

Financial Statements of

CHAPLEAU CREE FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

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 Administrator



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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, 2020
- 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, 2020, 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, 2020 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.



Page 3

- 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
August 18, 2020

CHAPLEAU CREE FIRST NATION

Index to Financial Statements

Year ended March 31, 2020

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, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash and term deposits	\$ 6,500,634	6,828,594
Restricted cash	88,090	75,862
Accounts receivable	550,777	1,381,254
Portfolio investments (note 3)	815,557	948,631
Investment in First Nations business enterprises (note 4)	1,270,043	867,683
Inventory	109,671	105,973
	<u>9,334,772</u>	<u>10,207,997</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 12)	1,084,169	1,976,366
Deferred revenue (note 6)	1,740,618	2,934,994
Long-term debt (note 7)	890,226	969,535
	<u>3,715,013</u>	<u>5,880,895</u>
Net financial assets	5,619,759	4,327,102
Non-financial assets		
Prepaid expenses	32,001	12,755
Consolidated revenue fund	37	36
Tangible capital assets (note 2)	9,461,914	7,476,702
	<u>9,493,952</u>	<u>7,489,493</u>
Contingent liabilities (note 8)		
Effects of COVID-19 (note 14)		
Accumulated surplus (note 10)	\$ 15,113,711	11,816,595

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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Indigineous Services Canada (note 9)	\$ 4,454,898	5,418,804
Ontario First Nations Limited Partnership	629,179	724,211
Canada Mortgage and Housing Corporation	37,107	232,220
Ministry of Health	162,535	162,535
Gas Bar sales	2,924,054	2,902,353
Other	3,057,679	3,330,630
Share of earnings from First Nation business enterprises (note 4)	505,701	496,640
	11,771,153	13,267,393
Expenses:		
Ontario First Nations Limited Partnership	110	103
Band Administration	937,405	993,242
Economic Development	382,255	405,896
Education Fund	628,120	725,208
Employment and Training	55,516	52,350
Culture and Recreation	255,547	211,752
Community Infrastructure	601,414	461,357
Business Enterprises	68,429	86,831
Medical Services	1,486,492	1,326,861
Capital Housing	-	38,607
Social Housing	142,507	302,805
Chapleau Cree Garage	366,591	355,172
Northeast Superior Regional Chiefs' Forum/Wahkohtowin	-	23,100
Land Claims	18,080	613,570
Chapleau Cree Gas Bar	2,884,592	2,823,286
Commercial Rentals	70,200	86,350
Per Capita Distribution	576,779	-
	8,474,037	8,506,490
Excess of revenue over expenses	3,297,116	4,760,903
Accumulated surplus, beginning of year	11,816,595	7,055,692
Accumulated surplus, end of year	\$ 15,113,711	11,816,595

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit C - Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Excess of revenue over expenses	\$ 3,297,116	4,760,903
Acquisition of tangible capital assets	(2,464,628)	(3,234,543)
Amortization of tangible capital assets	479,416	421,734
	1,311,904	1,948,094
Consolidated revenue fund	(1)	(1)
Use (acquisition) of prepaid expenses	(19,246)	262
Change in net financial assets	1,292,657	1,948,355
Net financial assets, beginning of year	4,327,102	2,378,747
Net financial assets, end of year	\$ 5,619,759	4,327,102

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Exhibit D - Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Excess of revenue over expenses	\$ 3,297,116	4,760,903
Adjustments for:		
Income from First Nation business enterprises	(505,701)	(496,640)
Amortization of tangible capital assets	479,416	421,734
	3,270,831	4,685,997
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	830,478	(1,169,534)
Increase (decrease) in accounts payable and accrued liabilities	(892,198)	1,491,618
Increase (decrease) in deferred revenue	(1,194,376)	2,540,375
Decrease (increase) in inventory	(3,698)	13,566
Decrease (increase) in prepaid expenses	(19,246)	262
	1,991,791	7,562,284
Capital transactions:		
Acquisition of tangible capital assets	(2,464,628)	(3,234,543)
Financing transactions:		
Payments on bank loan	-	(65,000)
Principal payments on long-term debt	(79,309)	(108,918)
	(79,309)	(173,918)
Investing transactions:		
Dividends received from First Nation business enterprises	250,000	250,000
Investment in First Nation business enterprises	(146,659)	-
Consolidated revenue fund	(1)	(1)
Write-down of 2558107 Ontario Inc investment	184,500	-
Unrealized gain on portfolio investments	(51,426)	(18,885)
	236,414	231,114
Net increase (decrease) in cash position	(315,732)	4,384,937
Cash, beginning of year	6,904,456	2,519,519
Cash, end of year	\$ 6,588,724	6,904,456
Cash position consists of:		
Cash and term deposits	\$ 6,500,634	6,828,594
Restricted cash - Mukeso Cree Home	88,090	75,862
	\$ 6,588,724	6,904,456

See accompanying notes to financial statements.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

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, 2020

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, 2020

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, 2020

2. Tangible capital assets:

Cost	Balance at March 31, 2019	Additions	Disposals	Balance at March 31, 2020
Land	\$ 213,194	-	-	213,194
Buildings	7,033,247	1,960,200	-	8,993,447
Roads infrastructure	1,794,095	33,000	-	1,827,095
Machinery and equipment	1,213,225	29,494	-	1,242,719
Furniture, computers and fixtures	51,249	4,429	-	55,678
Vehicles	1,254,656	111,194	-	1,365,850
Social housing	1,063,787	326,311	-	1,390,098
Total	\$ 12,623,453	2,464,628	-	15,088,081

Accumulated Amortization	Balance at March 31, 2019	Disposals	Amortization	Balance at March 31, 2020
Land	\$ -	-	-	-
Buildings	2,255,912	-	152,117	2,408,029
Roads infrastructure	974,406	-	57,046	1,031,452
Machinery and equipment	795,467	-	100,571	896,038
Furniture, computers and fixtures	40,525	-	8,743	49,268
Vehicles	894,051	-	121,627	1,015,678
Social housing	186,390	-	39,312	225,702
Total	\$ 5,146,751	-	479,416	5,626,167

	Net book value, March 31, 2019	Net book value, March 31, 2020
Land	\$ 213,194	213,194
Buildings	4,777,335	6,585,418
Roads infrastructure	819,689	795,643
Machinery and equipment	417,758	346,681
Furniture, computers and fixtures	10,724	6,410
Vehicles	360,605	350,172
Social housing	877,397	1,164,396
Total	\$ 7,476,702	9,461,914

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

2. Tangible capital assets (continued):

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, 2020

3. Portfolio investments:

	2020		2019	
	Cost	Market	Cost	Market
Public company shares	\$ 890,159	815,557	\$ 880,499	948,631

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, 2020. 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)	\$ 170,452
WDGP (250 Common Shares)	274
TND (200 Limited Partner Units)	727,573
TNDGP (100 Common Shares)	1,154
MREDLP (100 Limited Partner Units)	73,480
NSFNI (1 Limited Partner Unit)	232,978
2680985 (1 Limited Partner Unit)	64,332
	<u>\$ 1,270,043</u>

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

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

The investments as March 31, 2020, consists of the following:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
Balance, beginning of year	\$ 331,251	25,000	181,353	258	329,701	119	1	867,683
First Nation contributions	146,659	-	-	-	-	-	-	146,659
Dividend received	-	-	-	-	(250,000)	-	-	(250,000)
First Nation's share of earnings	(244,932)	48,480	(10,901)	(184)	647,872	1,035	64,331	505,701
Balance, end of year	\$ 232,978	73,480	170,452	74	727,573	1,154	64,332	1,270,043

Financial information for the business enterprise fiscal year end March 31, 2020, is as follows:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	2680985 LP	Total
Financial position:								
Current assets	\$ 239,937	524,947	353,682	198	2,978,913	3,406	287,630	4,388,713
Non-current assets	3,614,781	-	170,937	25	671,626	57	1,452,064	5,909,490
Total assets	3,854,718	524,947	524,619	223	3,650,539	3,463	1,739,694	10,298,203
Current liabilities	2,500	9,000	119,839	-	713,757	-	588,805	1,433,901
Non-current liabilities	3,125,286	150,000	1,041	-	-	-	957,891	4,234,218
Total liabilities	3,127,786	159,000	120,880	-	713,757	-	1,546,696	5,668,119
Partners' equity	\$ 726,932	365,947	403,739	223	2,936,782	3,463	192,998	4,630,084
Results of operations:								
Revenue	\$ (532,349)	320,375	872,684	-	2,265,781	3,105	1,161,821	4,091,417
Expenses	202,453	74,272	905,391	552	290,340	-	968,827	2,441,835
Net earnings	\$ (734,802)	246,103	(32,707)	(552)	1,975,441	3,105	192,994	1,649,582

Financial information for MREDLP, TND and TNDGP was not available for the year ended March 31, 2020. Subsequently, financial position information is at March 31, 2019 and no financial information has been presented for results of operations.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

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, 2020, there is a balance of \$Nil (2019 - \$Nil).

6. Deferred revenue:

Deferred revenue by program is detailed as follows:

	2020	2019
Indigenous Services Canada	\$ 1,589,755	\$ 2,777,463
HydroMega	48,088	48,088
Ministry of Indigenous Affairs	40,000	–
RBC	28,809	–
Mushkegowuk Mental Health	28,420	28,420
Recreation and Culture – Youth Trip	5,546	5,546
Goldcorp	–	65,000
FNLMA	–	7,478
Powwow	–	2,999
	\$ 1,740,618	\$ 2,934,994

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

7. Long-term debt:

	2020	2019
Royal Bank loan payable, Payukotayno, \$3,675 monthly including interest at 3.89% per annum, due in 2020	\$ —	\$ 21,921
Royal Bank mortgage payable, Mukeso, \$1,780 monthly including interest at 2.52% per annum, due in 2020	—	10,448
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	96,353	105,603
CMHC mortgage payable, Cachagee Road, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	201,034	207,893
CMHC mortgage payable, Louttit Lane, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	201,034	207,893
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	391,805	415,777
	<u>\$ 890,226</u>	<u>\$ 969,535</u>

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:

2021	\$ 48,252
2022	49,571
2023	50,937
2024	52,353
2025 and thereafter	689,113

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 \$574,740 (2019 - \$592,515).

The First Nation has guaranteed a loan made to Northeast Superior First Nations Investment LP in the amount of \$1,235,000 (2019 - \$1,235,000).

(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, 2020

9. Indigenous Services Canada ("ISC"):

	2020	2019
Revenue as reported	\$ 4,454,898	\$ 5,418,804
Revenue per funding confirmation	(3,243,093)	(7,811,972)
Tuition adjustments	–	10,049
Deferred revenue	(1,211,805)	2,383,119
	\$ –	\$ –

Included in accounts receivable are amounts due from ISC of \$264,459 (2019 - \$1,094,310).

10. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 8,571,688	\$ 6,507,167
Operating	(1,400,116)	(1,075,245)
Investment in business enterprises	1,270,043	867,683
	8,441,615	6,299,605
Reserve and reserve funds set aside for specific purpose by Council:		
Consolidated Revenue Fund (Ottawa Trust Funds)	37	36
Ontario First Nations Limited Partnership	4,670,116	4,411,563
Reserves	2,001,943	1,105,391
	6,672,096	5,516,990
Accumulated surplus	\$ 15,113,711	\$ 11,816,595

11. Employee future benefits:

The contributions to the defined contribution pension plan were \$42,293 (2019 - \$56,485).

12. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities at March 31, 2020 is \$83,078 (2019 - \$456,927) in per-capita distributions owing to members who have not yet reached the age of majority. These funds are held in a separate bank account and are included in Cash and term deposits.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

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 on-going 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. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

15. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements.

16. 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.

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

16. Segmented information (continued):

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.

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, 2020

16. Segmented information (continued):

	Social Housing	Medical Services	Education	Band Support	Capital	2020 Total
Revenue:						
Indigineous Services Canada	\$ 51,966	1,373,032	813,503	2,094,406	121,991	4,454,898
Ontario First Nations Limited Partnership	-	-	-	629,179	-	629,179
Canada Mortgage and Housing Corporation	37,107	-	-	-	-	37,107
Ministry of Health	-	162,535	-	-	-	162,535
Gas Bar Sales	-	-	-	2,924,054	-	2,924,054
Other	247,186	(73,357)	(169,603)	3,559,154	-	3,563,380
	336,259	1,462,210	643,900	9,206,793	121,991	11,771,153
Expenses:						
Wages, benefits and honorariums	10,764	512,690	142,164	1,467,591	-	2,133,209
Cost of sales	-	-	-	2,481,213	-	2,481,213
Materials and supplies	86,983	458,616	20,414	731,288	-	1,297,301
Tuition and allowances	-	-	404,319	-	-	404,319
Contractual and professional services	14,543	152,658	-	417,487	-	584,688
Other	7,566	262,786	18,502	2,776,053	-	3,064,907
Interest on long-term debt	15,676	-	-	26,470	-	42,146
Travel and training	-	83,994	22,321	52,276	-	158,591
Capital purchases	275,718	17,158	-	-	-	292,876
Amortization of tangible capital assets	57,568	103,947	20,400	297,501	-	479,416
Investment in tangible capital assets	(326,311)	(105,357)	-	(2,032,961)	-	(2,464,629)
	142,507	1,486,492	628,120	6,216,918	-	8,474,037
Excess (deficiency) of revenue over expenses	\$ 193,752	(24,282)	15,780	2,989,875	121,991	3,297,116

CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

16. 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