

Consolidated Financial Statements of

AAMJIWNAANG FIRST NATION

March 31, 2020

Independent Auditor's Report

To the Band Council of Aamjiwnaang First Nation

Opinion

We have audited the consolidated financial statements of **Aamjiwnaang First Nation** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, the consolidated statement of operations, change in net financial assets and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 – Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. 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 Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario
September 16, 2020

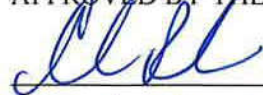
AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

	<u>Page</u>
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Consolidated Notes to the Financial Statements	5 – 18
Schedules of Revenue and Expense	19 – 24

AAMJIWNAANG FIRST NATION
Consolidated Statement of Financial Position
As at March 31, 2020

	<u>2020</u>	<u>2019</u> (restated)
FINANCIAL ASSETS		
Cash	\$ 9,505,810	\$ 12,217,665
Trust funds in Ottawa (Note 4)	5,708,494	5,380,004
Restricted assets (Note 5)	732,382	1,093,342
Portfolio investments	26,448,017	20,564,798
Accounts receivable (Note 6)	4,376,798	3,217,126
Loans to Band members (Note 7)	925,377	994,983
Investment in related parties (Note 8)	4,915,705	4,960,784
Net investment in energy projects (Note 9)	18,782,803	14,831,048
	71,395,386	63,259,750
LIABILITIES		
Accounts payable and accrued charges	3,028,772	2,648,748
Deferred revenue (Note 10)	3,866,471	3,186,014
Long-term debt (Note 11)	3,669,666	4,056,019
	10,564,909	9,890,781
CONTINGENT LIABILITIES (Note 12)		
NET FINANCIAL ASSETS	60,830,477	53,368,969
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	18,628,904	15,828,161
Prepaid assets	262,829	216,548
	18,891,733	16,044,709
ACCUMULATED SURPLUS (Note 3 and Note 14)	\$ 79,722,210	\$ 69,413,678

APPROVED BY THE BAND



Chief of Band



Finance Coordinator

AAMJIWNAANG FIRST NATION
Consolidated Statement of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual (restated)
REVENUE			
Indigenous Services Canada			
Grant	389,910	\$ 662,295	\$ 969,271
Fixed contribution	3,359,067	3,487,642	1,211,243
Set contribution	80,515	182,835	148,523
Health Canada	1,408,347	1,997,941	1,442,527
Canadian Mortgage and Housing Corporation ("CMHC")	369,626	265,684	388,463
Other federal funding	25,000	24,995	25,000
Province of Ontario	1,926,451	2,049,694	1,999,481
Southern First Nations Secretariat	772,518	442,797	393,860
Ontario First Nations Limited Partnership	1,500,000	1,323,154	1,524,530
Union of Ontario Indians	567,874	431,606	406,906
Stepping Stones	1,446,603	1,442,262	1,454,315
Adelaide wind project	-	500,000	-
Kinomaadswin Education Body Inc.	4,663,989	3,145,751	3,093,227
Donation	21,000	1,759,721	13,600
Grand Bend wind project	4,300,000	3,968,500	4,610,850
Lease and management fee revenue	1,785,951	2,842,508	3,274,937
Rental income	758,155	765,420	828,529
Catering	10,000	13,585	13,876
Interest income	6,860	915,365	1,031,782
User fees	60,000	73,001	57,172
Little Native Hockey League	-	-	645,325
Other Recoveries	-	-	54,965
Other revenue	2,831,550	1,443,384	1,612,480
	26,283,416	27,738,140	25,200,862
EXPENSES			
Community Services - Schedule 1	13,983,087	13,637,952	12,304,254
Economic Development - Schedule 2	1,212,020	995,218	680,453
Housing - Schedule 3	2,550,375	1,236,355	1,137,993
General - Schedule 4	6,317,615	5,476,218	5,264,712
	24,063,097	21,345,742	19,387,412
Excess of revenue over expense from operations before net earnings from government enterprises	2,220,319	6,392,397	5,813,450
Net earnings from investment in energy projects	-	3,961,214	4,874,910
Net earnings from government enterprises	-	(45,079)	43,552
Annual surplus for the year (Note 14)	2,220,319	10,308,532	10,731,912
Accumulated surplus, beginning of year (Note 14)	69,413,678	69,413,678	58,681,766
ACCUMULATED SURPLUS, END OF YEAR (Note 14)	\$ 71,633,997	\$ 79,722,210	\$ 69,413,678

AAMJIWNAANG FIRST NATION

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual (restated)
ANNUAL SURPLUS			
Excess of revenue over expense	\$ 2,220,319	\$ 10,308,532	\$ 10,731,912
Acquisition of tangible capital assets	-	(3,629,271)	(944,095)
Amortization of tangible capital assets	-	828,529	809,002
	2,220,319	7,507,790	10,596,819
Affect of prior period adjustments (Note 3)			9,901,553
Acquisition of prepaid assets	-	(262,830)	(216,548)
Utilization of prepaid assets	-	216,548	241,496
	-	(46,282)	9,926,501
NET CHANGE IN NET FINANCIAL ASSETS	2,220,319	7,461,508	20,523,320
Net financial assets, beginning of year	-	53,368,969	32,845,649
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,220,319	\$ 60,830,477	\$ 53,368,969

AAMJIWNAANG FIRST NATION
Consolidated Statement of Cash Flows
As at March 31, 2020

	<u>2020</u>	<u>2019</u> (restated)
OPERATING ACTIVITIES		
Annual surplus	\$ 10,308,532	\$ 10,731,912
Items not affecting cash		
Amortization	828,529	809,002
Net earnings from government business enterprises	45,079	(43,552)
Net earnings from investment in energy projects	(3,961,214)	(4,874,910)
Net decrease (increase) in trust funds in Ottawa	(328,490)	(399,970)
	<u>6,892,436</u>	<u>6,222,482</u>
Changes in non-cash working capital items		
Accounts receivable	(1,159,672)	(1,082,124)
Prepaid expenses	(46,282)	24,948
Accounts payable	380,024	1,167,142
Deferred revenue	680,457	1,533,736
	<u>6,746,963</u>	<u>7,866,184</u>
FINANCING ACTIVITIES		
Advance of long-term debt	-	651,589
Repayment of long-term debt	(386,353)	(467,352)
	<u>(386,353)</u>	<u>184,237</u>
INVESTING ACTIVITIES		
Net change of portfolio investments	(5,522,259)	(1,872,071)
Advances to related parties	9,459	248,352
Net decrease in housing loans	69,606	87,989
	<u>(5,443,194)</u>	<u>(1,535,730)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,629,271)	(944,095)
NET CHANGE IN CASH POSITION	<u>(2,711,855)</u>	<u>5,570,596</u>
Cash position, beginning of year	12,217,665	6,647,069
CASH POSITION, END OF YEAR	<u>\$ 9,505,810</u>	<u>\$ 12,217,665</u>

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

1. PURPOSE OF THE ORGANIZATION

The Aamjiwnaang First Nation is located in Sarnia, Ontario. The elected government consists of a Chief and nine members of Council. The organization manages and administers all political, social and economic programs of this First Nation.

2. ACCOUNTING POLICIES

Management's responsibility for the financial statements

These financial statements of the organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local government entities.

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities as defined in the CPA Canada Public Sector Accounting Handbook

Principal of consolidation

Commercial enterprises that meet the definition of a government business enterprise are included in the consolidated financial statements on a modified equity basis. Under the modified equity method of accounting, only Aamjiwnaang First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Aamjiwnaang First Nation and inter-organizational balances and transactions are not eliminated.

Organizations accounted for on a modified equity basis include:

Chippewa Industrial Developments Limited
Ojibwe Legends Trading Company Ltd.
Ojibwe Filters and Industrial Supplies Ltd.

Tangible capital assets

Tangible capital assets have been recorded at cost and amortized over their useful lives. Amortization is computed using the following annual rates and methods:

Buildings and infrastructure	4% diminishing-balance
Furniture and equipment	20% diminishing balance
Vehicles and machinery	30% diminishing-balance
Computers	55% diminishing balance

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. ACCOUNTING POLICIES - CONTINUED

Portfolio investments

Portfolio investments are recorded at cost. The market value of the portfolio investments that are publicly traded is \$26,125,000 (2019 - \$20,426,045).

Loans to Band members

Funding received for the purpose of building and renovating houses is recorded as revenue of a specific program. The commitment of the funds to a particular First Nation member for the purchase of approved housing is recorded as an expenditure of the program and as a commitment to that First Nation member. Commitments outstanding at the end of the year are reported as liabilities.

Agreements exist between the Council and the members regarding the terms of repayment of various expenses. The portion of the expenses determined to be repayable are recorded as loans due from the members on the Consolidated Statement of Financial Position.

Loans to band members are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management.

Revenue recognition

Revenues are recognized in the period in which the transactions or events that give rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of revenue and expense as the stipulation is settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized in revenue when used for the specific purpose.

Rental revenue and interest on loans is recognized when it is due in accordance with the respective agreements.

Investment income earned is recognized as revenue of the appropriate reserve on an accrual basis.

Revenue related to fees or services received in advance of the fee being earned or the services performed is deferred and recognized when the fee is earned or service provided.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. ACCOUNTING POLICIES - CONTINUED

Management estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditure during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Reserve Accounting

The First Nation records accounting transactions using the reserve accounting method generally in use for government organizations. A reserve is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the financial statements. The First Nation maintains the following reserves:

Operating – the operating reserve reports the general activity of the First Nation administration

Enterprise – the enterprise reserve reports the activity of the various investments in government business enterprises. These government business enterprises include wholly owned subsidiaries Chippewa Industrial Developments Limited, Ojibwe Legends Trading Company Ltd., and Ojibwe Filters and Industrial Supplies Ltd.

Internally restricted – the internally restricted reserve reports the designated assets, as established by the First Nation's council, which requires Band Council motion to release any portion of these reserves for expenses.

Externally restricted – the externally restricted reserve reports the activities and assets of all externally restricted assets, including the Trust funds in Ottawa and Ontario First Nations Limited Partnership.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

3. PRIOR PERIOD ADJUSTMENT

During the year, it was discovered that revenue in the amount of \$651,589 was incorrectly recorded in the previous fiscal year related to the CMHC Phase 12 project.

During the year it was also discovered that key legal documents had been signed for 2479793 Ontario Inc in the prior year. The investments in 2479793 Ontario Inc., Giiwedini Noodin FN Energy Corporation, and 2401077 Ontario Inc. have been reclassified as other investments.

The impact of these adjustments on the March 31, 2019 financial statements are as follows:

	<u>As previously stated</u>	<u>Restated</u>
Investment in related parties	\$ 5,015,369	\$ 4,960,784
Net investment in energy projects	\$ -	\$ 14,831,048
Long-term debt	\$ 3,404,430	\$ 4,056,019
Canadian Mortgage and Housing Corporation revenue	\$ 1,040,052	\$ 388,463
Net investment in energy projects revenue	\$ -	\$ 4,874,910
Accumulated Surplus	\$ 55,288,804	\$ 69,413,678

4. TRUST FUNDS IN OTTAWA

	<u>2020</u>	<u>2019</u>
Revenue trust fund	\$ 3,908,081	\$ 3,573,591
Capital trust fund	1,806,413	1,806,413
	<u>\$ 5,708,494</u>	<u>\$ 5,380,004</u>

5. RESTRICTED ASSETS

The externally restricted assets represent the assets of the operating surplus and replacement reserves for the CMHC housing projects.

CMHC		
Cash	\$ 1,057,553	\$ 881,142
Due from operating account – replacement reserve	20,693	51,049
Due from (to) operating account – operating reserve	(345,864)	161,151
	<u>\$ 732,382</u>	<u>\$ 1,093,342</u>

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. ACCOUNTS RECEIVABLE

Federal Government	\$ 1,319,516	\$ 1,126,831
Provincial Government programs	269,486	331,364
Other funders		
Kinomaadswin Education Body Inc.	481,620	129,075
Meals on Wheels	-	8,521
Ministry of Indigenous Relations	9,000	9,000
Mnaasged Child and Family Services	2,155	714
Nuclear Waste Management Organization	33,053	10,047
Right to Play	14,557	5,193
Southern First Nations Secretariat	55,269	358,424
Stepping Stones	124,275	60,651
Union of Ontario Indians	149,967	5,459
Rent net of allowance \$1,209,950 (2019– 1,209,950)	104,472	179,341
Lease receivables	547,517	71,872
Employee restitution order	63,304	63,304
Suncor Energy Inc.	100,000	-
Royal Bank of Canada	-	150,000
Little NHL	3,200	170,000
Walpole Island First Nation	125	-
Accrued interest	253,385	134,979
Canadian National	186,659	-
Due from CMHC account	345,864	-
Miscellaneous	313,374	402,351
	\$ 4,376,798	\$ 3,217,126

7. LOANS TO BAND MEMBERS

	<u>2020</u>	<u>2019</u>
Loans		
Housing	\$ 1,518,459	\$ 1,588,065
Special	13,928	13,928
	1,532,387	1,601,993
Less: allowance for doubtful loans	607,010	607,010
	\$ 925,377	\$ 994,983

Housing loans bear interest at various rates from 2.5% to 5%. An allowance for doubtful accounts has been created to allow for loans which may not ultimately be collectible. Interest on the special loans has not been recorded as these loans may not ultimately be collectible.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

8. INVESTMENT IN RELATED PARTIES

The investment in related parties is made up of investments in government business enterprises through advances to and shares in these corporations. The advances to these corporations are non-interest bearing, unsecured and are due on demand.

	<u>2020</u>	<u>2019</u>
Advances to (from)		
Chippewa Industrial Developments Ltd.	\$ 4,913,564	\$ 4,913,564
Ojibwe Filters and Industrial Supplies Ltd.	2,140	2,140
	<u>4,915,704</u>	<u>4,915,704</u>
Shares		
Ojibwe Legends Trading Company Ltd.	1	1
Chippewa Industrial Developments Ltd.	-	45,079
	<u>\$ 4,915,705</u>	<u>\$ 4,960,784</u>

The shares in Chippewa Industrial Developments Ltd., Ojibwe Legends Trading Company Ltd., and Ojibwe Filters Industrial Supplies Ltd are owned and controlled by the Band are considered investments in government business enterprises and are accounted for using the modified equity method as indicated in Note 2.

Financial statements for each of the corporations have been prepared for the year ended December 31, 2019. These financial statements may provide additional information as to the financial affairs and resources of these government business enterprises.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. NET INVESTMENT IN ENERGY PROJECTS

	December 31, 2019	December 31, 2018
Giiwedin Noodin FN Energy Corporation		
Total assets	\$ 14,887,576	\$ 14,898,566
Total liabilities	5,391,300	8,051,317
	\$ 9,496,275	\$ 6,847,250
2401077 Ontario Inc.		
Total assets	\$ 46,491,301	\$ 47,161,940
Total liabilities	36,057,567	38,812,213
	\$ 10,433,734	\$ 8,349,727
2479793 Ontario Inc.		
Total assets	\$ 49,122,189	\$ 7,928,826
Total liabilities	50,269,395	8,295,256
	\$ (1,147,206)	\$ (365,929)
Total net investment in energy projects	\$ 18,782,803	\$ 14,831,048

The net investment in energy projects is accounted for on a net basis due to the limited recourse debt noted in each arrangement. Each debt agreement with the lenders for each project contains a waterfall clause that limits distributions. In addition, each corporation's investment in a wind energy partnership is pledged as security for the related debt.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

10. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
Indigenous Services Canada		
Housing – construction	\$ -	\$ 287,365
Housing – enhanced	95,127	-
Economic Development	46,961	-
Lands and Memberships	48,678	-
Minor Capital	331,062	302,007
Special Projects	12,912	22,004
Prevention	352,920	-
Early Learning Child Care	115,972	-
Environment Canada	-	14,008
Building Health Communities	8,001	-
Churchill wind project	-	1,820
Client Base CRF	244,483	228,380
Client Base Career Counselling	4,399	4,528
Employment Based E.I.	74,058	19,876
Environment – miscellaneous projects	36,463	76,788
Health Canada – Health Rep	17,221	-
Health Canada – Healthy Child Development	1,277	-
Home and community care	12,672	-
Jordan's principle	77,143	4,125
Literacy program	-	2,437
Maternal Child Health	-	1,396
Medical Transportation	30,469	-
MOE – Drinking water source protect	58,487	93,910
MOE – Regulation 419	55,359	61,486
Nuclear waste management organization	-	45,375
School transportation	29,760	15,763
Shell Canada Community Benefit	97,165	103,732
Special education	228,249	337,910
Styrolution	34,848	16,718
Suncor Community Benefit	79,275	-
Youth work experience	3,699	15,089
Other Revenue School Healing	-	309
Other Revenue	1,549	1,589
KEB Education	47,365	80,488
KEB New Path	102,378	72,540
KEB Niigaan Gdizhaami	49,233	-
KEB First Nations Student Success	4,302	3,784
KEB Post Secondary Education	305,774	191,009
KEB Pre Kindergarten	1,736	-
KEB Provincial Tuition	1,121,339	655,160
KEB Classroom Assistants	51,591	35,734
Leases	74,815	149,630
Child Welfare	9,729	341,054
	\$ 3,866,471	\$ 3,186,014

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

11. LONG-TERM DEBT

Housing Projects Loans

1.39%, repayable in blended monthly instalments of \$5,862, due March, 2020 – Phase 4	\$ -	\$ 69,817
1.30%, repayable in blended monthly instalments of \$3,903, due December, 2020 – Phase 1	34,939	80,997
1.30%, repayable in blended monthly instalments of \$4,529, due October, 2020 – Phase 5	31,564	85,120
1.14%, repayable in blended monthly instalments of \$5,512, due June, 2021 – Phase 8	383,408	444,794
1.44%, repayable in blended monthly instalments of \$5,300, due November 2021 – Phase 6	104,666	166,280
1.43%, repayable in blended monthly instalments of \$3,454, due April, 2022 – Phase 9	84,558	124,235
1.30%, repayable in blended monthly instalments of \$3,703, due June, 2022 – Phase 7	98,480	141,331
1.92%, repayable in blended monthly instalments of \$5,790, due May 2024 – Phase 10	1,110,087	1,157,994
1.92%, repayable in blended monthly instalments of \$5,560, due July 2024 – Phase 11	1,076,808	1,133,862
1.89%, repayable in blended monthly instalments of \$4,731, due November 2024 – Phase 12	745,156	651,589
	\$ 3,669,666	\$ 4,056,019

Principal amounts due in the next five years are as follows:

2021	\$ 413,551
2022	593,131
2023	155,165
2024	146,783
2025	2,361,036
	\$ 3,669,666

12. CONTINGENT LIABILITIES

- The First Nation is contingently liable as guarantor of 8 (2019 – 7) bank loans for Band members to a maximum of \$774,128. As at March 31, 2020, the amount of the loans outstanding was \$774,128. The property the loans were used to purchase will be forfeited to the Band if the Band is required to repay the loans and is not reimbursed in full.
- The First Nation is contingently liable as guarantor of one bank loan a Band member to a maximum of \$30,000. As at March 31, 2020, the amount of the loan outstanding was \$NIL. The property the loan was used to purchase will be forfeited to the Band if the Band is required to repay the loan and is not reimbursed in full.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

13. TANGIBLE CAPITAL ASSETS

	Buildings CMHC	Land CMHC	Buildings	Land	Infrastructure	Vehicles and Machinery	Furniture and Equipment	Computers	2020 Total
Cost, beginning of year	\$ 14,330,325	\$ 40,437	\$ 11,029,333	\$ 104,053	\$ 1,506,529	\$ 1,316,977	\$ 1,824,695	\$ 397,566	\$ 30,549,915
Additions	488,956		1,010,353	1,835,675	65,440	101,729	49,730	77,388	3,629,271
Cost, end of the year	14,819,281	40,437	12,039,686	1,939,728	1,571,969	1,418,706	1,874,425	474,954	34,179,186
Accumulated amortization, beginning of the year	6,901,764	-	4,324,507	-	624,499	1,014,253	1,491,585	365,146	14,721,754
Amortization	306,944		268,193		36,590	106,077	71,613	39,112	828,529
Accumulated amortization, end of year	7,208,708	-	4,592,700	-	661,089	1,120,330	1,563,198	404,258	15,550,283
Net carrying amount, end of year	\$ 7,610,574	\$ 40,437	\$ 7,446,986	\$ 1,939,728	\$ 910,880	\$ 298,376	\$ 311,227	\$ 70,696	\$ 18,628,904
2019 Total									
Cost, beginning of year	\$ 13,678,736	\$ 40,437	\$ 11,010,439	\$ 104,053	\$ 1,410,065	\$ 1,216,177	\$ 1,766,019	\$ 379,894	\$ 29,605,820
Additions	651,589	-	18,894	-	96,464	100,800	58,676	17,672	944,095
Cost, end of the year	14,330,325	40,437	11,029,333	104,053	1,506,529	1,316,977	1,824,695	397,566	30,549,915
Accumulated amortization, beginning of the year	6,619,362	-	4,045,533	-	589,757	906,114	1,415,619	336,367	13,912,752
Amortization	282,402	-	278,974	-	34,742	108,139	75,966	28,779	809,002
Accumulated amortization, end of year	6,901,764	-	4,324,507	-	624,499	1,014,253	1,491,585	365,146	14,721,754
Net carrying amount, end of year	\$ 7,428,561	\$ 40,437	\$ 6,704,826	\$ 104,053	\$ 882,030	\$ 302,724	\$ 333,110	\$ 32,420	\$ 15,828,161

Included in buildings is \$1,010,353 not yet available for use.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. ACCUMULATED SURPLUS

	<u>2020</u>	<u>2019</u>
Operating reserve		
Investment in tangible capital assets	\$ 14,959,238	\$ 11,772,142
Unrestricted accumulated surplus	19,677,805	17,379,984
Enterprise reserve		
Investment in government business enterprise and government business partnership (Note 8)	4,915,705	4,960,784
Net investment in energy projects	18,782,803	14,831,048
Internal restricted reserves		
OFNLP - Gaming	7,777,059	7,062,966
Community Enhancement	3,725,601	3,617,089
Environmental Stewardship	1,070,000	1,070,000
Future Generations	1,753,912	1,702,852
Housing Loans	88,180	60,419
Special Projects	531,031	483,048
External restricted reserves		
Trust Funds in Ottawa	5,708,494	5,380,004
CMHC	732,382	1,093,342
	\$ 79,722,210	\$ 69,413,678
The funding for the internal reserve is the following:		
Cash	\$ -	\$ -
Short-term deposits	-	600,000
Short-term and portfolio investments (market value - \$14,763,246; 2019 - \$14,214,770)	14,945,783	13,396,374
	\$ 14,945,783	\$ 13,996,374

15. PENSION PLAN

It is mandatory that, after three months, all permanent employees of the Band who work at least 25 hours per week become members of a private pension plan that is a defined contribution plan. The employee has the option to contribute either 5% or 8.2% which is matched by the Band. Contributions to the plan made during the year by the Band on behalf of its employees amounted to \$307,367 (2019 - \$289,886) and are included in salaries and benefits in expenses.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

16. CLASSIFICATION OF EXPENSES BY OBJECT

The consolidated statement of revenue and expenses presents the expenses by function; the following classifies the same expenses by object.

	<u>2020</u>	<u>2019</u>
Allocation to reserves	\$ 80,611	\$ 75,786
Amortization	828,529	809,002
Bad debts	-	82,029
Bank charges and interest	78,699	69,412
Catering	16,800	12,974
Cemetery and funerals	124,907	119,398
Childcare initiative	99,095	93,236
Construction and renovations	32,459	101,490
Consultants	1,036,572	578,360
Distribution to members	1,789,646	1,400,782
Donations	59,220	38,692
Election costs	-	15,500
Employee benefits	1,069,522	908,884
Employment training programs		
CRF	320,462	208,121
EI	105,601	104,267
Equipment	6,186	42,960
Fire protection	100,065	78,064
Garbage collection	74,521	73,440
Honoraria		
Community	46,300	58,702
Council	156,033	166,055
Staff	55,200	59,495
Infrastructure services	92,594	14,051
Insurance	148,637	139,484
Medical travel	86,485	108,907
Mortgage interest	59,040	66,420
Office administration	311,737	280,706
Ontario Works employment related expenses	168,756	160,670
Pipeline lease payments	314,970	447,101
Police protection	119,340	117,000
Professional services	537,777	395,558
Program administration	515,454	326,429
Program resources	4,245,066	4,372,207
Repairs and maintenance		
Buildings	669,656	272,337
Vehicles and equipment	106,740	104,019
Repairs and renovations – CMHC	17,354	23,444
Salary and wages	6,376,698	5,713,192
Sports fees	16,741	31,810
Social assistance benefits	1,030,449	1,047,922

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

16. CLASSIFICATION OF EXPENSE BY OBJECT – continued

	<u>2020</u>	<u>2019</u>
Student transportation	282,519	256,171
Training and professional development	149,220	195,977
Travel		
Community	30,625	35,420
Council	49,010	61,037
Staff	98,278	170,207
Utilities	245,637	233,942
Internal program administration	(407,469)	(286,250)
Total expenses by object	\$ 21,345,742	\$ 19,387,412
Band contributions to programs	2,708,634	2,179,301
Total expenses by object	\$ 24,054,376	\$ 21,566,713

17. SEGMENTED INFORMATION

Aamjiwnaang First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

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 allocation 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 consolidated financial statements.

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:

Community Services

Aamjiwnaang First Nation provides a wide array of other services, including fire protection, police protection, social assistance, garbage collection, infrastructure services, student transportation, medical travel, home support services, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members. Also included are community events such as the Pow Wow and Community Days.

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

17. SEGMENTED INFORMATION - continued

Economic Development

This department is responsible for all economic development to develop future programs and funding.

Housing

This department is responsible for all housing including rental units, CMHC rent-to-own housing and any Residential Repair Assistance Programs (RRAP).

General

The administration 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 government activities of Chief and Council. Also included are pipeline lease activity as well as activity from government business enterprises and government business partnerships.

18. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation of the current year.

19. COVID-19

Subsequent to year end, the global pandemic of COVID-19 has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption, the related financial impact cannot be reasonably estimated at this time. The entity does not expect a material decrease in funding revenue and expects services to its members to continue. Management is actively monitoring the affect on its financial condition, liquidity, operations and workforce. At this time, the full potential impact of COVID-19 on the entity is not known.

20. SUBSEQUENT EVENTS

Subsequent to year end, the First Nation received a claim for damages in the amount of \$21,500,000. The First Nation is still evaluating the claim.

Subsequent to year end, the First Nation signed a facilities agreement to help finance equity in the Romney Wind Farm (2479793 Ontario Inc.) The \$11,000,000 non-revolving term facility has blended quarterly repayments of \$594,572, bears interest at 3.01% and is secured by the portfolio investments.

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Community Services

For the year ended March 31, 2020

Schedule 1

	<u>2020</u>	<u>2019</u>
Revenue		
Indigenous Services Canada		
Fixed contribution	\$ 1,373,075	\$ 614,955
Set contribution	182,835	148,523
Health Canada	1,997,941	1,442,527
Other federal funding	24,995	25,000
Province of Ontario	1,800,166	1,786,425
Union of Ontario Indians	431,606	406,906
Stepping Stones	1,442,262	1,454,315
Kinimaadswin Education Body Inc.	3,145,751	3,125,965
Donations	22,221	13,600
Rental income	88,608	139,949
Catering	13,585	13,876
User fees	73,001	57,172
Other recoveries	-	54,965
Other revenue	902,477	1,022,470
	11,498,522	10,306,648
Expense		
Amortization	521,585	526,599
Catering	16,800	12,974
Cemetery and funerals	124,907	103,348
Consultants	713,132	409,215
Donations	30,415	32,889
Employee benefits	659,233	566,573
Equipment	17,365	8,091
Fire protection	100,065	78,064
Garbage collection	73,407	71,640
Honoraria		
Community	32,180	30,985
Staff	22,400	21,370
Infrastructure services	33,988	1,752
Insurance	59,466	54,774
Medical travel	86,485	108,907
Office administration	100,807	90,927
Ontario Works employment related expenses	168,756	160,670
Police protection	119,340	117,000
Professional services	34,082	53,183
Program administration	397,678	243,134
Program resources	3,773,254	3,482,355
Repairs and maintenance		
Buildings	190,956	107,685
Vehicles and equipment	106,597	102,926
Salary and wages	4,593,809	4,290,836
Sports fees	2,260	4,291

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Community Services

For the year ended March 31, 2020

Schedule 1 - continued

	<u>2020</u>	<u>2019</u>
Social assistance benefits	1,005,330	1,039,366
Student transportation	282,519	256,171
Training and professional development	98,552	139,900
Travel		
Community	16,804	5,150
Staff	58,419	67,321
Utilities	197,361	182,882
	13,637,952	12,370,980
Excess of expense over revenue before band contribution of source revenue	(2,139,429)	(2,064,332)
Band contribution of source revenue	1,625,815	1,711,077
Excess of expense over revenue	\$ (513,614)	\$ (353,255)

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Economic Development and corporations

For the year ended March 31, 2020

Schedule 2

	<u>2020</u>	<u>2019</u>
Revenue		
Indigenous Services Canada		
Fixed contribution	\$ 265,082	\$ 235,777
Southern First Nations Secretariat	442,797	393,860
Other revenue	79,841	28,035
	<u>787,720</u>	<u>657,672</u>
Expense		
Childcare initiative	90,445	96,236
Consultants	86,942	22,210
Employee benefits	46,696	17,725
Employee training programs		
CRF	320,462	208,121
EI	105,601	104,267
Equipment (recovery)	655	(2,660)
Honoraria		
Community	2,100	3,780
Staff	4,700	4,660
Office administration	3,158	1,102
Program administration	9,370	7,590
Program resources	96,815	93,715
Salary and wages	221,322	115,536
Training and professional development	1,314	1,458
Travel - staff	5,638	6,713
	<u>995,218</u>	<u>680,453</u>
Excess of expense over revenue before band contribution of source revenue	(207,498)	(22,781)
Band contribution	216,148	25,735
Excess of revenue over expense	\$ 8,650	\$ 2,954

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AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Housing

For the year ended March 31, 2020

Schedule 3

	<u>2020</u>	<u>2019</u>
Revenue		
Canadian Mortgage and Housing Corporation	\$ 265,684	\$ 388,463
Indigenous Services Canada	1,165,560	61,679
Rental income	676,812	688,580
Interest income	40,543	40,519
Other revenue	-	-
	2,148,599	1,179,241
Expense		
Allocation to replacement reserves	80,611	75,786
Amortization	306,944	282,403
Bad debts	-	49,484
Construction and renovations	15,498	5,327
Consultants	69,679	67,367
Employee benefits	25,470	23,465
Equipment	2,901	3,294
Honoraria		
Community	4,450	3,905
Staff	3,700	3,230
Infrastructure services	-	12,299
Insurance	61,853	55,049
Mortgage interest	59,040	66,420
Office administration	4,835	7,918
Professional services	8,848	7,050
Program resources	9,564	9,232
Repairs and maintenance		
Buildings	377,732	152,613
Vehicles and equipment	65	318
Repairs and renovations - CMHC	17,354	23,444
Salary and wages	137,725	168,607
Training and professional development	233	1,458
Travel - staff	2,912	3,088
Utilities	46,941	49,510
	1,236,355	1,071,267
Excess of revenue over expense before band contribution of source revenue	912,244	107,974
Band contribution	76,886	147,948
Excess of revenue over expense	\$ 989,130	\$ 255,922

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

General

For the year ended March 31, 2020

Schedule 4

	<u>2020</u>	<u>2019</u>
Revenue		
Indigenous Services Canada		
Grant	\$ 662,295	\$ 969,271
Fixed contribution	683,925	445,695
Province of Ontario	249,528	213,056
Ontario First Nations Limited Partnership	1,323,154	1,524,530
Churchill wind project	500,000	-
Giiwedín Noodin FN Energy Corporation dividends	3,968,500	4,610,850
Lease and management fee revenue	2,842,508	3,274,937
Little Native Hockey League	-	645,325
Investment income	829,743	1,034,815
Donations	1,737,500	-
Other revenue	461,066	382,374
	13,258,219	13,100,853
Expense		
Bad debts	-	32,545
Bank charges and interest	78,699	69,412
Cemetery and funerals	-	16,050
Construction and renovations	60,042	107,942
Consultants	166,819	79,568
Distribution to members	1,789,646	1,400,782
Donations	28,805	5,803
Election costs	-	15,500
Employee benefits	338,124	301,121
Equipment	9,439	22,457
Honoraria		
Community	7,570	20,032
Council	156,033	166,055
Staff	24,400	30,235
Insurance	27,318	29,661
Office administration	202,937	180,759
Pipeline lease payments	314,970	447,101
Professional services	494,847	335,325
Program administration (recovery)	(299,063)	(210,545)
Program resources	365,434	786,905
Repairs and maintenance		
Buildings	100,969	12,040
Vehicles and equipment	80	775
Salary and wages	1,423,841	1,138,212
Sports fees	14,481	27,519
Social assistance benefits	25,119	8,556
Training and professional development	49,120	53,161
Travel		
Community	13,821	30,476
Council	49,010	60,831
Staff	31,309	93,084

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

General

For the year ended March 31, 2020

Schedule 4 - continued

	<u>2020</u>	<u>2019</u>
Utilities	2,449	3,350
	<u>5,476,218</u>	<u>5,264,712</u>
Excess of revenue over expense before band contribution of source revenue	7,782,001	7,836,141
Band contribution	<u>(1,918,849)</u>	<u>(1,884,760)</u>
Excess of revenue over expense	\$ 5,863,152	\$ 5,951,381