

**Webequie First Nation  
Consolidated Financial Statements**

*March 31, 2021*

# Webequie First Nation Contents

For the year ended March 31, 2021

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## Management's Responsibility

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To the Members and Chief and Council of Webequie First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

February 20, 2025



Band Administrator



Councilor

To the Members and Chief and Council of Webequie First Nation:

**Qualified Opinion**

We have audited the consolidated financial statements of Webequie First Nation (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 matters 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 the results of its consolidated operations, changes in its 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 scope of our prior year audit was limited due to the lack of supporting documentation for assets, liabilities, revenue and expenses. Therefore, we were not able to determine whether any adjustments might be necessary to the assets, liabilities, revenue and expense and cash flows from operations for the year ended March 31, 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of the limitation in scope. As a result, our opinion for the year ended March 31, 2021 was modified because of the possible effects of this matter on the revenue and expenses, comparability of the opening figures and the comparative information.

The First Nation's consolidated statements of operations and accumulated surplus and change in net financial assets do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

We were unable to obtain sufficient appropriate audit evidence relating to the valuation and completeness of warehouse inventory for housing materials. Accordingly, we were not able to determine whether any adjustments might be necessary to inventory, net financial assets, surplus and accumulated surplus.

We were unable to obtain sufficient appropriate audit evidence relating to the occurrence and completeness of other revenue. Accordingly, we were not able to determine whether any adjustments might be necessary to revenue, surplus and accumulated surplus.

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.

**MNP LLP**

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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 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.

**MNP LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Timmins, Ontario  
February 20, 2025

**MNP**  
LLP

**Webequie First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2021*

	2021	2020
<b>Financial assets</b>		
Cash	5,482,947	1,407,871
Accounts receivable (Note 3)	696,074	373,705
Receivable from funding agencies (Note 4)	4,407,488	3,692,660
Portfolio investments (Note 5)	192,101	192,101
Funds held in trust (Note 6)	23,875	23,579
CMHC reserve fund (Note 7)	190	210
	<b>10,802,675</b>	<b>5,690,126</b>
<b>Liabilities</b>		
Bank indebtedness (Note 9)	-	245,000
Accounts payable and accruals	3,989,172	2,093,068
Repayable to funding agencies (Note 4)	21,300	36,254
Deferred revenue (Note 10)	9,289,603	3,115,857
Capital lease obligations (Note 11)	42,489	57,846
Debt (Note 12)	4,906,855	5,789,952
	<b>18,249,419</b>	<b>11,337,977</b>
<b>Net debt</b>	<b>(7,446,744)</b>	<b>(5,647,851)</b>
Contingencies (Note 16)		
Subsequent events (Note 22)		
<b>Non-financial assets</b>		
Tangible capital assets (Note 8) (Schedule 1)	54,881,796	49,527,272
Inventory	586,463	373,546
Prepaid expenses	120,874	71,626
<b>Total non-financial assets</b>	<b>55,589,133</b>	<b>49,972,444</b>
<b>Accumulated surplus (Note 13)</b>	<b>48,142,389</b>	<b>44,324,593</b>

Approved on behalf of Chief and Council

CWobane Chief Stacy O'Brien Councillor  
 x Jaynyt councillor x B.B. councillor

**Webequie First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada		
Fixed contribution	11,543,633	12,553,794
Flexible contribution	1,911,720	-
Grant contribution	696,606	-
First Nations and Inuit Health Branch	6,273,527	3,589,314
Canada Mortgage and Housing Corporation	4,108,764	301,178
Province of Ontario (Note 15)	8,895,564	7,108,361
Ontario First Nations Limited Partnership	1,152,726	1,183,290
Rental income	42,302	673,917
Matawa First Nations Management	402,140	451,022
Nishnawbe Aski Nation	319,909	260,397
Interest income	3,323	7,170
Repayment of funding	-	(17,334)
Other revenue	2,174,676	3,300,036
Deferred revenue - prior year (Note 10)	3,115,857	761,240
Deferred revenue - current year (Note 10)	(9,289,603)	(3,115,857)
	<b>31,351,144</b>	27,056,528
<b>Expenditures (Schedule 3)</b>		
Band Administration	3,634,546	5,322,193
Economic Development	2,231,285	1,995,271
Cultural	860,494	183,793
Social Development	2,130,288	1,894,597
Employment and Training	-	194,848
Education	6,174,867	5,129,859
Land and Resources	1,265,327	1,084,235
Health	7,688,759	5,494,750
Public Works	1,720,549	1,506,408
Housing	1,827,217	1,140,882
Ontario First Nations Limited Partnership	16	8,740
	<b>27,533,348</b>	23,955,576
<b>Annual Surplus</b>	<b>3,817,796</b>	3,100,952
<b>Accumulated surplus, beginning of year</b>	<b>44,324,593</b>	41,223,641
<b>Accumulated surplus, end of year (Note 13)</b>	<b>48,142,389</b>	44,324,593

**Webequie First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Annual surplus</b>		
Acquisition of tangible capital assets	3,817,796	3,100,952
Amortization of tangible capital assets	(7,666,263)	(5,368,266)
Acquisition of inventory	2,311,742	2,217,794
Acquisition of prepaid expenses	(212,918)	-
	(49,250)	(2)
<b>Change in net debt</b>	<b>(1,798,893)</b>	<b>(49,522)</b>
<b>Net debt, beginning of year</b>	<b>(5,647,851)</b>	<b>(5,598,329)</b>
<b>Net debt, end of year</b>	<b>(7,446,744)</b>	<b>(5,647,851)</b>

**Webequie First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual Surplus	3,817,796	3,100,952
Non-cash items		
Amortization	2,311,742	2,217,794
Bad debts (recovery)	(67,898)	-
	<b>6,061,640</b>	5,318,746
Changes in working capital accounts		
Bank indebtedness	(245,000)	245,000
Accounts receivable	(254,475)	659,021
Receivable from funding agencies	(714,828)	(1,271,407)
Prepaid expenses	(49,248)	(2)
Funds held in trust	(296)	(454)
Inventory	(212,918)	-
CMHC reserve fund	21	(210)
Accounts payable and accruals	1,798,104	(1,710,671)
Deferred revenue	6,173,747	2,354,617
Repayable to funding agencies	(14,954)	(27,000)
	<b>12,541,793</b>	5,567,640
<b>Financing activities</b>		
Advances of debt	279,660	2,420,573
Repayment of debt	(1,287,757)	(1,477,643)
Repayment of capital lease obligations	(130,857)	(117,663)
	<b>(1,138,954)</b>	825,267
<b>Capital activities</b>		
Acquisition of tangible capital assets	(7,327,763)	(5,368,266)
<b>Increase in cash resources</b>	<b>4,075,076</b>	1,024,641
<b>Cash resources, beginning of year</b>	<b>1,407,871</b>	383,230
<b>Cash resources, end of year</b>	<b>5,482,947</b>	1,407,871

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**1. Operations**

Webequie First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its Members. Webequie First Nation includes the government and all related entities that are accountable to the First Nation and are controlled by the First Nation.

*Impact on operations of COVID-19 (coronavirus)*

In early March 2020, the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were impacted by COVID-19 due to travel restrictions imposed on individuals travelling to and from the community, stoppages or delays on major capital projects and required repairs, increased expenditures related to personal protective equipment and supplies, and a decreased ability to collect outstanding arrears from tenants and water customers. This impact has been mitigated by increased funding from several sources, including Indigenous Services Canada and the Province of Ontario.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Reporting entity consolidated***

Webequie First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation.

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for any government business entities which are to be included in the consolidated financial statements on a modified equity basis.

The First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Webequie First Nation Band
- Webequie Education Authority

Transactions between departments have not been eliminated in order to present the results of operations for each specific department.

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Portfolio investments***

Portfolio investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method, less any provision for other than temporary impairment.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**2. Significant accounting policies** *(Continued from previous page)*

***Net financial assets (net debt)***

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its net financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus.

***Non-financial assets***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

***Inventory***

Inventories of supplies, comprised of fuel stock and coarse aggregate stockpiles for resale and use in operations, are recorded at the lower of cost and net realizable value, with cost being determined on a first-in, first out cost basis. All inventory is reported as non-financial assets as the proportion held for resale is indeterminable and represents an immaterial portion of the reported amount. Management expects the inventory to be utilized in the 2022 fiscal year.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition and construction of the asset. Contributed tangible capital assets are recorded at their fair value at the date of contribution. One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

***Capital lease***

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**2. Significant accounting policies** *(Continued from previous page)*

***Amortization***

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives as follows:

	<b>Rate</b>
Buildings	4 %
Equipment	20-30 %
Furniture	20 %
Infrastructure	4 %
Vehicles	30 %

***Long-lived assets***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recorded when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in the surplus for the year.

***Revenue recognition***

***Funding***

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

***Government Transfers***

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Nation. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

***Funds held in Ottawa Trust Fund***

Revenue related to funds held in the Ottawa Trust Fund is recognized when it is received.

***Rental revenue***

Rent is recognized on a monthly basis under terms of the agreements and collectability is reasonably assured.

***Other revenue***

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned.

Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**2. Significant accounting policies** *(Continued from previous page)*

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management 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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Inventory is stated after provisions have been made for slow moving and obsolete inventory.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

***Liability for contaminated site***

Expenditures that relate to on-going environmental and remediation programs are charged against annual surplus as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

***Employee future benefits***

The First Nation has a defined contribution pension plan covering substantially all full-time and part-time employees on the first day of the month on or after the employee commences employment. There are no prior service costs. Contributions are discretionary, and are based on 5% of participants' contributions, subjected to annual maximum based on the Year's Maximum Pensionable Earnings (YMPE). The First Nation follows a policy of funding retirement plan contributions as accrued. The First Nation contributions to the defined contribution plan are expensed as incurred.

***Segments***

The First Nation conducts its business through eleven reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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 Note 19.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**3. Accounts receivable**

	<b>2021</b>	2020
Trade accounts receivable	1,597,893	1,610,909
Government remittances receivable	542,891	330,045
	<hr/>	<hr/>
Less: allowance for doubtful accounts	2,140,784	1,940,954
	1,444,710	1,567,249
	<hr/>	<hr/>
	696,074	373,705
	<hr/>	<hr/>

**4. Receivable from/repayable to funding agencies**

	<b>2021</b>	2020
<b>Receivable from funding agencies</b>		
Indigenous Services Canada	588,734	45,787
First Nations and Inuit Health Branch	-	1,635,880
Canada Mortgage and Housing Corporation	30,643	184,928
Matawa First Nations	304,313	-
Ministry of Child Community Social Services	2,157	-
Ministry of Education	149,312	37,384
Ministry of Energy, Northern Development and Mines	2,536,222	1,788,681
Northern Nishnawbe Education Council	28,800	-
Ontario First Nation Limited Partnership	767,307	-
	<hr/>	<hr/>
	4,407,488	3,692,660
<b>Repayable to funding agencies</b>		
Indigenous Services Canada	21,300	36,254
	<hr/>	<hr/>

**5. Portfolio investments**

Portfolio investments consists of:

An equity interest, being 100 commons shares in Webequie Machitawiin General Partner Inc, who is a general partner of Webequie Machitawiin Limited Partnership. As of March 31, 2021, both the corporation and its limited partnership have not commenced activities.

A minority equity interest, being 6.67%, in Cyr Drilling International Ltd., whose primary business activity is specializing in conducting diamond drill programs for mineral exploration and development projects.

A minority partnership interest in Ontario First Nations Sovereign Wealth LP, a partnership controlled by several First Nation bands whose primary business activity is providing its partners with access to investment income from its holdings. The investment is carried at cost, being the initial contribution.

	<b>2021</b>	2020
Measured at cost:		
Webequie Machitawiin General Partner Inc.	100	100
Cyr Drilling International Ltd.	192,000	192,000
Ontario First Nations Sovereign Wealth LP	1	1
	<hr/>	<hr/>
	192,101	192,101
	<hr/>	<hr/>

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**6. Funds held in trust**

Trust funds held by the federal government 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.

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous Services Canada, with the consent of the First Nation's members and Chief and Council.

	<b>2021</b>	<b>2020</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>2,928</b>	2,928
<b>Revenue Trust</b>		
Balance, beginning of year	20,651	20,197
Interest	296	454
Balance, end of year	<b>20,947</b>	20,651
	<b>23,875</b>	23,579

**7. CMHC Reserve Fund**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC, with any interest earned to be credited as revenue to the CMHC Replacement Reserve Fund. At the year-end date, the respective monies on hand were not sufficient to meet the CMHC reserve fund requirements. The deficiency amounted to \$179,674 (2020 - \$145,754).

**8. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

Tangible capital assets include vehicles under capital lease with a gross cost of \$148,539 (2020 - \$231,383), and accumulated amortization of \$86,673 (2020 - \$180,602).

Various projects with a total carrying value of \$9,343,405 (2020 - \$6,376,368) are currently under construction. As such, amortization of these assets have not been recorded during the year.

The First Nation holds works of art and historical treasures which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

Any intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the consolidated financial statements.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**9. Bank indebtedness**

	<b>2021</b>	<b>2020</b>
General account line of credit	-	145,000
Agency account line of credit	-	100,000
	<b>-</b>	<b>245,000</b>

The First Nation has two bank accounts with available overdrafts of \$200,000 on each account with bearing interest at rates at prime rate plus 2.45% and 2.50%.

The First Nation has a bank overdraft of \$75,000, for the purpose of purchase of gravel and other related materials for projects within the community, bearing interest at prime rate plus 5%.

The First Nation has the following credit facilities with:

RBC line of credit - \$250,000 revolving demand facility bearing interest at the bank prime plus 2.5% and secured by Band Council resolutions.

RBC line of credit - \$100,000 revolving demand facility bearing interest at the bank prime plus 2.5% and secured by Band Council resolutions.

RBC lease line - \$400,000 revolving lease line facility. Leases will be governed by the lease line agreement and separate agreements with bank.

Prime rate as at March 31, 2021 is 2.45% (2020 - 2.45%).

**10. Deferred revenue**

	<i>Balance, beginning of year</i>	<i>Contribution received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
<b>Federal</b>				
ISC - Crisis/CSS	264,544	-	(264,544)	-
ISC - Community Based Prevention & Well-Being	129,967	-	(129,967)	-
Jurisdiction Initiatives	2,721,346	4,426,750	(2,721,346)	4,426,750
ISC - Elementary & Secondary Instruction	-	291,183	-	291,183
ISC - Social Development Service Delivery	-	250,888	-	250,888
ISC - Jordan's Principal	-	4,452	-	4,452
ISC - Dental Care	-	1,381,203	-	1,381,203
ISC - Covid-19 Funding	-	2,686,300	-	2,686,300
	<b>3,115,857</b>	<b>9,040,776</b>	<b>(3,115,857)</b>	<b>9,040,776</b>
<b>Provincial</b>				
Ministry of Northern Development, Mines, Natural Resources and Forestry	-	248,827	-	248,827
	<b>3,115,857</b>	<b>9,289,603</b>	<b>(3,115,857)</b>	<b>9,289,603</b>

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

**11. Capital lease obligations**

	<b>2021</b>	2020
Capital lease obligation payable in monthly payments of \$3,492 including interest at 7.07% per annum, due February 2022, secured by equipment with a net book value of \$48,106.	37,087	-
Capital lease obligation payable in monthly payments of \$612 including interest of 4.49% per annum, due February 2022, secured by equipment with a net book value of \$8,499 (2020 - \$12,141).	5,402	11,335
Capital leases repaid during the year	-	46,511
	<b>42,489</b>	57,846

Minimum lease payments related to the obligations under capital lease are as follows:

2022	43,914
Less: imputed interest	1,425
<b>Balance of obligation</b>	<b>42,489</b>

**12. Debt**

	<b>2021</b>	2020
Canada Mortgage and Housing Corporation (CMHC) Section 95 loan, maturing January 2034, repayable in monthly instalments of \$9,798, including interest at 2.22%, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units.	1,313,699	1,403,880
Canada Mortgage and Housing Corporation (CMHC) Section 95 loan, maturing January 2034, repayable in monthly instalments of \$7,978, including interest at 2.20%, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units.	1,068,835	1,142,285
Canada Mortgage and Housing Corporation (CMHC) Section 95 loan, maturing January 2035, repayable in monthly instalments of \$7,363, including interest at 2.06%, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units.	1,063,240	1,131,060
Canada Mortgage and Housing Corporation (CMHC) Section 95 loan, maturing October 2028, repayable in monthly instalments of \$5,744, including interest at 1.86%, secured by a ministerial guarantee from Indigenous Services Canada and a first charge on specific housing units.	487,295	547,475
RBC term loan, due January 2023, repayable in monthly payments of \$4,354 including interest at 4.20%, secured by a general security agreement.	384,873	420,146
RBC term loan, maturing March 2023, repayable in monthly payments of \$7,522 including interest at 3.60%, secured by a general security agreement.	180,996	254,984
RBC term loan, maturing January 2023, repayable in monthly payments of \$1,843 including interest at 4.2%, secured by a general security agreement.	38,912	58,935
RBC term loan, maturing March 2025, repayable in monthly payments of \$2,290 including interest at 3.78%, secured by equipment with a carrying value of \$106,250.	101,847	-

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**12. Debt** *(Continued from previous page)*

NADF term loan, maturing February 2022, repayable in monthly payments of \$17,376 including interest at 9%, secured by a promissory note and a general security agreement.	<b>169,966</b>	-
NADF term loan, maturing February 2022, repayable in monthly payments of \$10,014 including interest at 9%, secured by a promissory note and a general security agreement.	<b>97,192</b>	-
<u>Debt repaid during the year</u>	<u>-</u>	<u>831,187</u>
	<b>4,906,855</b>	<b>5,789,952</b>

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Estimated annual principal payments for the next five years and thereafter, assuming debt subject to refinancing is renewed, are as follows:

	<b>Principal</b>
2022	722,413
2023	474,900
2024	368,316
2025	377,410
2026	358,828
<u>Thereafter</u>	<u>2,604,988</u>
	<b>4,906,855</b>

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**13. Accumulated surplus**

Accumulated surplus consists of the following.

	<b>2021</b>	<b>2020</b>
<u>Unrestricted Surplus (Deficit)</u>	<u>(2,059,068)</u>	<u>476,031</u>
Restricted Surplus		
ISC - Trust Fund	23,875	23,125
CMHC Replacement Reserve	179,864	145,964
	<b>203,739</b>	<b>169,089</b>
 Equity in tangible capital assets	 <b>49,997,718</b>	 43,679,473
	<b>48,142,389</b>	<b>44,324,593</b>

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**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**14. Distribution from Ontario First Nations Limited Partnership**

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development. OFNLP has indicated that future revenue transfers may be significantly reduced as a result of decreased gaming activity caused by the COVID-19 pandemic.

The First Nation holds one unit in Ontario First Nations Limited Partnership, and one share in a related company, Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

**15. Province of Ontario**

	<b>2021</b>	<b>2020</b>
Ministry of Health and Long Term Care	309,316	293,416
Ministry of Energy, Northern Development and Mines	6,375,455	4,777,566
Ministry of Natural Resources and Forestry	67,782	77,353
Ministry of Children, Community and Social Services	1,896,859	1,736,176
Ministry of Education	246,152	223,850
	<b>8,895,564</b>	7,108,361

**16. Contingencies**

The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the First Nation becomes involved in legal actions pertaining to employment matters, contract disputes, and other matters. Some of these potential assets or liabilities may become actual assets or liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and expenditure recorded in the First Nation's consolidated financial statements.

**17. Liability for contaminated site**

Public Sector Accounting Standards require the disclosure of the net present value of landfill closure and post-closure care expenditures. The landfill site in operation is at full capacity and management is involved in discussions to develop a second landfill location. Accounts payable and accruals includes \$98,000 (2020 - \$Nil) in respect of landfill closure and post-closure expenditures.

Closure involves capping the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care involves routine inspections, cap maintenance, and ground water sampling and analysis, if applicable. The reported liability is based on estimates and assumptions using information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, if and when applicable.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**18. Budget information**

Canadian public sector accounting standards (PSAS) require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSAS.

**19. Segments**

Webequie First Nation is a diversified local government that provides a wide range of services to its members, including potable water, roadworks, recreation, social services, health services, education, social housing and economic development among others. 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 specific regulations, requirements or limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

**BAND ADMINISTRATION**

- Manages the administrative operations of the First Nation, undertakes First Nation operated governance initiatives through the activities of Chief and Council and other activities relating to reserve lands, membership matters and other governance initiatives. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

**ECONOMIC DEVELOPMENT**

- Manages the development of economic opportunities for the First Nation entities and provides support to member entities

**CULTURAL**

- Provides and delivers cultural programs to community members.

**SOCIAL DEVELOPMENT**

- Administers the provision of social assistance to qualifying members.

**EMPLOYMENT AND TRAINING**

- Administers and provides professional development and employment training for community members.

**EDUCATION**

- Provides elementary and secondary education instructional services and provides financial support to post-secondary students

**LAND AND RESOURCES**

- Manages and administers activities for the development of the First Nation's land.

**HEALTH**

- Provides a variety of health care programs and support to the First Nation members.

**PUBLIC WORKS**

- Administers the development and maintenance of the community's infrastructure, buildings, roads, bridges, and related equipment and the provision of other more specialized community service, in addition to the handling of capital projects.

**HOUSING**

- Provides housing to members under CMHC and other programs and reports on the respective revenues and expenditures.

**Webequie First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2021*

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**19. Segments** *(Continued from previous page)*

**ONTARIO FIRST NATIONS LIMITED PARTNERSHIP**

- Provides assistance with administration, economic, cultural, social, and capital activities of the First Nation and its members.

Inter-segment transfers are recorded at their exchange amount. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

**20. Pension agreements**

The First Nation makes contributions on behalf of its employees. The First Nation is required to contribute to the plan an amount equal to the employees' required contributions for the calendar year.

The amount contributed in 2021 was \$151,416 for current service and is included as an expenditure in the Consolidated Statement of Operations and Accumulated Surplus.

**21. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**22. Subsequent event**

On December 22, 2021, the Federal Court of Canada approved a settlement between Canada and certain First Nations and their members who were subject to a drinking water advisory that lasted at least one year between November 20, 1995 and June 20, 2021. The First Nation, subsequently, received an initial \$500,000 in relation to this settlement. The First Nation is unable to reasonably estimate a value or range of outcomes for the settlement as it is in part based on individual impacted members' claims.

Subsequent to year end, a project to construct a three unit housing was approved with the estimated cost of \$1,308,700 of which \$928,700 was financed with a CMHC loan.

**Webequie First Nation**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2021*

	<i>Assets under construction</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Furniture</i>	<i>Infrastructure</i>	<i>Subtotal</i>
<b>Cost</b>						
Balance, beginning of year	6,376,368	48,288,460	4,104,148	669,777	13,711,092	73,149,845
Acquisition of tangible capital assets	6,230,298	248,690	130,059	68,510	98,000	6,775,557
Write down of tangible capital assets	(3,263,261)	3,263,261	-	-	-	-
Balance, end of year	9,343,405	51,800,411	4,234,207	738,287	13,809,092	79,925,402
<b>Accumulated amortization</b>						
Balance, beginning of year	-	15,597,904	3,504,772	564,356	4,722,398	24,389,430
Annual amortization	-	1,377,861	147,899	27,935	359,548	1,913,243
Balance, end of year	-	16,975,765	3,652,671	592,291	5,081,946	26,302,673
<b>Net book value of tangible capital assets</b>	9,343,405	34,824,646	581,536	145,996	8,727,146	53,622,729
2020 Net book value of tangible capital assets 2020	6,376,368	32,668,789	599,376	105,420	8,988,692	48,738,645

**Webequie First Nation**  
**Schedule 1 - Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2021*

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	<i>Subtotal</i>	<i>Vehicles</i>	<i>2021</i>	<i>2020</i>
<b>Cost</b>				
Balance, beginning of year	73,149,845	2,802,805	75,952,650	70,584,384
Acquisition of tangible capital assets	6,775,557	890,706	7,666,263	5,368,266
Write down of tangible capital assets	-	-	-	-
<b>Balance, end of year</b>	<b>79,925,402</b>	<b>3,693,511</b>	<b>83,618,913</b>	<b>75,952,650</b>
<b>Accumulated amortization</b>				
Balance, beginning of year	24,389,430	2,035,948	26,425,378	24,207,584
Annual amortization	1,913,243	398,496	2,311,739	2,217,794
<b>Balance, end of year</b>	<b>26,302,673</b>	<b>2,434,444</b>	<b>28,737,117</b>	<b>26,425,378</b>
<b>Net book value of tangible capital assets</b>	<b>53,622,729</b>	<b>1,259,067</b>	<b>54,881,796</b>	<b>49,527,272</b>
2020 Net book value of tangible capital assets 2020	48,738,645	788,627	49,527,272	