
Consolidated financial statements of Timiskaming First Nation

March 31, 2020

Management's Statement of Responsibility	1
Independent Auditor's Report	2 - 4
Consolidated statement of operations	5 - 6
Consolidated statement of cumulative operating surplus	7
Consolidated statement of net investment in capital assets	8
Consolidated financial position	9
Consolidated statement of changes in net debt	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12 - 28
Supporting schedules	29 - 182

Management's Statement of Responsibility

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with the Financial Reporting Provision in the Indigenous Services Canada Reporting Guide and as such include amounts that are the best estimates and judgments of management.

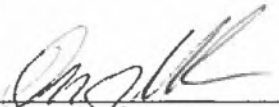
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The 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.

The 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 its responsibilities, and to review the consolidated financial statements and the external auditor's report.

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

On behalf of Timiskaming First Nation

 Finance Director
Signature and title
for Timiskaming First Nation

March 16, 2021



MNP LLP
101 1st Avenue East
Suite 200
Amos QC J9T 1H4
Canada

Tel.: 819-732-8273
Fax: 819-732-9143
www.mnp.ca

Independent Auditor's Report

To the Chief and Council of
Timiskaming First Nation

Opinion

We have audited the consolidated financial statements of Timiskaming First Nation (the "Organization"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, cumulative operating surplus, net investment in capital assets, 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 (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization for the year ended March 31, 2020, and the results of its operations, cumulative operating surplus, net investment in capital assets, changes in net debt and cash flows for the year then ended in accordance with the Financial Reporting Provisions in the Indigenous Services Canada Reporting Guide.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization 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 opinion.

Emphasis of matter – Basics of accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Organization in complying with the Financial Reporting Provisions in the Indigenous Services Canada Reporting Guide. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 the Financial Reporting Provisions in the Indigenous Services Canada Reporting Guide, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other point

The organization's financial statements for the year ended March 31, 2109 were audited by another auditor who expressed an unmodified opinion on these financial statements as at July 19, 2019.

MNP LLP

March 16, 2021

¹ CPA auditor, CA, public accountancy permit No.A123107

Timiskaming First Nation
Consolidated statement of operations
Year ended March 31, 2020

	2020 \$	2019 \$
Revenues		
ISC – Fixed Contribution	1,768,311	2,117,630
ISC – Block Contribution	7,134,351	6,093,579
ISC – Flexible Contribution	322,960	406,730
ISC – Review letter and Unexpended Funding	54,003	(56,853)
ISC – Set Contribution	-	2,000
Recoverable from (refundable to) ISC	-	(2,000)
Administration fees	909,009	362,906
Anishnabe Long-Term Care Centre (ALTCC)	75,488	88,070
Canadian Mortgage and Housing Corporation (CMHC)	159,914	202,803
First Nations Education Council (FNEC)	862,544	977,511
ISC – Health Branch – Block Contribution	1,622,935	1,462,602
ISC – Health Branch – Flexible Contribution	1,533,100	1,656,588
ISC – Health Branch – Fixed Contribution	592,254	-
ISC – Health Branch – Set Contribution	-	506,052
ISC – Health Branch – Review letter	-	(14,035)
ANHRSDC	256,356	230,726
Ministère de la Culture et des Communications	10,000	10,000
Ministère des Forêts, de la Faune et des Parcs	83,000	103,000
Rent revenues	285,988	296,435
Secrétariat aux affaires autochtones (SAA)	1,312,592	731,296
Sécurité publique du Québec	297,335	289,377
Public Safety and Emergency Preparedness Canada	322,112	313,491
Transfer from (to) Social Assistance program	(1,125)	(13,403)
Western Quebec School Board Invoicing	151,967	147,938
Société de Crédit Commercial Autochtone (SOCCA)	269,752	314,897
Other revenues	1,604,882	1,457,474
Deferred revenue from previous year	3,269,922	1,536,265
Deferred revenue to following year	(4,509,406)	(3,269,922)
	18,388,244	15,951,157

Timiskaming First Nation
Consolidated statement of operations
Year ended March 31, 2020

	2020	2019
	\$	\$
Expenses		
Band government	46,516	47,371
Administration	1,292,790	1,274,120
Education	4,792,419	4,013,061
Health	4,028,970	3,308,393
Public works	1,721,452	4,461,284
Public security	624,804	614,707
Social assistance	1,368,629	1,206,222
Housing	747,981	338,622
Economic development	1,943,629	2,148,283
Natural resources	592,076	502,093
Other	107,967	164,144
	17,267,233	18,078,300
Surplus (deficit) for the year	1,121,011	(2,127,143)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Conciliation to ISC Financial Reporting Requirements

	2020	2019
	\$	\$
Surplus (deficit) for the year under PSAS	1,121,011	(2,127,143)
Proceeds from long-term debt	1,103,650	1,967,392
Reimbursement of long-term debt	(693,776)	(609,672)
Acquisition of capital assets	(1,647,322)	(3,388,874)
Deficit for the year under ISC Financial Reporting Requirements(1)	(116,437)	(4,158,297)

- (1) The operating surplus before amortization and loss on disposal of capital assets is \$1,264,335 (operating deficit before amortization and loss on disposal of capital assets of \$317,062 in 2019).

Timiskaming First Nation**Consolidated statement of cumulative operating surplus**

Year ended March 31, 2020

	Notes	2020 \$	2019 \$
Balance at beginning of year		(1,059,652)	8,825
Surplus (deficit) for the year		1,121,011	(2,127,143)
Transfer to net investment in capital assets			
Acquisition of capital assets		(1,647,322)	(3,388,874)
Amortization, loss on disposal of capital assets and proceeds from disposal of capital assets		1,454,222	3,940,805
Proceeds from long-term debt		1,103,650	1,517,392
Reimbursement of long-term debt		(468,775)	(384,672)
Use and decrease of (allocation to) bus reserve	15	64,812	(64,812)
Use and decrease of extension of the school reserve	15	233,814	-
Use and decrease of (allocation to) ancestral village reserve	15	305,000	(305,000)
Use and decrease of (allocation to) building acquisition reserve	15	205,000	(205,000)
Use and decrease of (allocation to) Widjikiwe Gas Bar Reserve	15	152,800	(152,800)
Use and decrease of (allocation to) Midjin Dépanneur and Parcels of Land	15	50,000	(50,000)
Decrease of Widjikiwe Reserve		-	18,070
Adjustment of reserves funds – Article 95		(30,572)	133,557
Balance at end of year		1,483,988	(1,059,652)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Timiskaming First Nation**Consolidated statement of net investment in capital assets**

Year ended March 31, 2020

	2020	2019
	\$	\$
Net investment in capital assets at beginning of year	24,339,086	26,023,737
Variation of net investment in capital assets		
Plus:		
Acquisition of capital assets	1,647,322	3,388,874
Reimbursement of long-term debt	468,775	384,672
Adjustment of capital assets for consolidation purposes	125,374	-
	2,241,471	3,773,546
Less:		
Proceeds from long-term debt	1,103,650	1,517,392
Amortization, loss on disposal of capital assets and proceeds from disposal of capital assets	1,454,222	3,940,805
	2,557,872	5,458,197
Net investment in capital assets at end of year	24,022,685	24,339,086

The accompanying notes and schedules are an integral part of the consolidated financial statements.

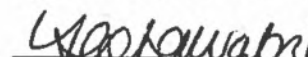
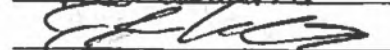
Timiskaming First Nation
Consolidated financial position
As at March 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash		2,995,033	2,649,949
Accounts receivable	3	4,660,194	3,176,615
Restricted cash and deposits	5	815,470	746,190
		8,470,697	6,572,754
Liabilities			
Accounts payable and accrued liabilities	8	1,689,467	2,321,406
Due to ISC – Health Branch	9	67,389	67,389
Due to ISC	10	3,120	3,120
Deferred revenue	12 and 13	4,513,543	3,269,922
ISC – Unexpended Funding	11	1,730	55,733
Current portion of long-term debt	14	406,520	653,651
Long-term debt	14	4,357,216	3,700,211
Deferred revenue – long-term	13	95,863	-
		11,134,848	10,071,432
Net debt		(2,664,151)	(3,498,678)
Non-financial assets			
Prepaid expenses	4	212,124	79,460
Capital assets	6	28,786,422	28,467,948
		28,998,546	28,547,408
Accumulated surplus	16	26,334,395	25,048,730

Contingency and contingent asset (Note 25)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved by the First Nation's Council

 Council's member
 Council's member

Timiskaming First Nation
Consolidated statement of changes in net debt
Year ended March 31, 2020

	2020 \$	2019 \$
Surplus (deficit) for the year	1,121,011	(2,127,143)
Changes in capital assets		
Acquisition of capital assets	(1,647,322)	(3,388,874)
Proceeds from disposal of capital assets	73,450	99,570
Amortization	1,348,949	1,226,702
Loss from disposal of capital assets	31,823	2,614,533
	(193,100)	551,931
Changes in other non-financial assets		
Changes in the prepaid expenses	(132,664)	116,647
Changes in the non-operational surplus and reserves		
Changes in replacement and operating reserves	65,241	(81,188)
Increase of In-trust fund	4,611	5,332
Adjustment of reserves funds – Article 95	(30,572)	133,557
	39,280	57,701
Changes in net debt	834,527	(1,400,864)
Net debt at the beginning of the year	(3,498,678)	(2,097,814)
Net debt at end of year	(2,664,151)	(3,498,678)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Timiskaming First Nation
Consolidated statement of cash flows
Year ended March 31, 2020

	Notes	2020 \$	2019 \$
Operating activities			
Surplus (deficit) for the year		1,121,011	(2,127,143)
Items not affecting cash:			
Amortization		1,348,949	1,226,702
Loss from disposal of capital assets		31,823	2,614,533
		2,501,783	1,714,092
Changes in non-cash operating working capital items	20	(962,701)	1,424,725
		1,539,082	3,138,817
Investing activities			
Acquisition of capital assets		(1,647,322)	(2,985,349)
Proceeds from disposal of capital assets		73,450	99,570
Increase of the restricted cash and deposit		(69,280)	(141,411)
		(1,643,152)	(3,027,190)
Financing activities			
Adjustment of reserves funds – Article 95		(52,348)	133,557
Changes in the replacement reserve fund – Article 95		56,445	52,369
Variation of operating reserve fund		30,572	(133,557)
Increase of In-trust fund		4,611	5,332
Proceeds from long-term debt		1,103,650	1,563,867
Reimbursement of long-term debt		(693,776)	(609,672)
		449,154	1,011,896
Net increase of cash and cash equivalents		345,084	1,123,523
Cash and cash equivalents, beginning of year		2,649,949	1,526,426
Cash and cash equivalents, end of year		2,995,033	2,649,949

See additional information presented in Note 20.

Cash and cash equivalents consist of cash.

The accompanying notes and schedules are an integral part of the consolidated financial statements.

1. Description of the organization

Timiskaming First Nation (the "First Nation") is an unincorporated legal body as defined in the *Indian Act*. A band council is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with the Financial Reporting Provisions on the Indigenous Services Canada Reporting Guide.

The consolidated financial statements differ from Canadian public sector accounting standards by including a certain financial information that is not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Indigenous Services Canada (ISC) on pages 6, 8 and 29 to 182.

Cash and cash equivalents

Cash and cash equivalents include cash, bank overdraft, bank loan and short-term investments with a term to maturity of three months or less at the date of acquisition.

Capital assets

The capital assets are composed of all capital assets recorded at cost. The methods, the term and depreciation rates for the capital assets are as follows:

Community buildings	Diminishing balance	2.5%
Private housing	Straight line	25 years
Motorized equipment	Diminishing balance	10.0%, 20.0% and 30.0%
Roadway system	Diminishing balance	2.5%
Office and other equipment	Diminishing balance	20.0% and 30.0%
Water and sanitation systems	Diminishing balance	2.5%
Assets under capital lease:		
Motorized equipment	Diminishing balance	30.0%

Revenue recognition

Revenue is recorded in the period specified in funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenses is deferred. Revenues are recognized when persuasive evidence of an arrangement exists, price or amount is fixed or determinable and collection is reasonably assured.

Reimbursements of capital and interests

The reimbursements of capital and interests on the long-term debt are treated as expenses in the housing operations projects (as in other projects that may contain reimbursements of capital and interest) where as the rent charged by the First Nation to the tenants and the grant coming from CMHC are treated as revenues in these same projects.

Revenues and expenses related to the acquisition of capital assets

Revenues and expenses related to the acquisition of capital assets are primarily recorded in the net investment in capital assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

2. Accounting policies (continued)

Use of estimates

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 disclosures of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful lives of long-lived assets, the deferred revenues, unexpended funding and liabilities under legal contingencies. Actual results could differ from these estimates.

Principle of consolidation

The consolidated financial statements include the accounts of the First Nation and the organizations under its control. The First Nation controls 100% of Widjikiwe Holdings Corp. (WHC – company incorporated under the *Canada Business Corporation Act*) which is fully responsible of Widjikiwe L.P. and TFN Construction L.P. (TFNCLP) as general partner of this limited partnership. Widjikiwe L.P. is the limited partner of TFNCLP. Transactions concluded between these organizations and reciprocal balances are eliminated. Nevertheless, the reciprocal balances have not been eliminated in the information of the schedules presented on pages 29 to 182 neither than in the segment disclosure (Note 18).

Pension plan

The cost of the defined pension plan is equal to the pension plan expenses.

The pension plan is a multiemployer defined benefit pension plan that is accounted for as a defined contribution plan.

Loans

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion.

Proceeds from disposal of capital assets and the related revenues

Proceeds from disposal of capital assets and from assets held for sale are recorded in the net investment in capital assets.

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

3. Accounts receivable

	2020	2019
	\$	\$
ISC receivable	1,170,176	1,234,457
CMHC receivable	532,379	490,609
First Nations Education Council receivable	90,427	122,411
ISC – Health Branch	219,229	170,121
ANHRSDC receivable	53,867	48,205
Loan advances for construction	5,397	5,397
SAA receivable	870,000	412,500
Rent receivable – Article 95	25,109	37,525
Rent receivable – Band housing	118,203	135,908
Western Quebec School Board receivable	105,727	117,079
SOCCA – Receivable	614,635	25,000
Canada Economic Development (CED)	58,650	-
Les Pétroles Alcasyna (1993) inc.	350,000	-
Other accounts receivable	736,648	646,445
	4,950,447	3,445,657
Allowance for doubtful accounts	(290,253)	(269,042)
	4,660,194	3,176,615

4. Prepaid expenses

	2020	2019
	\$	\$
Prepaid expenses – Post-secondary	51,689	51,689
Prepaid expenses – Other*	160,435	27,771
	212,124	79,460

* Including \$134,800 related to road reconstruction.

5. Restricted cash and deposits

	2020	2019
	\$	\$
In-trust fund – Capital and revenues accounts	239,534	234,923
Replacement reserve fund (Note 17)*	478,611	439,339
Operating reserve fund*	97,325	71,928
	815,470	746,190

* Under the agreement with CMHC, an annual amount for housing units must be invested for the replacement reserve in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then capital. However, the replacement reserve is sufficient in 2020 and it should have been \$450,914 in 2019 (lack of \$11,575). The operating reserve is sufficient in 2020 and in 2019 (over of \$7,822 and over of \$19,969).

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

6. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Land	1,182,913	-	1,182,913	779,842
Community buildings	15,208,349	3,887,186	11,321,163	9,474,844
Private housing	9,231,141	6,029,285	3,201,856	5,090,734
Buildings under construction (Gas Bar)	216,153	-	216,153	-
Motorized equipment	3,808,979	1,638,509	2,170,470	2,320,900
Roadway system	8,552,464	6,007,799	2,544,665	2,609,911
Office and other equipment	1,931,476	1,098,190	833,286	663,065
Water and sanitation systems	9,287,596	2,101,702	7,185,894	7,342,906
Assets under capital lease : Motorized equipment	218,525	88,503	130,022	185,746
	49,637,596	20,851,174	28,786,422	28,467,948

Assets under construction, included in Community buildings for an amount of \$639,693 are not amortized as at March 31, 2020. Land includes an amount of \$403,071 in connection with the Gas Bar.

7. Bank loan

TFN Construction L.P. has an authorized bank loan for an amount of \$75,000, bearing interests at prime rate (2.45% as at March 31, 2020) plus 1.25%. No amount has been used as of March 31, 2020.

8. Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Suppliers	766,525	1,411,183
Salaries, vacation and pension plan	444,993	479,776
Remittances payable	34,466	76,781
Other	443,483	353,666
	1,689,467	2,321,406

9. Due to ISC – Health Branch

	2020	2019
	\$	\$
Medical Transportation	67,389	67,389

10. Due to ISC

	2020	2019
	\$	\$
Estates Management Program	1,120	1,120
Emergency Preparedness	2,000	2,000
	3,120	3,120

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

11. ISC – Unexpended Funding

	2020 \$	2019 \$
Estates Management Program	1,730	1,730
First Line Project	-	54,003
	1,730	55,733

12. Deferred revenue

	2020 \$	2019 \$
Indexation (Annex 5)	-	104,243
Estates Management Program (Annex 6)	-	699
Land Support Services (Annex 7)	15,591	22,234
Consultation & Policy Development (Membership) (Annex 8)	-	10,000
Capacity Development – Electoral Code (Annex 9)	10,000	10,000
Capacity Development – IT Upgrade (Annex 10)	-	13,983
Capacity Development – Salary Scale (Annex 11)	2,669	15,000
Capacity Development – Strategic Plan (Annex 12)	4,279	50,000
Instructional Services Formula (Annex 17)	-	80,459
Education Support Services (Annex 18)	-	104,919
Post-Secondary Education (Annex 19)	-	259,576
New Paths for Education – N1P1 – Parental and Community Engagement (Annex 20)	35,872	47,853
Tuition Agreements (Annex 21)	-	380,977
Skills Link // Youth Programs – Science and Technology (Annex 23)	13,825	5,446
Diversification of Secondary School Learning Paths (Annex 25)	5,875	6,154
Skills Link // Youth Programs – Career Promotion and Awareness (Annex 28)	9,754	4,954
New Paths for Education – NP1Q – Teacher Recruitment and Retention (Annex 29)	386	12,699
Education Partnerships Program (EPP) (Annex 31)	-	4,109
Innovation in Education Program – FNEC (Annex 34)	16,746	-
Continuous School Improvement – FNEC (Annex 35)	75,150	-
CHR (Annex 40)	-	10,370
Regional Hep-C Coordinator (Annex 42)	13,683	27,987
NNADAP (Annex 43)	-	15,875
Health Services Integration Fund (HSIF) (Annex 44)	82,037	66,782
Quarterly Meetings NNADAP (Annex 45)	12,698	15,639
O & M – NHW (Annex 46)	-	2,676
Communicable Diseases (Annex 47)	15,863	2,853
Brighter Futures (Annex 48)	-	15,748
Jordan's Principle (Annex 49)	694,732	360,680
NHW Aids Program (Annex 50)	21,845	-
Prenatal Nutrition (Annex 51)	-	4,809
Diabetes Education (Annex 57)	-	71,356
Home & Community Care (Annex 59)	-	65,254
Avenir d'enfants (Annex 60)	29,619	38,725
Mental Health NHW (Annex 61)	-	6,631
Home Nursing Care (Annex 62)	121,731	44,452
Health Director (Management Support) (Annex 64)	-	142,009
First Line Project (Annex 67)	124,589	175,899

Timiskaming First Nation**Notes to the consolidated financial statements**

March 31, 2020

12. Deferred revenue (continued)

	2020 \$	2019 \$
Mental Wellness Team (Annex 68)	-	20,092
Tobacco Reduction Program (Annex 69)	26,341	19,486
National Youth Suicide Prevention (Annex 70)	30,022	-
Prescription Drug Abuse (Annex 71)	128,890	79,168
Mental Health – MHC – Traditionnal Healer (Annex 72)	-	13,885
Head Start Program (FNHS) (Annex 73)	2,859	39,061
New Horizons (Annex 75)	6,123	24,750
Infrastructure – Renovation (Annex 76)	12,080	49,000
Community Mobilization (Annex 79)	37,831	10,000
Eco Center – Operations (Annex 83)	30,400	28,624
Eco Center – Upgrade (Annex 84)	169,535	62,813
Education Facilities / Design – Construction (Kiwetin Extension) (Annex 89)	208,242	251,477
Drinking Water Upgrade (Annex 90)	222,727	49,624
Garbage Truck Purchase (Annex 93)	-	800
Arena Clean Up (Annex 94)	48,213	-
Pre-Employment Support Program (Annex 104)	242,836	112,628
Youth Initiative Project CMHC (Annex 110)	-	2,398
RRAP – 70 Richard's Road (Annex 111)	3,633	3,633
Emergency Repair – ISC (Annex 114)	-	23,035
Advisory Services – Housing (Annex 115)	27,900	27,900
RRAP – 14 Stanger's Road (Annex 117)	-	9,879
RRAP – 22 Polson Street (Annex 119)	10,813	-
Algonquin Village (Annex 128)	37,263	62,426
Sawmill – Economic Insertion (Annex 130)	2,793	-
Widjikiwe Holdings Corp. – Gas Bar (Annex 137)	1,753,226	-
Northern Ontario Heritage Fund Corporation (NOHFC) (Annex 140)	17,209	10,492
Natural Ressources & Heritage (Annex 141)	44,965	128,366
CEAA (Annex 144)	106,410	-
Climate Change (Annex 145)	15,973	-
Emergency Preparedness (Annex 147)	15,100	-
TFN's Activities (Annex 149)	1,078	17,390
Culture (Annex 150)	-	6,133
FNQ – Initiative to Combat Poverty (Annex 152)	-	15,812
	4,509,406	3,269,922

13. Deferred revenue related to Les Pétroles Alcasyna (1993) inc.

	Short-term \$	Long-term \$	2020 Total \$
Les Pétroles Alcasyna (1993) inc.	4,137	95,863	100,000

Widjikiwe Holdings Corp. signed an agreement with Les Pétroles Alcasyna (1993) inc. for a contribution of \$100,000. Widjikiwe Holdings Corp. will have to reimburse the capital on the last day of the term of ten years. However, the capital will be deemed reduced by the number of days since the beginning of the term divided per 3,650 multiplied by the initial amount of \$100,000. If the agreement is terminated before the term, the remaining capital will become due and payable at the date of termination.

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

14. Long-term debt

	2020 \$	2019 \$
Loans from CMHC, 0.98% to 2.68%, guaranteed by ISC, payable by monthly instalments of \$300 to \$2,089, capital and interests, maturing from 2028 to 2044	1,843,618	1,967,502
Loan, 2.56%, guaranteed by a motorized equipment with a net book value of \$248,227, payable by monthly instalments of \$7,078, capital and interests, maturing in 2021	49,130	131,665
Loan, 3.33%, guaranteed by a movable hypothec (first ranking security interest in the universality of all present and future assets, corporeal and incorporeal), payable by monthly instalments of \$8,152, capital and interests, maturing in 2022	104,013	196,657
Loan, 5.50%, guaranteed and repaid by the Secr�tariat aux affaires autochtones by semi-annual repayments of \$46,296 principal and interest, maturing in 2024	291,264	364,795
Loan from SOCCA, 6.50%, moratorium on the repayment of capital for a period of 24 months, payable by monthly instalments of \$3,542 starting on January 2021, maturing in 2035	377,109	377,109
Loans in progress, approved by CMHC, with a term of 25 years, interest and other terms to be determined	415,000	288,000
Loan, 5.99%, guaranteed by a motorized equipment with a net book value of \$34,970, payable by monthly instalments of \$1,081, capital and interests, maturing in 2024	39,105	49,402
Loan, 5.99%, guaranteed by a motorized equipment with a net book value of \$36,260, payable by monthly instalments of \$1,121, capital and interests, maturing in 2024	40,544	51,221
Loan from SOCCA, 7.50%	-	225,000
Loan from SOCCA, 6.50%, guaranteed by a movable hypothec on the universality of all present and future assets and by the First Nation, payable by monthly instalments of \$6,359, capital and interests, maturing in 2029	486,100	529,178
Obligation under capital lease, 5.30%, representing a total commitment of \$159,636 payable by monthly instalments of \$3,423, capital and interests, maturing in 2025	141,203	173,333
Loan from SOCCA, 7.00%, guaranteed by Timiskaming First Nation, payable from November 2020 by monthly instalments of \$6,004, capital and interests, maturing in 2036*	668,000	-
Loan in progress from Canada Economic Development for a maximum of \$359,000	58,650	-

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

14. Long-term debt (continued)

	2020 \$	2019 \$
Loan from Les Pétroles Alcasyna (1993) inc., no interest, payable at the rate of nine tenths of a cent (\$0.009) per litre of petroleum products delivered on the site by Les Pétroles Alcasyna (1993) inc.	250,000	-
	4,763,736	4,353,862
Current portion	406,520	653,651
	4,357,216	3,700,211

- * Under the terms of SOCCA's long-term debt, Widjikiwe Holdings Corp. is subject to certain restrictive covenants regarding the maintenance of minimum financial ratios. Widjikiwe Holdings Corp. is in default with respect to these covenants and has obtained a waiver from SOCCA, implying that the long-term debt affected will not be subject to recall in 2021.

Principal payments on long-term debt and future minimum lease payments under the capital leases required in each of the next five years are as follows:

	Long-term debt \$	Lease \$
2021	406,520	27,389
2022	345,448	41,084
2023	353,357	41,084
2024	315,235	41,084
2025	227,990	8,995

15. Reserves

These reserves are created from the cumulative operating surplus. When events for which they were created occur, they shall be returned to the cumulative operating surplus.

	2020 \$	2019 \$
Reserve for health contingencies	20,074	20,074
Reserve for bus acquisition	-	64,812
Reserve for extension of the school	-	233,814
Reserve for Ancestral Village	-	305,000
Reserve for building acquisition	-	205,000
Reserve for Widjikiwe Gas Bar	-	152,800
Reserve for Midjim Dépanneur and parcels of land	-	50,000
	20,074	1,031,500

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

16. Accumulated surplus

The accumulated surplus of Timiskaming First Nation is divided among several surpluses and reserves, as detailed below:

	2020	2019
	\$	\$
Reserves	20,074	1,031,500
In-trust fund	239,534	234,923
Operating reserve fund	89,503	51,959
Replacement reserve	478,611	450,914
Net investment in capital assets	24,022,685	24,339,086
Cumulative operating surplus (deficit)	1,483,988	(1,059,652)
	26,334,395	25,048,730

17. Replacement reserve

The main categories of external restrictions related to fund balances are as follows:

	2020	2019
	\$	\$
Balance at beginning of the year	450,914	491,578
Add: Current year addition	50,750	51,350
Adjustment from CMHC	(3,858)	(93,033)
Use of replacement reserve	(24,890)	-
Interests earned	5,695	1,019
Balance at end of the year	478,611	450,914

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually. These funds along with accumulated interests must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interests first and then capital.

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

18. Segment disclosure

	Band government		Administration	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	44,215	43,729	800,863	968,108
Provincial government transfers	-	-	-	-
Other revenues	2,301	3,642	1,022,396	(184,056)
Total revenues	46,516	47,371	1,823,259	784,052
Expenses:				
Salaries and fringe benefits	41,253	35,991	573,922	558,352
Amortization	-	-	17,459	19,545
Other expenses	5,263	11,380	701,409	696,223
Total expenses	46,516	47,371	1,292,790	1,274,120
Annual surplus (deficit)	-	-	530,469	(490,068)
	Education		Health	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	5,083,063	4,293,287	3,760,525	4,061,817
Provincial government transfers	151,967	147,938	52,000	60,000
Other revenues	785,195	(476,179)	425,312	(991,982)
Total revenues	6,020,225	3,965,046	4,237,837	3,129,835
Expenses:				
Salaries and fringe benefits	2,121,381	1,998,204	1,890,789	1,468,650
Amortization	97,075	80,901	139,482	123,964
Other expenses	2,573,963	1,933,956	2,076,755	1,724,292
Total expenses	4,792,419	4,013,061	4,107,026	3,316,906
Annual surplus (deficit)	1,227,806	(48,015)	130,811	(187,071)

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

18. Segment disclosure (continued)

	Public works		Public security	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	1,549,067	1,661,495	342,372	325,568
Provincial government transfers	92,592	46,296	297,335	289,377
Other revenues	144,407	538,726	11,276	2,961
Total revenues	1,786,066	2,246,517	650,983	617,906
Expenses:				
Salaries and fringe benefits	591,192	606,302	425,425	419,477
Amortization	399,447	411,739	31,994	37,251
Other expenses	730,813	3,471,643	167,560	157,979
Total expenses	1,721,452	4,489,684	624,979	614,707
Annual surplus (deficit)	64,614	(2,243,167)	26,004	3,199
	Social assistance		Housing	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	1,496,456	1,275,027	469,025	488,697
Provincial government transfers	-	-	-	-
Other revenues	(111,290)	(99,663)	365,033	473,203
Total revenues	1,385,166	1,175,364	834,058	961,900
Expenses:				
Salaries and fringe benefits	133,936	145,405	150,480	104,412
Amortization	-	-	370,125	358,558
Other expenses	1,234,693	1,060,817	293,226	295,744
Total expenses	1,368,629	1,206,222	813,831	758,714
Annual surplus (deficit)	16,537	(30,858)	20,227	203,186

Timiskaming First Nation
Notes to the consolidated financial statements
March 31, 2020

18. Segment disclosure (continued)

	Economic development		Natural resources	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	376,317	503,693	98,458	195,000
Provincial government transfers	1,352,752	854,897	178,000	198,000
Other revenues	(200,186)	1,554,243	330,353	112,038
Total revenues	1,528,883	2,912,833	606,811	505,038
Expenses:				
Salaries and fringe benefits	589,183	673,046	243,537	210,016
Amortization	270,357	170,997	-	-
Other expenses	1,499,695	1,383,594	363,274	292,077
Total expenses	2,359,235	2,227,637	606,811	502,093
Annual surplus (deficit)	(830,352)	685,196	-	2,945
	Other		Total	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues:				
Federal government transfers	15,100	67,000	14,035,461	13,883,421
Provincial government transfers	-	-	2,124,646	1,596,508
Other revenues	75,653	74,654	2,850,450	1,007,587
Total revenues	90,753	141,654	19,010,557	16,487,516
Expenses:				
Salaries and fringe benefits	35,973	61,848	6,797,071	6,281,703
Amortization	23,010	23,747	1,348,949	1,226,702
Other expenses	48,984	78,549	9,695,635	11,106,254
Total expenses	107,967	164,144	17,841,655	18,614,659
Annual surplus (deficit)	(17,214)	(22,490)	1,168,902	(2,127,143)

The segment disclosure is presented before elimination of revenue and expenses for consolidation purposes.

19. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

20. Additional information relating to the consolidated statement of cash flows

	2020	2019
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	(1,483,579)	(35,209)
Prepaid expenses	(132,664)	116,647
Accounts payable and accrued liabilities	(631,939)	(412,015)
Due to ISC – Health Branch	-	(37,205)
Due to ISC	-	3,120
Deferred revenue	1,243,621	1,733,654
ISC – Unexpended Funding	(54,003)	55,733
Deferred revenue – long-term	95,863	-
	(962,701)	1,424,725

21. Cumulative operating and funds balances

The cumulative operating and funds balances as at March 31, 2020, do not take in consideration possible modifications following the review and analysis of the present consolidated financial statements by the ISC, CMHC, FNEC and ISC – Health Branch. Any adjustment, including deferred revenue, resulting from this analysis will be recorded in the current year as an adjustment in the funds or the results.

22. Budget

Budget figures are unaudited and are presented in each statement of revenues and expenses by project, when available.

23. Pension plan

The First Nation supports the contributory defined benefit pension plan for substantially all of its employees (rates for the police department are described below). It is a multiemployer plan that is administered by the Native Benefit Plan. The pension for native employees is 8.5% of the gross salary and the employer contributes 1.82 times the employee contribution, for the non-native it is 6.8 % of the gross salary and the employer contributes 1.82 times the employee contribution.

For the police department, the rate is 9.5% of the gross salary for the native employees and 7.2% for the non-native employees. The employer's contribution is 2 times the amount.

An expense of \$295,031 (\$217,482 in 2019) is included in salaries and fringe benefits of various departments.

Timiskaming First Nation

Notes to the consolidated financial statements

March 31, 2020

24. Financial instruments

Fair value of financial assets and liabilities

The fair value represents approximately the amounts of the financial instruments that would be exchanged between the consenting parties, according to the current market value of instruments for which the risk, capital and duration are the same. Certain estimates and decisions were required to arrive at the fair value of financial instruments which was based upon actualization and other evaluation methods which depend largely on hypothesis of estimated cash flows and the actualization rate depending on different degrees of risk.

The fair value of cash, accounts receivable, restricted cash and deposits, accounts payable and accrued liabilities, due to ISC and due to ISC – Health Branch is approximately equal to their carrying value due to their short-term maturity date.

As at March 31, 2020, the net book value of all financial instruments corresponded approximately to their fair value with the exception of the following item:

	Net Book Value	Fair Value
Long-term debt	\$4,763,736	\$4,872,770

Credit risk

The First Nation provides credit to its tenants in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for potential credit losses.

Interests rate risk

The long-term debt mainly bears interests at fixed rates. Consequently, the cash flows exposure is not significant. However, the fair value of loans having fixed rates of interests could fluctuate because of changes in market interests rates. The short-term loans represent a limited exposure to interests rate risk due to their short-term maturity.

Credit facility

TFN Construction L.P. has an authorized bank loan for an amount of \$75,000, bearing interests at prime rate (2.95% as at March 31, 2020) plus 1.25%. No amount has been used as of March 31, 2020.

25. Contingency and contingent asset

The First Nation entered into forgivable loans agreements with CMHC for the Residential Rehabilitation Assistance Program On-Reserve (RRAP). If the same person owns and occupies the house for the term of the loan, which could vary for periods from two to five years, ending different dates, the loan will be earned of the full amount. Failing which, the unearned portion of this forgivable loan plus interests will become due and payable. The First Nation must notify CMHC if the property is sold, rented or transferred before the loan being fully earned. In that case, CMHC, at its sole discretion, could approve an assignment of this forgivable loan if the property is sold to a Band member who is eligible and meets the RRAP program criteria. As at March 31, 2020, the amount that should be reimbursed if the conditions are not respected is \$168,903.

25. Contingency and contingent asset (continued)

In February 2019, a fire occurred at the Arena. Work began during 2019-2020 for the demolition of the Arena and part of the insurance payments were received to cover these costs. A sum of more than 3.4 millions was received in February 2021 from insurers in full payment for this loss. It is not yet clear what form the reconstruction will take. No amount has been entered in accounts receivable and the costs related to the reconstruction are undetermined at this time.

The First Nation has guaranteed a personal loan from a community member for a maximum of \$150,000 in connection with a house.

26. Subsequent event

On June 1st, 2020, Widjikiwe Gas Bar L.P. (WGB) was formed. The partners are Timiskaming First Nation as limited partner and Widjikiwe Holdings Corp. (WHC) as general partner. This limited partnership has been created to host a gas station on the territory of Timiskaming First Nation.

The gas bar began its operations in early December 2020 following the transfer of all construction operations on December 1st from WHC to WGB, WHC having had the mandate to complete this project, started during the year 2019-2020. As of December 31, 2020, the approximate and non-final amounts committed within the framework of this project and the transfer are as follows:

	Revenues received \$	Loans \$	Capital assets - March 2020 \$	Capital assets - December 2020 \$	Transfer \$
Widjikiwe Gas Bar LP	1,395,800	1,277,000	(619,224)	(1,549,886)	503,690

The entities have entered into a supply contract for the purchase of gasoline stocks from an exclusive supplier. This ten (10) years contract will expire in November 2030.

The First Nation has guaranteed a credit line from Widjikiwe Gas Bar LP for a maximum of \$150,000.

27. Expenses by object

	2020 \$	2019 \$
Salaries	5,927,403	5,649,522
Fringe benefits	869,668	632,181
Administration fees	909,009	342,459
Amortization	1,348,949	1,226,702
Allocations	1,558,407	1,442,196
Bad debt	21,211	34,201
Council - Honoraries	48,150	50,450
Christmas Food & Toy Drive	564	250
Contracts	984,757	576,821
Contracts - Rental of equipment	54,812	96,706
Eating Healthy Education	74,417	68,040
Election expenses	42,760	-
Electricity	154,409	192,663
Emergency (COVID)	103,500	-
Insurances	197,229	138,054
Interests and bank charges	21,167	13,314

Timiskaming First Nation**Notes to the consolidated financial statements**

March 31, 2020

27. Expenses by object (continued)

	2020	2019
	\$	\$
Interests on long-term debt	145,176	106,581
Loss (gain) on disposal of fixed assets	31,823	2,614,533
Maintenance	297,160	247,859
Material and supplies	1,280,676	1,283,016
Medical transportation	49,623	82,000
Professional fees	589,626	468,701
Professional fees (audit, accounting support & consultants)	100,886	109,775
Professional fees (legal)	96,574	241,279
Purchase of fuel	214,837	174,791
Telecommunication	106,977	115,620
Training	57,226	97,134
Transfer to replacement reserve	50,750	51,350
Travel expenses	522,052	488,555
Tuition fees	964,878	985,158
Workshops	314,526	385,960
Other expenses	128,031	162,429
	17,267,233	18,078,300

28. Expenses by object – ISC Financial Reporting Requirements

	2020	2019
	\$	\$
Salaries	5,927,403	5,709,132
Fringe benefits	869,668	641,437
Administration fees	909,009	362,906
Amortization	1,348,949	1,226,702
Allocations	1,558,407	1,442,196
Bad debt	21,211	34,201
Council – Honoraries	48,150	50,450
Christmas Food & Toy Drive	564	250
Contracts	1,315,971	1,258,723
Contracts – Rental of equipment	54,812	96,706
Eating Healthy Education	74,417	68,040
Election expenses	42,760	-
Electricity	154,409	192,663
Emergency (COVID)	103,500	-
Insurances	197,229	138,054
Interests and bank charges	21,167	13,314
Interests on long-term debt	160,141	106,581
Loss (gain) on disposal of fixed assets	31,823	2,614,533
Maintenance	297,160	247,859
Material and supplies	1,315,154	1,648,124
Medical transportation	49,623	82,000
Professional fees	592,991	471,314
Professional fees (audit, accounting support & consultants)	100,886	109,775
Professional fees (legal)	96,574	241,279
Purchase of capital assets	1,263,300	2,249,938
Purchase of fuel	214,837	174,791
Reimbursement of long-term debt	693,776	609,672
Telecommunication	106,977	115,620

Timiskaming First Nation**Notes to the consolidated financial statements**March 31, 2020

28. Expenses by object – ISC Financial Reporting Requirements (continued)

	2020	2019
	\$	\$
Training	57,226	97,134
Transfer to replacement reserve	50,750	51,350
Travel expenses	522,052	488,555
Tuition fees	964,878	985,158
Workshops	314,526	385,960
Other expenses	128,031	162,429
Transfer to net investment in capital assets	(1,647,322)	(3,388,874)
	17,961,009	18,687,972