

Neskantaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2021

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

March 31, 2021

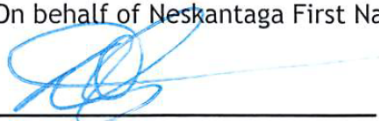
The accompanying consolidated financial statements of Neskantaga First Nation are the responsibility of management and have been approved by the Chief and Council.

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, 2021, 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, 2021, 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, 2021 and 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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
October 5, 2022

Neskantaga First Nation Consolidated Statement of Financial Position

March 31	2021	2020
Financial assets		
Cash	\$ 6,382,102	\$ 5,922,457
Accounts receivable (Note 2)	458,802	540,952
Due from government and government organizations (Note 3)	3,099,381	994,655
Trust funds held by federal government (Note 4)	9,659	9,539
Portfolio investment (Note 5)	255,000	255,000
	<u>10,204,944</u>	<u>7,722,603</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	5,124,499	6,349,160
Due to government and government organizations (Note 7)	1,496,675	1,009,458
Demand and term loans (Note 8)	4,047,829	3,718,662
Deferred revenue (Note 9)	10,559,839	5,554,507
	<u>21,228,842</u>	<u>16,631,787</u>
Net debt	<u>(11,023,898)</u>	<u>(8,909,184)</u>
Non-financial assets		
Prepaid expenses	12,415	33,294
Tangible capital assets (Note 10)	39,590,092	35,191,281
	<u>39,602,507</u>	<u>35,224,575</u>
Accumulated surplus	<u>\$ 28,578,609</u>	<u>\$ 26,315,391</u>

On behalf of the Band:



Chief



Councillor

Neskantaga First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
	(Note 11)		
Revenue			
Federal government transfers (Note 9)	\$ 22,535,201	\$ 18,091,912	\$ 17,035,815
Provincial government transfers (Note 9)	578,551	1,171,458	1,725,696
Hydro One	-	77,189	97,725
Kiikenomaga Kikenjigewen Employment Training Services	-	50,000	84,616
Matawa First Nations Management	172,625	206,752	122,995
Nishnawbe Aski Nation	-	316,123	315,732
Ontario First Nations (2008) Limited Partnership	-	1,001,649	1,027,857
Other	1,264,537	2,799,095	4,114,949
Rent	72,000	139,956	170,617
	<u>24,622,914</u>	<u>23,854,134</u>	<u>24,696,002</u>
Expenses			
Capital projects	-	1,481,427	2,896,165
Community infrastructure	1,457,292	2,137,096	2,784,604
Economic & employment	675,765	1,571,727	2,050,807
Education	355,522	5,547,677	4,707,928
Governance & administration	1,849,700	5,558,229	6,117,387
Health	220,000	4,525,205	4,014,742
Social services	1,923,016	769,555	550,730
	<u>6,481,295</u>	<u>21,590,916</u>	<u>23,122,363</u>
Annual surplus	<u>18,141,619</u>	<u>2,263,218</u>	<u>1,573,639</u>
Accumulated surplus, beginning of year	<u>-</u>	<u>26,315,391</u>	<u>24,741,752</u>
Accumulated surplus, end of year	<u>\$ 18,141,619</u>	<u>\$ 28,578,609</u>	<u>\$ 26,315,391</u>

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	2021 Budget	2021 Actual	2020 Actual
	(Note 11)		
Surplus for the year	\$ 18,141,619	\$ 2,263,218	\$ 1,573,639
Acquisition of tangible capital assets	-	(2,345,247)	(796,224)
Acquisition of construction in progress	-	(3,525,582)	(5,507,710)
Amortization of tangible capital assets	-	1,472,018	1,327,711
Change in prepaid expenses	-	20,879	(20,879)
Net change in net debt	18,141,619	(2,114,714)	(3,423,463)
Net debt, beginning of year	-	(8,909,184)	(5,485,721)
Net debt, end of year	\$ 18,141,619	\$ (11,023,898)	\$ (8,909,184)

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	2021	2020
Cash flows from operating activities		
Surplus for the year	\$ 2,263,218	\$ 1,573,639
Item not involving cash		
Amortization	1,472,018	1,327,711
	<u>3,735,236</u>	<u>2,901,350</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	82,150	(212,484)
Due from government and government organizations	(2,104,726)	850,255
Prepaid expenses	20,879	(20,879)
Accounts payable and accrued liabilities	(1,224,661)	3,304,215
Due to government and government organizations	487,217	(6,135)
Deferred revenue	5,005,332	(914,675)
	<u>6,001,427</u>	<u>5,901,647</u>
Cash used in financing activities		
Repayment of long term debt	(74,111)	(68,686)
Advances of long term debt	403,278	557,439
	<u>329,167</u>	<u>488,753</u>
Cash used in capital activities		
Acquisition of tangible capital assets	(2,345,247)	(796,224)
Acquisition of construction in progress	(3,525,582)	(5,507,710)
	<u>(5,870,829)</u>	<u>(6,303,934)</u>
Cash used in investment activity		
Interest earned on trust assets	(120)	(184)
	<u>(5,870,949)</u>	<u>(6,304,118)</u>
Net increase in cash during the year	<u>459,645</u>	<u>86,282</u>
Cash, beginning of year	<u>5,922,457</u>	<u>5,836,175</u>
Cash, end of year	<u>\$ 6,382,102</u>	<u>\$ 5,922,457</u>

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

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

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, 2021

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, deferred revenue 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, 2021

2. Accounts Receivable

	2021	2020
Trade and other	\$ 128,748	\$ 53,908
Kiikenomaga Kikenjigewen Employment and Training Services (KKETS)	12,500	47,116
Matawa First Nations Management	214,066	453,657
Nishnawbe Aski Nation	117,217	-
	<u>472,531</u>	<u>554,681</u>
Less: allowance for doubtful accounts	(13,729)	(13,729)
	<u>\$ 458,802</u>	<u>\$ 540,952</u>

3. Due from Government and Government Organizations

	2021	2020
Federal government		
Indigenous Services Canada	\$ 2,454,701	\$ 536,021
Canada Revenue Agency	497,451	397,843
Provincial government		
Ministry of Indigenous Affairs	9,000	9,000
Ministry of Energy, Northern Development and Mines	138,229	51,791
	<u>\$ 3,099,381</u>	<u>\$ 994,655</u>

4. Trust Funds Held by Federal Government

	March 31, 2020	Additions 2021	Withdrawals 2021	March 31, 2021
Revenue	\$ 8,416	\$ 120	\$ -	\$ 8,536
Capital	1,123	-	-	1,123
	<u>\$ 9,539</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 9,659</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, 2021

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

	2021	2020
Trade payables and other accrued liabilities	\$ 5,046,523	\$ 6,234,271
Accrued wages and benefits payable	77,976	114,889
	<u>\$ 5,124,499</u>	<u>\$ 6,349,160</u>

7. Due to Government and Government Organizations

	2021	2020
Federal government		
Indigenous Services Canada	\$ 1,019,730	\$ 594,332
Receiver General for Canada	438,559	247,640
Canada Mortgage and Housing Corporation	2,267	48,905
Provincial government		
Ministry of Education	<u>36,119</u>	<u>118,581</u>
	<u>\$ 1,496,675</u>	<u>\$ 1,009,458</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

8. Demand and Term Loans

	2021	2020
Royal Bank of Canada		
Term loan repayable at \$1,791 monthly including interest at 2.93%, maturing March 31, 2022 and secured by an assignment of Tikinagan lease payments	\$ 182,010	\$ 197,701
Term loan repayable at \$2,722 monthly including interest at 2.93%, maturing March 31, 2022 and secured by an assignment of rents and insurance of the Nishnawbe-Aski Police Service	276,675	300,526
Term loan repayable at \$11,448 monthly including interest at 2.75%, maturing March 2022 and secured by a certificate of insurance evidencing fire and other perils coverage on specific properties	1,200,000	-
Bridge financing for Canada Mortgage and Housing Corporation Section 95 construction loan	-	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	1,958,223	1,901,439
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 \$85,501	84,427	118,996
Term loan repayable at \$6,537 monthly including interest at 4.99%, maturing February 2026 and secured by a specific piece of heavy equipment with a net book value of \$311,845	346,494	-
	\$ 4,047,829	\$ 3,718,662

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

Year	Amount
2021	\$ 306,900
2022	373,647
2023	384,265
2024	395,233
2025	406,563
Thereafter	2,181,221
	\$ 4,047,829

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

8. Demand and Term Loans (cont'd)

Subsequent to year-end, there was an advance of \$447,670 made under the CMHC mortgage payable. The interest adjustment date (IAD) and term start date were set on February 1, 2022. The mortgage payable has a five year term with a 15 year amortization period that renews February 2027. Monthly payments of \$17,140 include interest at 1.88%.

9. Deferred Revenue and Government Transfers

	Balance March 31, 2020	Funding Received 2021	Revenue Recognized 2021	Funding Recoveries	Balance March 31, 2021
Federal					
Indigenous Services Canada	\$ 5,554,507	\$ 23,237,529	\$ 18,091,912	\$ 425,398	\$ 10,274,726
Provincial					
MCCSS	-	359,027	359,027	-	-
MEDU	-	181,350	79,609	-	101,741
MENDM	-	484,667	424,667	-	60,000
MOHLTC	-	123,308	123,308	-	-
MIA	-	308,219	184,847	-	123,372
Total Provincial	-	1,456,571	1,171,458	-	285,113
	5,554,507	24,694,100	19,263,370	425,398	10,559,839

MCCSS = Ministry of Children, Community and Social Services
MENDM = Ministry of Energy, Northern Development and Mines
MIA = Ministry of Indigenous Affairs
MEDU = Ministry of Education
MOHLTC = Ministry of Health and Long-Term Care

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

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

Deferred revenue is broken down by program as follows:

	2021	2020
Indigenous Services Canada		
Aboriginal Diabetes Initiative	\$ -	\$ 55,804
Aboriginal Head Start On-Reserve	236,758	114,121
Band Operated Schools	1,934,158	1,084,731
COVID-19 / Pandemic - Health	309,419	-
Economic Development	78,435	140,128
Health Facility - O&M	392,013	192,627
Home & Community Care	5,814	-
Jordan's Principle	204,124	-
National Child Benefit	1,705,083	436,672
New Water Treatment Plant	1,935,998	-
Pandemic	151,048	-
Planning, Design & Construction	1,178,608	820,579
Remediation	1,407,968	1,893,427
Strategic Partnership Initiative	-	198,921
Student Accommodation	735,300	395,485
Suicide Prevention	-	214,041
Winter Road	-	7,971
Ministry of Education		
Journey Together	101,741	-
Ministry of Energy, Northern Development and Mines		
Participant Fund - Community Access Road	30,000	-
Participant Fund - Webequie Supply Road	30,000	-
Ministry of Indigenous Affairs		
Participant Fund	123,372	-
	\$ 10,559,839	\$ 5,554,507

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2021

10. Tangible Capital Assets

	Cost			Accumulated Amortization			2021 Net Book Value	2020 Net Book Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance		
Buildings	\$ 17,390,473	\$ 503,948	\$ 17,894,421	\$ 10,578,201	\$ 312,760	\$ 10,890,961	\$ 7,003,460	\$ 6,812,272
Construction in progress - water treatment plant	12,150,965	3,040,601	15,191,566	-	-	-	15,191,566	12,150,965
Construction in progress - bridges	451,215	469,816	921,031	-	-	-	921,031	451,215
Construction in progress - section 95 housing	2,177,324	15,165	2,192,489	-	-	-	2,192,489	2,177,324
Equipment and furniture	864,389	831,604	1,695,993	376,911	180,656	557,567	1,138,426	487,478
Heavy equipment	3,631,081	284,000	3,915,081	2,968,875	160,841	3,129,716	785,365	662,206
Housing	13,755,814	-	13,755,814	6,522,499	361,665	6,884,164	6,871,650	7,233,315
Infrastructure	8,626,591	-	8,626,591	4,424,387	180,665	4,605,052	4,021,539	4,202,204
Vehicles	2,435,430	725,695	3,161,125	1,421,128	275,431	1,696,559	1,464,566	1,014,302
	\$ 61,483,282	\$ 5,870,829	\$ 67,354,111	\$ 26,292,001	\$ 1,472,018	\$ 27,764,019	\$ 39,590,092	\$ 35,191,281

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, 2021

11. Budget Figures

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

12. Impact of COVID-19

As the impacts of COVID-19 in Canada and around the world continue, there could be further impacts on the First Nation. To offset any negative financial impacts, funding has been provided by the Federal and Provincial governments through a variety of grants. The community has experienced lockdowns and travel restrictions on a periodic basis when local breakouts have occurred or regional case counts have surged. These restrictions have slowed down the progress of capital projects significantly, as well as making it difficult to run certain programs which resulted in surpluses that have needed to be deferred. Funders have provided increased flexibility and allowed revenue to be deferred to future years.

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

13. Comparative Figures

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

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

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, 2021

14. Segmented Information (cont'd)

For the year ended March 31, 2021	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2021 Total
Revenue								
Federal government transfers	\$ 1,220,370	\$ 446,548	\$ 5,355,552	\$ 1,893,437	\$ 4,332,965	\$ 4,198,567	\$ 644,473	\$ 18,091,912
Provincial government transfers	-	359,027	-	353,598	202,917	-	255,916	1,171,458
Hydro One	77,189	-	-	-	-	-	-	77,189
Kiikenomaga Kikenjigewen								
Employment & Training Services	-	-	-	-	-	-	50,000	50,000
Matawa First Nations Management	-	-	94,820	-	111,932	-	-	206,752
Nishnawbe Aski Nation	-	-	-	-	316,123	-	-	316,123
Ontario First Nations Limited Partnership	1,001,649	-	-	-	-	-	-	1,001,649
Other	1,850,964	-	18,000	-	5,345	46,906	877,880	2,799,095
Rent	139,956	-	-	-	-	-	-	139,956
	<u>4,290,128</u>	<u>805,575</u>	<u>5,468,372</u>	<u>2,247,035</u>	<u>4,969,282</u>	<u>4,245,473</u>	<u>1,828,269</u>	<u>23,854,134</u>
Expenses								
Administration	193,993	-	670,383	137,579	441,403	-	89,225	1,532,583
Amortization	748,705	-	95,624	119,834	156,861	252,544	98,450	1,472,018
Community projects	249,100	-	31,225	-	-	-	-	280,325
Contracts	-	-	-	-	-	45,610	150	45,760
Equipment	114,805	-	-	55,070	-	-	-	169,875
Graduation expense	2,800	-	350	-	-	-	-	3,150
Honoraria	46,475	-	36,287	-	16,200	6,000	5,600	110,562
Insurance	221,080	-	-	339	-	-	27,342	248,761
Interest and bank charges	1,363	9,938	(2,572)	48	4,997	151	12,610	26,535
Interest on long term debt	80,591	-	-	-	-	-	-	80,591
Meals and entertainment	28,292	-	843	-	1,000	-	-	30,135
Miscellaneous	2,797	-	10,500	-	-	-	19,706	33,003
Office	22,625	43,354	-	6,064	2,098	-	58,245	132,386
Professional services	216,203	22,500	1,030,947	1,329	7,374	4,593	176,841	1,459,787
Program expense	1,027,072	125,512	437,090	37,589	1,655,173	1,119,515	146,291	4,548,242
Repairs and maintenance	34,994	-	7,221	267,164	20,104	7,582	3,294	340,359
Social assistance	-	290,347	-	-	-	-	-	290,347
Student board, lodging and tuition	-	-	1,169,995	-	-	-	-	1,169,995
Supplies	67,824	-	583,093	229,782	50,059	1,101	30,216	962,075
Training	598	-	5,257	-	497	-	-	6,352
Travel	1,006,718	97,682	55,395	40,934	150,592	892	41,385	1,393,598
Utilities and telephone	149,913	-	196,131	559,220	94,532	1,122	25,697	1,026,615
Vehicle	29,208	21,794	626	16,641	40,943	-	216,634	325,846
Wages and benefits	1,313,073	158,428	1,219,282	665,503	1,883,372	42,317	620,041	5,902,016
	<u>5,558,229</u>	<u>769,555</u>	<u>5,547,677</u>	<u>2,137,096</u>	<u>4,525,205</u>	<u>1,481,427</u>	<u>1,571,727</u>	<u>21,590,916</u>
Surplus (deficit) for the year	<u>\$ (1,268,101)</u>	<u>\$ 36,020</u>	<u>\$ (79,305)</u>	<u>\$ 109,939</u>	<u>\$ 444,077</u>	<u>\$ 2,764,046</u>	<u>\$ 256,542</u>	<u>\$ 2,263,218</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2021

14. 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	<u>\$ (1,418,504)</u>	<u>\$ 142,454</u>	<u>\$ (761,284)</u>	<u>\$ (478,057)</u>	<u>\$ 95,283</u>	<u>\$ 3,703,837</u>	<u>\$ 289,910</u>	<u>\$ 1,573,639</u>