-	113,345	1,000	6,500	210,983
Insurance	76,209	-	62,897	5,000	-	-	23,870	167,976
Interest and bank charges	16,351	3,547	3,403	429	4,125	177	11,360	39,392
Interest on long term debt	138,901	-	-	-	-	-	-	138,901
Meals and entertainment	43,578	-	2,802	-	620	-	29,259	76,259
Miscellaneous	7,334	-	1,012	-	665	-	65,711	74,722
Office	30,108	2,629	3,406	31,022	3,988	-	8,806	79,959
Professional services	1,470,876	3,377	1,138,637	5,000	53,913	17,040	310,621	2,999,464
Program expense	176,784	94,696	219,625	276,774	683,754	2,332,210	193,054	3,976,897
Repairs and maintenance	42,166	-	42,637	192,128	-	29,975	53,320	360,226
Social assistance	-	271,071	-	-	-	-	-	271,071
Student board, lodging and tuition	-	-	778,604	-	-	-	-	778,604
Supplies	45,123	-	182,184	276,918	145,407	43,413	9,381	702,426
Training	299,008	-	67,571	500	24,451	-	7,989	399,519
Travel	926,436	66,145	332,331	67,627	461,995	9,730	290,862	2,155,126
Utilities and telephone	229,846	19,104	284,369	915,603	34,408	-	50,853	1,534,183
Vehicle	60,249	-	34,651	3,708	143,704	-	162,555	404,867
Wages and benefits	1,081,435	26,344	998,198	664,371	1,838,953	56,608	712,409	5,378,318
	<u>6,117,387</u>	<u>550,730</u>	<u>4,707,928</u>	<u>2,784,604</u>	<u>4,014,742</u>	<u>2,896,165</u>	<u>2,050,807</u>	<u>23,122,363</u>
Surplus (deficit) for the year	\$ (1,418,504)	\$ 142,454	\$ (761,284)	\$ (478,057)	\$ 95,283	\$ 3,703,837	\$ 289,910	\$ 1,573,639

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2020

15. Segmented Information (cont'd)

For the year ended March 31, 2019	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2019 Total
Revenue								
Federal government transfers	\$ 607,367	\$ 217,830	\$ 3,065,550	\$ 1,680,640	\$ 3,170,535	\$ 6,587,724	\$ 681,470	\$ 16,011,116
Provincial government transfers	-	390,007	-	339,900	96,339	-	878,794	1,705,040
Hydro One	76,073	-	-	-	-	-	-	76,073
Kiikenomaga Kikenjigewen								
Employment & Training Services	-	-	-	-	-	-	40,040	40,040
Matawa First Nations Management	-	-	33,370	-	92,487	-	118,352	244,209
Nishnawbe Aski Nation	-	-	37,676	-	138,987	-	-	176,663
Ontario First Nations Limited Partnership	1,183,929	-	-	-	-	-	-	1,183,929
Other	373,925	-	100,000	7,850	163,477	32,622	752,016	1,429,890
Rent	109,880	-	-	-	-	-	-	109,880
	<u>2,351,174</u>	<u>607,837</u>	<u>3,236,596</u>	<u>2,028,390</u>	<u>3,661,825</u>	<u>6,620,346</u>	<u>2,470,672</u>	<u>20,976,840</u>
Expenses								
Amortization	754,487	-	36,898	125,781	39,209	136,326	53,975	1,146,676
Bad debts	-	-	-	-	-	-	-	-
Community projects	437,511	-	17,663	-	-	-	-	455,174
Contracts	-	-	-	-	-	1,075,035	-	1,075,035
Dues, fees and licenses	50,706	-	-	-	-	-	-	50,706
Equipment	46,201	-	-	88,929	-	-	6,250	141,380
Graduation expense	3,500	-	-	-	-	-	-	3,500
Honoraria	93,128	-	25,200	-	114,061	-	12,228	244,617
Insurance	93,712	-	-	-	-	-	20,171	113,883
Interest and bank charges	48,874	614	2,400	1,069	2,614	27	18,023	73,621
Interest on long term debt	25,916	-	-	-	-	-	-	25,916
Meals and entertainment	31,004	-	4,595	-	2,592	-	15,195	53,386
Miscellaneous	4,050	-	-	47,947	1,316	-	35,006	88,319
Office	47,659	2,427	-	10,826	2,795	-	40,510	104,217
Professional services	214,042	12,700	452,976	5,285	47,412	32,970	585,394	1,350,779
Program expense	163,972	156,750	221,749	195,369	642,345	1,410,963	134,393	2,925,541
Repairs and Maintenance	49,061	-	73,339	197,455	49,791	4,861	68,929	443,436
Social assistance	-	265,576	-	-	-	-	-	265,576
Student board, lodging and tuition	-	-	360,427	-	-	-	-	360,427
Supplies	152,198	-	139,649	106,426	474,590	102,341	108,120	1,083,324
Training	27,971	-	56,149	13,992	15,653	-	10,177	123,942
Travel	616,155	55,697	274,810	56,309	304,298	30,368	338,291	1,675,928
Utilities and telephone	197,838	12,207	327,872	352,317	63,588	-	51,786	1,005,608
Vehicle	59,496	-	12,765	4,168	41,666	13,875	248,558	380,528
Wages and benefits	875,061	26,721	815,493	902,640	1,458,525	-	774,231	4,852,671
	<u>3,992,542</u>	<u>532,692</u>	<u>2,821,985</u>	<u>2,108,513</u>	<u>3,260,455</u>	<u>2,806,766</u>	<u>2,521,237</u>	<u>18,044,190</u>
Surplus (deficit) for the year	<u>\$ (1,641,368)</u>	<u>\$ 75,145</u>	<u>\$ 414,611</u>	<u>\$ (80,123)</u>	<u>\$ 401,370</u>	<u>\$ 3,813,580</u>	<u>\$ (50,565)</u>	<u>\$ 2,932,650</u>