



RECEIVED

JUL 26 2019

KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury ON P3C 1X3
Tel 705-675-8500
Fax 705-675-7586
www.kpmg.ca

Indigenous Services Canada
Services aux Autochtones Canada
Sudbury

PRIVATE AND CONFIDENTIAL
Indigenous Services Canada
760 Notre Dame Avenue, Unit M
Sudbury ON P3

July 25, 2019

Dear Sir or Madam:

Chapleau Cree First Nation

At the request of our client, Wahta Mohawks First Nation, we are submitting the following items regarding the March 31, 2019 year-end, which comply with terms of the FNFTA, and can be made available on your internet site:

- Audited Financial Statements
- Schedule of Remuneration and Expenses – Chief & Council

The following additional required reporting documents will not be published and are for your internal purposes only:

- Schedule of Remuneration and Expenses – Unelected Senior Officials
- Revenues and Expenses – Indigenous Services Canada
- Revenues and Expenses – Health Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

Donald M. Garrioch, FCPA, FCA
Partner

/lb

Enclosures:

Financial Statements of

CHAPLEAU CREE FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.


The Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Council's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

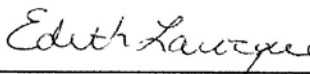
The Council reviewed the Chapleau Cree First Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Council takes this information into consideration when approving the financial statements for issuance to the Members. The Council also considers the engagement of the external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.

Approved on behalf of council:



Chief



Band Manager



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Members of Chapleau Cree First Nation

Qualified Opinion

We have audited the financial statements of Chapleau Cree First Nation (the "First Nation"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, except for the extent of the effect of the matters described in the Basis for Qualified opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board.

Basis for Qualified Opinion

The First Nation has not been provided with information for investments in certain First Nation business enterprises and investments in joint ventures held by certain First Nation business enterprises accounted for by the modified equity method. As a result, the investment in First Nation business enterprises, advances from First Nation business enterprises, net debt and accumulated surplus for the year ended March 31, 2019 may be understated or overstated.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditors' Responsibilities 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 auditors' 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 the 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 risk 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, internal 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 purposes 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 the 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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 22, 2019

CHAPLEAU CREE FIRST NATION

Index to Financial Statements

Year ended March 31, 2019

Financial Statements

Exhibit A	Statement of Financial Position	1
Exhibit B	Statement of Operations and Accumulated Surplus	2
Exhibit C	Statement of Changes in Net Financial Assets	3
Exhibit D	Statement of Cash Flows	4
	Notes to Financial Statements	5 - 18

CHAPLEAU CREE FIRST NATION

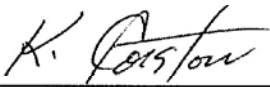
Exhibit A - Statement of Financial Position

March 31, 2019, with comparative information for 2018


	2019	2018
Financial assets		
Cash and term deposits	\$ 6,828,594	2,468,772
Restricted cash - Mukeso Cree Home	75,862	50,747
Accounts receivable	1,381,254	211,720
Portfolio investments (note 3)	948,631	929,746
Investment in First Nations business enterprises (note 4)	867,683	621,042
Inventory	105,973	119,539
	<u>10,207,997</u>	<u>4,401,566</u>
Financial liabilities		
Line of credit (note 5)	-	65,000
Accounts payable and accrued liabilities	1,976,366	484,747
Deferred revenue (note 6)	2,934,994	394,619
Long-term debt (note 7)	969,535	1,078,453
	<u>5,880,895</u>	<u>2,022,819</u>
Net financial assets	4,327,102	2,378,747
Non-financial assets		
Prepaid expenses	12,755	13,017
Consolidated revenue fund	36	35
Tangible capital assets (note 2)	7,476,702	4,663,893
	<u>7,489,493</u>	<u>4,676,945</u>
Contingent liabilities (note 8)		
Accumulated surplus (note 10)	\$ 11,816,595	7,055,692

See accompanying notes to financial statements.

Approved on behalf of Council



Chief



Band Administrator

CHAPLEAU CREE FIRST NATION

Exhibit B - Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Indigenous Services Canada (note 9)	\$ 4,298,671	1,375,782
ISC - Hornpayne Mill Investment	-	1,000,000
Ontario First Nations Limited Partnership	724,211	573,176
Health Canada	1,120,133	294,948
Canada Mortgage and Housing Corporation	232,220	40,745
Ministry of Health	162,535	131,351
Gas Bar sales	2,902,353	2,705,390
Other	3,330,630	1,674,741
Share of earnings from First Nation business enterprises (note 4)	496,640	325,160
	13,267,393	8,121,293
Expenses:		
Ontario First Nations Limited Partnership	103	104
Band Administration	993,242	962,774
Economic Development	405,896	135,757
Education Fund	725,208	656,206
Employment and Training	52,350	69,480
Culture and Recreation	211,752	307,702
Community Infrastructure	461,357	490,863
Business Enterprises	86,831	76,763
Medical Services	1,326,861	608,589
Capital Housing	38,607	-
Social Housing	302,805	116,671
Chapleau Cree Garage	355,172	422,907
Northeast Superior Regional Chiefs' Forum	23,100	1,240,039
Land Claims	613,570	39,166
Chapleau Cree Gas Bar	2,823,286	2,625,177
Commercial Rentals	86,350	47,421
	8,506,490	7,799,619
Excess of revenue over expenses	4,760,903	321,674
Accumulated surplus, beginning of year	7,055,692	6,734,018
Accumulated surplus, end of year	\$ 11,816,595	7,055,692

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit C - Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Excess of revenue over expenses	\$ 4,760,903	321,674
Acquisition of tangible capital assets	(3,234,543)	(950,592)
Amortization of tangible capital assets	421,734	357,554
	1,948,094	(271,364)
Consolidated revenue fund	(1)	(1)
Acquisition of prepaid expenses	262	3,553
Change in net financial assets	1,948,355	(267,812)
Net financial assets, beginning of year	2,378,747	2,646,559
Net financial assets, end of year	\$ 4,327,102	2,378,747

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit D - Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Operating transactions:		
Excess of revenue over expenses	\$ 4,760,903	321,674
Adjustments for:		
Income from First Nation business enterprises	(496,640)	(325,160)
Amortization of tangible capital assets	421,734	357,554
	4,685,997	354,068
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,169,534)	215,822
Increase (decrease) in accounts payable and accrued liabilities	1,491,618	(79,169)
Increase in deferred revenue	2,540,375	48,870
Decrease (increase) in inventory	13,566	(19,738)
Decrease in prepaid expenses	262	3,553
	7,562,284	523,406
Capital transactions:		
Acquisition of tangible capital assets	(3,234,543)	(950,592)
Financing transactions:		
Bank loan advanced	-	65,000
Payments on bank loan	(65,000)	-
Long-term debt advanced	-	647,151
Principal payments on long-term debt	(108,918)	(95,584)
	(173,918)	616,567
Investing transactions:		
Dividends received from First Nation business enterprises	250,000	-
Purchase of investments	-	(174,259)
Investment in First Nation business enterprises	-	(1)
Consolidated revenue fund	(1)	(1)
Unrealized gain on investments	(18,885)	-
	231,114	(174,261)
Net increase in cash position	4,384,937	15,120
Cash, beginning of year	2,519,519	2,504,399
Cash, end of year	\$ 6,904,456	2,519,519
Cash position consists of:		
Cash and term deposits	\$ 6,828,594	2,468,772
Restricted cash - Mukeso Cree Home	75,862	50,747
	\$ 6,904,456	2,519,519

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

The Chapleau Cree First Nation (the "First Nation"), located in Chapleau, Ontario administers programs and provides services to First Nation members.

1. Significant accounting policies:

These financial statements of Chapleau Cree First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Reporting entity:

The reporting entity includes activities of all committees of the First Nation under the control of Chief and Council. Commercial enterprises which meet the definition of a business enterprise are included in these financial statements and accounted for on a modified equity basis. Under the modified equity method of accounting, only Chapleau Cree First Nation's portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

The First Nation has invested in the Wahkohtowin Development Limited Partnership and Three Nations Drilling LP. The First Nation accounts for its investment in these business partnerships using the modified equity method.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Inventory:

Inventory is measured at the lower of cost and net realizable value by using the weighted average costing methodology. The First Nation uses the same cost formula for all inventory having a similar nature and use to the entity. When circumstances which previously caused inventory to be written down no longer exists the previous impairment is reversed.

(d) Investments:

Investments consisting of publicly traded shares are recorded at market value.

Investments consisting of commercial bonds are recorded at cost, with any premium or discount amortized over the term to maturity.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	25
Roads infrastructure	20 - 50
Machinery and equipment	5 - 10
Furniture, computers and fixtures	3 - 10
Vehicles	5
Social housing	25

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(f) Revenue recognition:

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

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(g) Consolidated revenue fund:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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 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.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, and valuation allowances for receivables and inventory. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(i) Employee future benefits:

The First Nation provides pension benefits under a defined contribution pension plan. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

2. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 213,194	-	-	213,194
Buildings	4,410,783	2,622,464	-	7,033,247
Roads infrastructure	1,794,095	-	-	1,794,095
Machinery and equipment	1,007,208	206,017	-	1,213,225
Furniture, computers and fixtures	51,249	-	-	51,249
Vehicles	1,078,967	303,914	(128,225)	1,254,656
Social housing	961,639	102,148	-	1,063,787
Total	\$ 9,517,135	3,234,543	(128,225)	12,623,453

Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization	Balance at March 31, 2019
Land	\$ -	-	-	-
Buildings	2,103,473	-	152,439	2,255,912
Roads infrastructure	918,185	-	56,221	974,406
Machinery and equipment	714,394	-	81,073	795,467
Furniture, computers and fixtures	28,248	-	12,277	40,525
Vehicles	933,295	(128,225)	88,981	894,051
Social housing	155,647	-	30,743	186,390
Total	\$ 4,853,242	(128,225)	421,734	5,146,751

	Net book value, March 31, 2018	Net book value, March 31, 2019
Land	\$ 213,194	213,194
Buildings	2,307,310	4,777,335
Roads infrastructure	875,910	819,689
Machinery and equipment	292,814	417,758
Furniture, computers and fixtures	23,001	10,724
Vehicles	145,672	360,605
Social housing	805,992	877,397
Total	\$ 4,663,893	7,476,702

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

2. Tangible capital assets (continued):

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 213,194	-	-	213,194
Buildings	3,848,314	562,469	-	4,410,783
Roads infrastructure	1,794,095	-	-	1,794,095
Machinery and equipment	875,991	131,217	-	1,007,208
Furniture, computers and fixtures	30,506	20,743	-	51,249
Vehicles	1,038,967	40,000	-	1,078,967
Social housing	765,476	196,163	-	961,639
Total	\$ 8,566,543	950,592	-	9,517,135

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$ -	-	-	-
Buildings	1,948,800	-	154,673	2,103,473
Roads infrastructure	861,964	-	56,221	918,185
Machinery and equipment	660,144	-	54,250	714,394
Furniture, computers and fixtures	19,429	-	8,819	28,248
Vehicles	872,505	-	60,790	933,295
Social housing	132,846	-	22,801	155,647
		-	14,982	
Total	\$ 4,495,688	-	372,536	4,853,242

	Net book value, March 31, 2017	Net book value, March 31, 2018
Land	\$ 213,194	213,194
Buildings	1,899,514	2,307,310
Roads infrastructure	932,131	875,910
Machinery and equipment	215,847	292,814
Furniture, computers and fixtures	-	-
	11,077	23,001
Vehicles	166,462	145,672
Social housing	632,630	805,992
Total	\$ 4,070,855	4,663,893

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

3. Portfolio investments:

	2019		2018	
	Cost	Market	Cost	Market
Public company shares	\$ 880,499	948,631	\$ 543,903	929,746

4. Investment in First Nation business enterprises:

Chapleau Cree First Nation has the following investments in business enterprises:

A direct 33.33% interest in the Wahkohtowin Development Limited Partnership ("WDLP") and its general partner Wahkohtowin Development General Partner Inc. ("WDGP"). WDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Three Nations Drilling LP ("TND") and its general partner 2454357 Ontario Inc. ("TNDGP"). TND is engaged in community economic development and is accounted for using the modified equity method.

A direct 16.67% interest in the Mushkegowuk Regional Economic Development Limited Partnership ("MREDLP"). MREDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Northeast Superior First Nations Investment LP ("NSFNI"). NSFNI is engaged in community economic development and as accounted for using the modified equity method.

A direct 33.33% interest in the 2680985 LP ("2680985"). 2680985 is engaged in community economic development and as accounted for using the modified equity method.

Financial information for First Nation business enterprises was not available for the year ended March 31, 2019. See *Basis for Qualified Opinion* paragraph.

The First Nation's equity interest in these business enterprises is summarized as follows:

WDLP (250 Class A, 250 Class B Limited Partner Units)	\$ 181,354
WDGP (250 Common Shares)	258
TND (200 Limited Partner Units)	329,701
TNDGP (100 Common Shares)	119
MREDLP (100 Limited Partner Units)	25,000
NSFNI (1 Limited Partner Unit)	331,250
2680985 (1 Limited Partner Unit)	1
	<u>\$ 867,683</u>

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

4. Investment in First Nation business enterprises (continued):

The investments as March 31, 2019 consists of the following:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
Balance, beginning of year	\$ 300,823	25,000	109,594	258	185,248	119	-	621,042
First Nation contributions	-	-	-	-	-	-	1	1
Dividend received	-	-	-	-	(250,000)	-	-	(250,000)
First Nation's share of earnings	30,428	-	71,759	-	394,453	-	-	496,640
Balance, end of year	\$ 331,251	25,000	181,353	258	329,701	119	1	867,683

Financial information for the business enterprise fiscal year end March 31, 2019 is as follows:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
Financial position:								
Current assets	\$ 275,103	-	415,606	750	1,576,637	300	597,123	2,865,519
Non-current assets	4,277,511	-	59,537	25	592,647	57	-	4,929,777
Total assets	4,552,614	-	475,143	775	2,169,284	357	597,123	7,795,296
Current liabilities	6,000	-	112,208	-	427,942	-	588,299	1,134,449
Long-term debt	3,567,857	-	-	-	-	-	8,820	3,576,677
Total liabilities	3,573,857	-	112,208	-	427,942	-	597,119	4,711,126
Partners' equity	\$ 978,757	-	362,935	775	1,741,342	357	4	3,084,170
Results of operations:								
Revenue	\$ 540,559	-	748,817	-	-	-	70,715	1,360,091
Expenses	449,273	-	641,181	-	-	-	70,715	1,161,169
Net earnings	\$ 91,286	-	107,636	-	-	-	-	198,922

Financial information for MREDLP, TND and TNDGP was not available for the year ended March 31, 2019. Subsequently, financial position information is at March 31, 2018 and no financial information has been presented for results of operations.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

5. Line of credit:

The First Nation has an available line of credit in the amount of \$200,000 with the Royal Bank which is payable on demand and bears interest at prime plus 0.7% payable monthly and is secured by a general security agreement. As at March 31, 2019, there is a balance of \$Nil (2018 - \$65,000).

6. Deferred revenue:

Deferred revenue by program is detailed as follows:

	2019	2018
NFWWARP O&M	\$ 2,275,090	44,586
Indigenous Services Canada - Duplex	186,252	–
Education – guidance and counselling	150,059	138,503
Goldcorp Implementation	65,000	–
Education - direct services	51,683	54,585
HydroMega	48,088	–
Other – Housing	47,218	47,218
ISC – Least Disruptive Measures	38,000	38,000
Mushkegowuk Mental Health	28,420	–
Education – post secondary	24,573	20,541
Indigenous Services Canada - FNLMA	7,479	–
Other	5,848	246
Recreation and Culture - Youth trip	5,546	2,632
ISC – New Path	1,738	1,738
Health - MSB	–	40,325
IESO	–	6,245
	<u>\$ 2,934,994</u>	<u>394,619</u>

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

7. Long-term debt:

	2019	2018
Royal Bank loan payable, Payukotayno, \$3,675 monthly including interest at 3.89% per annum, due in 2020	\$ 21,921	64,258
Royal Bank mortgage payable, Mukeso, \$1,780 monthly including interest at 2.52% per annum, due in 2020	10,448	31,255
Northern Credit Union loan payable, Burkholder, \$771 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2030	105,603	114,854
CMHC mortgage payable, Cachagee Road, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	207,893	214,617
CMHC mortgage payable, Louttit Lane, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	207,893	214,617
Northern Credit Union loan payable, Sacred Tree, \$3,351 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2032	415,777	438,852
	\$ 969,535	1,078,453

All long-term debt obligations have been approved and are secured by Band Council resolution and Social Housing mortgages payable are guaranteed by CMHC.

Principal payments required on long-term debt within each of the next five years are as follows:

2020	\$ 79,064
2021	48,120
2022	49,433
2023	50,793
2024 and thereafter	742,125

8. Contingent liabilities:

(a) Loan guarantees:

The First Nation has guaranteed mortgages made to various members and is contingently liable, the balance of which is \$592,515 (2018 - \$537,418).

(b) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

9. Indigenous Services Canada ("ISC"):

	2019	2018
Revenue as reported	\$ 4,298,671	1,375,782
Revenue per funding confirmation	(6,748,238)	(2,544,960)
Specific funding – Hornepayne Mill Investment	–	1,000,000
Tuition adjustments	10,049	29,574
Deferred revenue	2,439,518	139,604
	\$ –	–

Included in accounts receivable are amounts due from ISC of \$1,094,310 (2018 – \$9,000).

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 6,507,167	3,585,440
Operating	(1,075,245)	(1,553,735)
Investment in business enterprises	867,683	621,042
	6,299,605	2,652,747
Reserve and reserve funds set aside for specific purpose by Council:		
Consolidated Revenue Fund (Ottawa Trust Funds)	36	35
Ontario First Nations Limited Partnership	4,411,563	3,880,560
Reserves	1,105,391	522,350
	5,516,990	4,402,945
Accumulated surplus	\$ 11,816,595	7,055,692

11. Employee future benefits:

The contributions to the defined contribution pension plan were \$56,485 (2018 - \$51,900).

12. Comparative information:

Certain 2018 comparative information has been reclassified to conform to the presentation adopted in 2019.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

13. Budget figures:

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current fund budgets are affected on an ongoing basis, depending on when various government programs become available to the First Nation. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the statement of financial activities.

14. Segmented information:

Chapleau Cree First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. 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 special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Social Housing

The housing department manages the operations of the various rental housing owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of members.

Education

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the members.

Band Support

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for computer and communications related projects and services.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

14. Segmented information (continued):

Capital

The capital department provides services for the longevity of the First Nation by the acquisition and development of land resources, equipment, roads and housing. Revenue and expenses included in the capital department are generally of long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

14. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2019 Total
Revenue:						
Indigenous Services Canada	\$ 95,948	197,010	730,608	3,153,944	121,161	4,298,671
Ontario First Nations Limited Partnership	-	-	-	724,211	-	724,211
Health Canada	-	1,110,133	-	10,000	-	1,120,133
Canada Mortgage and Housing Corporation	232,220	-	-	-	-	232,220
Ministry of Health	-	162,535	-	-	-	162,535
Gas Bar Sales	-	-	-	2,902,353	-	2,902,353
Other	42,111	381,532	46,400	3,357,227	-	3,827,270
	370,279	1,851,210	777,008	10,147,735	121,161	13,267,393
Expenses:						
Wages, benefits and honorariums	19,893	401,556	128,147	1,939,428	-	2,489,024
Cost of sales	-	-	-	2,437,775	-	2,437,775
Materials and supplies	126,621	953,886	16,958	780,219	38,607	1,916,291
Tuition and allowances	-	-	467,164	-	-	467,164
Contractual and professional services	86,420	101,917	85	627,777	-	816,199
Other	3,921	77,084	61,727	2,513,753	-	2,656,485
Interest on long-term debt	16,420	-	-	28,756	-	45,176
Travel and training	12	60,542	20,927	34,166	-	115,647
Capital purchases	102,148	171,390	102,000	-	-	375,538
Amortization of tangible capital assets	49,518	74,525	10,200	287,491	-	421,734
Investment in tangible capital assets	(102,148)	(514,039)	(82,000)	(2,536,356)	-	(3,234,543)
	302,805	1,326,861	725,208	6,113,009	38,607	8,506,490
Excess of revenue over expenses	\$ 67,474	524,349	51,800	4,034,726	82,554	4,760,903

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2019

14. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2018 Total
Revenue:						
Indigenous Services Canada	\$ 30,755	-	772,707	450,306	122,014	1,375,782
ISC - Hornepayne	-	-	-	1,000,000	-	1,000,000
Ontario First Nations Limited Partnership	-	-	-	573,176	-	573,176
Health Canada	-	254,514	-	40,434	-	294,948
Canada Mortgage and Housing Corporation	40,745	-	-	-	-	40,745
Ministry of Health	-	131,351	-	-	-	131,351
Gas Bar Sales	-	-	-	2,705,390	-	2,705,390
Other	31,822	191,004	(87,772)	1,864,847	-	1,999,901
	103,322	576,869	684,935	6,634,153	122,014	8,121,293
Expenses:						
Wages, benefits and honorariums	17,600	297,668	109,121	1,352,558	-	1,776,947
Cost of sales	-	-	-	2,281,664	-	2,281,664
Materials and supplies	247,351	123,334	26,301	1,671,165	382	2,068,533
Tuition and allowances	-	-	476,017	-	-	476,017
Contractual and professional services	26,052	7,253	-	342,220	-	375,525
Other	5,375	19,447	15,675	1,223,544	-	1,264,041
Interest on long-term debt	11,125	140	-	20,544	-	31,809
Travel and training	6,836	46,833	20,321	29,149	-	103,139
Amortization of tangible capital assets	38,119	39,098	-	295,319	-	372,536
Investment in tangible capital assets	(216,906)	-	-	(733,686)	-	(950,592)
	135,552	533,773	647,435	6,482,477	382	7,799,619
Excess (deficiency) of revenue over expenses	\$ (32,230)	43,096	37,500	151,676	121,632	321,674