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# SHAMATTAWA FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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# SHAMATTAWA FIRST NATION

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MARCH 31, 2020

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

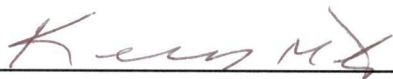
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is 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.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Shamattawa First Nation and meet when required.

  
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Chief

  
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Councilor

  
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Councilor

## **INDEPENDENT AUDITOR'S REPORT**

To the Chief, Council and Membership  
Shamattawa First Nation

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Shamattawa First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, 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 Shamattawa First Nation as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

We were unable to obtain assurance over the existence and completeness of accounts payable and accrued liabilities, therefore we were unable to determine whether adjustments to accounts payable and accrued liabilities, expenses, annual surplus (deficit), accumulated surplus, net debt and cash used for operating activities might be necessary.

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 Financial Statements section of our report. We are independent of Shamattawa 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 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 Shamattawa 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 Shamattawa First Nation or to cease operations, or has no realistic alternative but to do so.

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

*(continued.....)*

## **Auditor's Responsibility for the Audit of the Financial Statements**

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

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 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 Shamattawa 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 Shamattawa 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 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 Shamattawa First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
October 20, 2022

# SHAMATTAWA FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

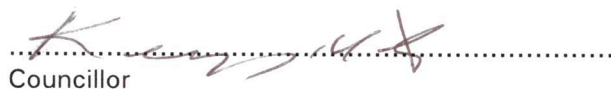
MARCH 31

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,137,486	\$ 1,459,960
Restricted cash (Note 2)	321,918	56,924
Accounts receivable (Note 3)	1,848,867	5,650,684
Inventory for resale	<u>1,449,194</u>	<u>810,488</u>
Total financial assets	<u>4,757,465</u>	<u>7,978,056</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	24,293,289	25,739,246
Deferred revenue (Note 6)	2,930,295	1,604,822
Long-term debt (Note 5)	<u>5,227,202</u>	<u>5,730,822</u>
Total liabilities	<u>32,450,786</u>	<u>33,074,890</u>
Net debt	( 27,693,321)	( 25,096,834)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	98,634,199	95,810,079
Construction in progress (Note 8)	2,894,400	7,740,001
Prepaid expenses	<u>10,445</u>	<u>628,012</u>
Total non-financial assets	<u>101,539,044</u>	<u>104,178,092</u>
Accumulated surplus	\$ <u>73,845,723</u>	\$ <u>79,081,258</u>
Contingent liabilities (Note 9)		

Approved on behalf of Chief and Council



Chief

  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor

# SHAMATTAWA FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 0	2 0 1 9
<b>REVENUE</b>			
Indigenous Services Canada	\$ 14,850,091	\$ 19,265,062	\$ 21,980,917
First Nations and Inuit Health		3,341,344	2,835,694
Canada Mortgage and Housing Corporation		434,682	429,566
Employment and Social Development Canada		595,119	634,764
Sales		2,436,334	2,510,921
Other revenue	896,400	3,883,904	1,501,607
Eliminations	-	( 1,569,927)	( 1,788,516)
	<u>15,746,491</u>	<u>28,386,518</u>	<u>28,104,953</u>
<b>EXPENDITURES</b>			
Governance and administration	3,482,387	3,044,376	2,806,341
Economic development	53,298	823,230	940,669
Social services	4,590,108	4,748,163	4,243,511
Employment and training		477,503	457,416
Education	949,801	7,950,648	7,177,100
Health		5,516,239	4,030,283
Public works	513,857	7,597,071	7,534,524
Housing authority	52,000	2,163,920	1,859,135
Kisemattawa Pimukamik Gar Bar		2,870,830	2,271,928
Eliminations	-	( 1,569,927)	( 1,788,516)
	<u>9,641,451</u>	<u>33,622,053</u>	<u>29,532,391</u>
ANNUAL SURPLUS (DEFICIT)	6,105,040	( 5,235,535)	( 1,427,438)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>79,081,258</u>	<u>79,081,258</u>	<u>80,508,696</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 85,186,298</u>	<u>\$ 73,845,723</u>	<u>\$ 79,081,258</u>

# SHAMATTAWA FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 0	2 0 1 9
Annual surplus (deficit)	\$ <u>6,105,040</u>	\$( <u>5,235,535</u> )	\$( <u>1,427,438</u> )
Acquisition of tangible capital assets and construction in progress		( <u>5,573,212</u> )	( <u>3,331,204</u> )
Amortization of tangible capital assets	<u>-</u>	<u>7,594,693</u>	<u>7,311,438</u>
	<u>-</u>	<u>2,021,481</u>	<u>3,980,234</u>
Acquisition of prepaid expenses		( <u>10,445</u> )	( <u>628,012</u> )
Use of prepaid expenses	<u>-</u>	<u>628,012</u>	<u>576,270</u>
	<u>-</u>	<u>617,567</u>	( <u>51,742</u> )
CHANGE IN ASSETS (DEBT) FOR YEAR	6,105,040	( <u>2,596,487</u> )	2,501,054
NET DEBT, <i>beginning of year</i>	( <u>25,096,834</u> )	( <u>25,096,834</u> )	( <u>27,597,888</u> )
NET DEBT, <i>end of year</i>	\$( <u>18,991,794</u> )	\$( <u>27,693,321</u> )	\$( <u>25,096,834</u> )

# SHAMATTAWA FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 0	2 0 1 9
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 33,513,808	\$ 26,962,784
Cash paid to suppliers and employees	( 27,369,071)	( 22,012,426)
Interest paid	( 125,385)	( 157,367)
	<u>6,019,352</u>	<u>4,792,991</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	( 5,573,212)	( 3,331,204)
<i>FINANCING ACTIVITY</i>		
Repayment of long term debt	( 503,620)	( 594,586)
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 57,480)	867,201
CASH, <i>beginning of year</i>	<u>1,516,884</u>	<u>649,683</u>
CASH, <i>end of year</i>	<u>\$ 1,459,404</u>	<u>\$ 1,516,884</u>
CASH COMPRISED OF		
Cash	\$ 1,137,486	\$ 1,459,960
Restricted cash	<u>321,918</u>	<u>56,924</u>
	<u>\$ 1,459,404</u>	<u>\$ 1,516,884</u>

# SHAMATTAWA FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

#### *REPORTING ENTITY*

The Shamattawa First Nation reporting entity includes the Shamattawa First Nation (the First Nation) government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

S.F.N. Programs:

- Shamattawa First Nation Operating Fund
- Shamattawa First Education Authority Inc.
- Shamattawa First Health Authority
- Shamattawa First Nation Housing Authority Ltd.
- Shamattawa First Nation Employment and Training
- Kisemattawa Pimukamik Gas Bar

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

#### *ASSET CLASSIFICATION*

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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

#### *CASH AND CASH EQUIVALENTS*

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

#### *NET ASSETS (DEBT)*

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**TANGIBLE CAPITAL ASSETS*

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Buildings	2.5 - 4%
Housing	4%
Equipment	2.5 - 20%
Vehicles	10 - 30%
Infrastructure	4%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to S.F.N.'s ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

*SEGMENTS*

S.F.N. conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of S.F.N.'s long-term objectives to aid in resource allocation decisions, and to assess operational performance.

*REVENUE RECOGNITION*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

*FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that S.F.N. is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of S.F.N.'s financial assets and liabilities approximates their fair value.

*FAIR VALUE*

Due to the short term nature of all financial instruments other than long term debt, the carrying value as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For investments in government business enterprises and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**USE OF ESTIMATES*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the reporting period. S.F.N. estimates the net book value of tangible capital assets based upon the amortization period and the estimated useful lives of the tangible capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

## 2. RESTRICTED CASH

## CMHC Replacement Reserve

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$66,630 (2019 - \$73,380). These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2020 an accumulated balance of \$957,787 (2019 - \$1,061,987) for this reserve remains unfunded and due from the operating fund.

## Ottawa Trust Fund

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to S.F.N. on the authorization of the Minister of Indigenous Services Canada, with the consent of S.F.N.'s Council.

	2 0 2 0	2 0 1 9
Ottawa Trust Fund	\$ 2,918	\$ 4,271
Soil remediation project - Ayshukum Engineering	270,410	1,736
Nursing station project		2,207
Soil remediation project - PM Associates	<u>48,590</u>	<u>48,710</u>
	<u>\$ 321,918</u>	<u>\$ 56,924</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 3. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Indigenous Services Canada	\$	\$ 4,636,855
Basic Needs - COVID-19	212,292	
Capacity Enhancement	15,500	
Community Buildings - Fuel Purchase	164,000	
Community Buildings - Storage Container	16,247	
Community Buildings - Tank and Pump	45,000	
Community Economic Development	73,189	
COVID-19 General Support	47,145	
COVID-19 Household Supplies	32,200	
Heavy Equipment Repairs	100,000	
Major Renovation - Housing Furnace Repairs	125,000	
Water Treatment Plant Expansion	250,000	
Water Treatment Plant Truck	36,667	
Water and Sewer Repair Projects	87,020	
First Nations and Inuit Health		
Building Healthy Communities	2,383	
Brighter Futures	2,648	
Community Facilities O & M	20,126	
Direct Service Delivery	91	
Home and Community Care	2,909	
NNADAP	1,968	
Nursing - Canadian Prenatal Nutrition Program	736	
Public Health - Nurse Support	2,965	
Youth Solvent Abuse	487	
C.M.H.C.	267,268	33,549
Advances receivable	151,386	92,432
Arnason Industries Ltd.		1,117,432
Manitoba Hydro		50,599
Manitoba Keewatinowi Okimakanak	3,928	45,240
Trade and other	1,536,346	257,663
Subtotal	3,197,501	6,233,770
Less: Allowance for doubtful accounts	( 1,348,634)	( 583,086)
	\$ 1,848,867	\$ 5,650,684

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Basic Needs	\$ 159,731	\$ 159,731
In-home care	33,772	33,772
Leadership Governance capacity	84,795	84,795
Water O & M	1,150	
New path	50,000	50,000
Management Action Plan	49,576	
Band Operations school	138,946	138,946
Payroll remittances payable	2,761,484	2,477,419
Salaries and vacation payable	186,199	147,238
Trade and other	20,827,636	22,647,345
	\$ 24,293,289	\$ 25,739,246

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 5. LONG TERM DEBT

	2020	2019
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$4,812 (P & I), due May 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	\$ 258,138	\$ 310,644
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$933 (P & I), due May 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	50,028	60,203
C.M.H.C. mortgage, 1.76%, repayable in monthly installments of \$3,544 (P & I), due August 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	17,640	59,454
C.M.H.C. mortgage, 2.48%, repayable in monthly installments of \$3,356 (P & I), due August 2023, secured by Ministerial Guarantee and assignment of all risks insurance.	454,732	483,370
C.M.H.C. mortgage, 2.61%, repayable in monthly installments of \$3,120 (P & I), due December 2023, secured by Ministerial Guarantee and assignment of all risks insurance.	423,789	449,833
C.M.H.C. mortgage, 2.61%, repayable in monthly installments of \$4,679 (P & I), due December 2023, secured by Ministerial Guarantee and assignment of all risks insurance.	635,584	674,645
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$6,210 (P & I), due May 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	963,181	1,019,544
C.M.H.C. mortgage, 1.30%, repayable in monthly installments of \$5,607 (P & I), due December 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	916,743	971,726
C.M.H.C. mortgage, 1.97%, repayable in monthly installments of \$5,534 (P & I), due December 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	974,994	1,021,722
Peace Hills Trust mortgage repayable in monthly installments \$14,956 (P & I), due January 2023, secured by a Band Council Resolution. If a payment is missed, the full amount of delinquent interest which was written-down would immediately become due and payable.	<u>532,373</u>	<u>679,681</u>
	<u>\$ 5,227,202</u>	<u>\$ 5,730,822</u>

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2021	\$ 493,421
2022	490,538
2023	505,878
2024	381,552
2025	324,068

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 6. DEFERRED REVENUE

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Soil remediation	\$ 34,454	\$ 544,523
Culture and Recreation		425,152
Basic Needs COVID-19	102,203	
ISC COVID-19 Response	79,345	
ISC Emergency Management Assistance Program	15,500	
Water and Sewer Repair Project	87,020	
Water Treatment Plant Repairs	391,373	
Water Treatment Plant Expansions	24,278	
ISC - 19/20 New Housing	1,161,162	
First Nations and Inuit Health		
Jordan's Principle	1,034,960	426,367
Other Programs	-	208,780
	<u>\$ 2,930,295</u>	<u>\$ 1,604,822</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 7. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2 0 2 0	Total 2 0 1 9
Buildings	\$ 112,516,477	\$ 5,897,849	\$ 118,414,326	\$ 54,189,578	\$ 4,067,706	\$ 58,257,284	\$ 60,157,042	\$ 58,326,899
Infrastructure	49,350,884		49,350,884	26,689,371	1,974,035	28,663,406	20,687,478	22,661,513
Vehicles and equipment	5,489,805	1,163,164	6,652,969	4,587,663	505,317	5,092,980	1,559,989	902,142
Housing	<u>25,585,577</u>	<u>3,357,800</u>	<u>28,943,377</u>	<u>11,666,052</u>	<u>1,047,635</u>	<u>12,713,687</u>	<u>16,229,690</u>	<u>13,919,525</u>
	<u>\$ 192,942,743</u>	<u>\$ 10,418,813</u>	<u>\$ 203,361,556</u>	<u>\$ 97,132,664</u>	<u>\$ 7,594,693</u>	<u>\$ 104,727,357</u>	<u>\$ 98,634,199</u>	<u>\$ 95,810,079</u>

## 8. CONSTRUCTION IN PROGRESS

	2 0 2 0	2 0 1 9
Wellness Project	\$	\$ 5,507,848
Trailers		2,220,000
Housing Projects		12,153
Housing - 10 unit Project	<u>2,894,400</u>	<u>-</u>
	<u>\$ 2,894,400</u>	<u>\$ 7,740,001</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 9. CONTINGENT LIABILITIES

S.F.N. receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

## 10. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased or reduced funding availability, increased or decreased demand for services, increased government regulations or interventions, all of which may negatively impact the financial conditions or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

## 11. ECONOMIC DEPENDENCE

S.F.N. receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

## 12. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 0	2 0 1 9
Arrangement: # 307-307	\$ 24,191,385	\$ 25,716,135
Plus: I.S.C. revenue deferred from prior year	969,675	63,587
F.N.I.H. revenue deferred from prior year	426,367	149,998
I.S.C. Band support recovery		262,244
I.S.C. Instructional services		20,689
Less: I.S.C. revenue deferred to following year	( 1,895,335)	( 969,675)
F.N.I.H. revenue deferred to following year	( 1,034,960)	( 426,367)
I.S.C. Waste Water O & M recovery	( 1,150)	
I.S.C. MAP project recovery	( 49,576)	-
TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	\$ <u>22,606,406</u>	\$ <u>24,816,611</u>

## REVENUE PER STATEMENT OF OPERATIONS (Statement 2)

Indigenous Services Canada	\$ 19,265,062	\$ 21,980,917
First Nations and Inuit Health	<u>3,341,344</u>	<u>2,835,694</u>
	\$ <u>22,606,406</u>	\$ <u>24,816,611</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 13. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 0	2 0 1 9
Administration	\$ 1,291,083	\$ 289,606
Amortization	7,594,693	7,311,438
Bad debts	788,707	549,341
Bank and interest charges	89,066	41,350
Contracted services	493,399	311,974
Contract services	33,179	2,485
Equipment and materials	464,750	
Funeral	448,309	221,751
Gas and diesel	3,251,376	2,954,598
Graduation expenses		16,424
Honoraria	533,085	501,266
Insurance	653,516	624,254
Interest on long-term debt	125,385	157,368
Office expenses	299,824	557,995
Other		26,833
Professional development	210,471	141,802
Professional fees	1,021,196	1,315,747
Program costs	925,021	108,916
Repairs and maintenance	1,010,700	1,122,448
Social assistance	2,971,076	2,270,415
Soil remediation	420,461	19,064
Special needs	262,133	120,115
Student and training allowances	281,389	145,027
Supplies	765,683	565,945
Telephone	114,316	183,652
Travel	1,159,938	1,162,197
Tuition	49,881	39,379
User fees	22,418	27,934
Utilities	3,189,602	2,642,580
Wages and benefits	6,721,323	7,889,003
Eliminations	( 1,569,927)	( 1,788,516)
	<u>\$ 33,622,053</u>	<u>\$ 29,532,391</u>

## 14. COMPARATIVE FIGURES

The comparative figures and financial statements for the year ended March 31, 2019 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements on February 24, 2021. Certain prior year comparative figures have been reclassified where necessary to conform to the presentation adopted for the current year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 15. SEGMENT DISCLOSURE

Shamattawa First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. 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 year are as follows:

	Governance and Administration		Economic Development		Social Services		Employment and Training		Education	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues										
Federal Government										
ISC	\$ 1,142,224	\$ 1,541,911	\$ 109,565	\$ 109,565	\$ 4,980,059	\$ 4,165,143	\$ 38,434	\$ 37,667	\$ 8,510,476	\$ 6,970,563
CMHC										
ESDC	-	-	-	-	-	-	434,190	445,615	160,929	189,149
Subtotal	1,142,224	1,541,911	109,565	109,565	4,980,059	4,165,143	472,624	483,282	8,671,405	7,159,712
Other revenue	1,740,694	249,657	1,156,300	832,537	-	-	-	16,839	45,609	84,813
Total revenue	2,882,918	1,791,568	1,265,865	942,102	4,980,059	4,165,143	472,624	500,121	8,717,014	7,244,525
Expenses										
Amortization									1,414,454	1,335,210
Debt servicing	28,771	56,365								
Other	2,371,929	2,243,745	634,776	580,578	4,565,956	4,065,080	434,190	115,216	3,662,106	2,589,902
Salaries and benefits	643,676	506,231	188,454	360,091	182,207	178,431	43,313	342,200	2,874,088	3,251,988
Total expenses	3,044,376	2,806,341	823,230	940,669	4,748,163	4,243,511	477,503	457,416	7,950,648	7,177,100
Surplus (Deficit)	\$ (161,458)	\$ (1,014,773)	\$ 442,635	\$ 1,433	\$ 231,896	\$ (78,368)	\$ (4,879)	\$ 42,705	\$ 766,366	\$ 67,425

# SHAMATTAWA FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 15. SEGMENT DISCLOSURE (continued)

	Health		Housing		Public Works		Kisemattawa Pimukamik Gas Bar		Elimination		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues												
Federal Government												
ISC	\$ 983,919	\$ 848,720	\$	\$ 285,829	\$ 3,500,385	\$ 8,021,519	\$	\$	\$	\$	\$ 19,265,062	\$ 21,980,917
FNIH	3,341,344	2,835,694									3,341,344	2,835,694
CMHC			434,682	429,566							434,682	429,566
ESDC	-	-	-	-	-	-	-	-	-	-	595,119	634,764
Subtotal	4,325,263	3,684,414	434,682	715,395	3,500,385	8,021,519	-	-	-	-	23,636,207	25,880,941
Other revenue	227,418	246,566	691,466	88	22,417	71,107	2,436,334	2,510,921	(1,569,927)	(1,788,516)	4,750,311	2,224,012
Total revenue	4,552,681	3,930,980	1,126,148	715,483	3,522,802	8,092,626	2,436,334	2,510,921	(1,569,927)	(1,788,516)	28,386,518	28,104,953
Expenses												
Amortization	754,092	785,273	1,047,635	1,023,423	4,362,704	4,164,504	15,808	3,028			7,594,693	7,311,438
Debt servicing			96,614	101,003							125,385	157,368
Other	3,287,885	1,998,651	802,497	619,614	2,441,869	1,780,828	2,549,371	1,969,484	(1,569,927)	(1,788,516)	19,180,652	14,174,582
Salaries and benefits	1,474,262	1,246,359	217,174	115,095	792,498	1,589,192	305,651	299,416	-	-	6,721,323	7,889,003
Total expenses	5,516,239	4,030,283	2,163,920	1,859,135	7,597,071	7,534,524	2,870,830	2,271,928	(1,569,927)	(1,788,516)	33,622,053	29,532,391
Surplus (Deficit)	\$ (963,558)	\$ (99,303)	\$ (1,037,772)	\$ (1,143,652)	\$ (4,074,269)	\$ 558,102	\$ (434,496)	\$ 238,993	\$ -	\$ -	\$ (5,235,535)	\$ (1,427,438)