

**MISSISSAUGAS OF SCUGOG ISLAND
FIRST NATION**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

**MISSISSAUGAS OF SCUGOG ISLAND
FIRST NATION**

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

For The Year Ended March 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Mississaugas of Scugog Island First Nation are the responsibility of management and have been approved by Council.

The consolidated 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 judgements. 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 First Nation 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 First Nation assets are appropriately accounted for and adequately safeguarded.

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

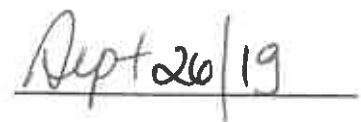
Council reviews and approves the First Nation financial statements for issuance to the members. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly KDN LLP has full and free access to Council.

Chief



Date



Baker Tilly KDN LLP
272 Charlotte Street
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To Council and the Members of Mississaugas of Scugog Island
First Nation**

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Opinion

We have audited the consolidated financial statements of Mississaugas of Scugog Island First Nation and its local boards (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, the consolidated statements of operations and accumulated surplus, 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the First Nation as at and for the year ended March 31, 2018 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 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 First Nation 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 consolidated financial information of the entities or business activities within the First Nation 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 30, 2019

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

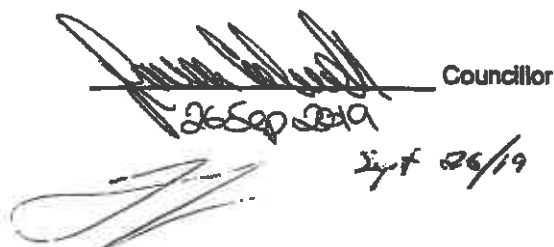
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2019

	2019 \$	2018 \$
FINANCIAL ASSETS		
Cash (note 2)	134,127,232	36,230,193
Investments (note 3)	130,490,330	94,753,453
Due from government and other government agencies (note 4)	2,063,017	206,494
Accounts receivable (note 5)	3,011,266	3,948,269
Mortgages due from First Nation members (note 6)	2,753,041	2,859,672
Funds held in trust by Federal Government (note 7)	11,851	11,851
TOTAL FINANCIAL ASSETS	272,456,737	138,009,932
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	8,054,002	4,638,562
Deferred revenue (note 9)	6,077,674	878,578
Long term debt (note 11)	724,482	774,182
TOTAL LIABILITIES	14,856,158	6,291,322
NET FINANCIAL ASSETS	257,600,579	131,718,610
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	26,181,598	23,273,077
Prepaid expenses (note 10)	117,938	114,226
Inventory	190,521	143,607
Land purchase deposits (note 19)	2,518,987	-
TOTAL NON-FINANCIAL ASSETS	29,009,044	23,530,910
ACCUMULATED SURPLUS (note 12)	286,609,623	155,249,520
Accumulated surplus is comprised of:		
Accumulated operating surplus	276,011,138	147,127,444
Accumulated remeasurement gains	10,598,485	8,122,076
	286,609,623	155,249,520

Approved on behalf of the members:


Chief


Councillor
26 Sep 2019
26/9/19

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Indigenous Services Canada (ISC) (notes 13 and 14)	2,294,644	1,464,224	2,295,817
Other Government of Canada (note 14)	4,555,144	91,185,197	419,546
Canada Mortgage and Housing Corporation (note 14)	35,979	32,382	147,083
Province of Ontario contributions (note 14)	4,915,595	63,080,997	1,125,204
Commercial operations	21,835,436	23,069,295	23,824,327
Ontario First Nations Limited Partnership	600,092	624,477	493,737
Other	1,725,883	3,742,922	5,642,734
Interest earned on funds held in trust	-	1,040	648
Income from investments	4,013,733	2,522,769	2,446,596
Other interest income	200,000	1,466,568	354,354
Loss on disposal of tangible capital assets	-	(181,399)	-
Contributed capital assets	-	-	7,279,676
TOTAL REVENUES	40,176,506	187,008,472	44,029,722
EXPENSES			
Administration	6,625,439	38,156,491	7,862,672
Community services	3,952,404	3,361,778	2,338,029
Economic development	13,257,392	14,558,481	9,584,530
Education	738,277	702,529	625,063
Social development	52,179	35,182	44,969
Health	1,226,018	982,516	816,363
Housing	358,329	327,801	371,296
TOTAL EXPENSES	26,210,038	58,124,778	21,642,922
ANNUAL SURPLUS	13,966,468	128,883,694	22,386,800
ACCUMULATED SURPLUS - beginning of year		147,127,444	124,740,644
ACCUMULATED SURPLUS - end of year		276,011,138	147,127,444

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES For the Year Ended March 31, 2019

	Actual 2019 \$	Actual 2018 \$
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - BEGINNING OF YEAR	8,122,076	8,794,521
Unrealized gain/(loss) on portfolio investments during the year	2,291,521	(782,482)
Realized gain/(loss) on portfolio investments reclassified to operations	184,888	110,037
NET REMEASUREMENT GAINS/(LOSSES)	2,476,409	(672,445)
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - END OF YEAR	10,598,485	8,122,076

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	13,966,468	128,883,694	22,386,800
Amortization of tangible capital assets	680,947	1,175,880	680,947
Acquisition of tangible capital assets	(13,534,128)	(4,281,800)	(4,470,599)
Loss on disposal of tangible capital assets	-	181,399	-
Proceeds on sale of tangible capital assets	-	16,000	-
Contributed capital assets	-	-	(7,279,676)
Increase in prepaid expenses	-	(3,712)	(7,676)
Increase in inventory	-	(46,914)	(143,607)
Increase in land purchase deposits	-	(2,518,987)	-
INCREASE IN NET FINANCIAL ASSETS	1,113,287	125,881,969	10,493,744
NET FINANCIAL ASSETS - beginning of year	131,718,610	131,718,610	121,224,866
NET FINANCIAL ASSETS - end of year	132,831,897	257,600,579	131,718,610

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2019

	2019 \$	2018 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	128,883,694	22,386,800
Items not involving cash		
Amortization of tangible capital assets	1,175,880	680,947
Loss on disposal of tangible capital assets	181,399	-
Contributed capital assets	-	(7,279,676)
Change in non-cash assets and liabilities		
Due from government and other government agencies	(1,856,523)	313,869
Accounts receivable	937,003	1,626,141
Prepaid expenses	(3,712)	(7,676)
Inventory	(46,914)	(143,607)
Land purchase deposits	(2,518,987)	-
Accounts payable and accrued liabilities	3,415,440	767,964
Deferred revenue	5,199,096	(513,039)
Net change in cash from operating activities	135,366,376	17,831,723
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,281,800)	(4,470,599)
Proceeds on disposal of tangible capital assets	16,000	-
Net change in cash from capital activities	(4,265,800)	(4,470,599)
INVESTING ACTIVITIES		
Advances of mortgages due from First Nation members	(141,935)	(54,281)
Repayments of mortgages due from First Nation members	248,566	208,476
Disposal of investments	33,223,298	18,794,349
Purchase of investments	(66,483,766)	(22,451,112)
Net change in cash from investing activities	(33,153,837)	(3,502,568)
FINANCING ACTIVITIES		
Repayment of long term debt	(49,700)	(47,877)
NET CHANGE IN CASH	97,897,039	9,810,679
CASH - beginning of year	36,230,193	26,419,514
CASH - end of year	134,127,232	36,230,193

The accompanying notes are an integral part of these financial statements

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Noozhoo Nokiiyan GP Inc.
- Noozhoo Nokiiyan LP (NNLP)
- MSIFN (Island Road) Holdings Inc.

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10-20 years
Buildings	25 years
Computer equipment	5 years
Other equipment	5-10 years
Vehicles	5 years
Roads and bridges	20 years
Waste water treatment plant	13-21 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

Revenues from commercial operations and other income are recorded when the services have been performed or the goods have been delivered. Income from investments and other interest income is recognized as earned over time or through changes in the fair value of financial instruments quoted in a public market.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

(e) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(g) Financial Instruments

The First Nation financial instruments consist of cash, investments, receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) **Reserves and Reserve Funds**

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(i) **Inventory**

Inventory, which consists of goods available for resale, is recorded at the lower of cost, as determined by the first-in, first-out method, and market.

2. CASH

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), Mississaugas of Scugog Island First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

Cash consists of the following:

	2019 \$	2018 \$
Externally Restricted		
Housing - CMHC	78 014	78 914
Internally Restricted		
Resource	106,174,386	3,055,647
Rent	1,449,851	366,180
Commercial account	8,004,823	20,216,167
Commercial operations	4,229,589	4,141,628
Licensing	319,366	314,072
Education	19 482	19,383
	120 197 497	28 113 077
Unrestricted		
General	13,543,935	7,438,463
Noozhoo Nokliyan Limited Partnership	303,286	597,139
Petty cash	4 500	2 600
	13 851 721	8 038 202
	134 127 232	36 230 193

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

3. INVESTMENTS

Investments are recorded as follows:

	2019 \$	2018 \$
Investments stated at fair value:		
RBC Guaranteed investment certificates, due June 15, 2022, 1.60%	4,596	4,596
BMO Harris Private Banking investment portfolio	49,522,054	31,724,952
CIBC Private Wealth Management investment portfolio	53,601,421	51,168,606
TD Wealth Private Investment Counsel	11,372,281	10,850,801
WeedMD Rx Inc.	1,100,151	1,004,498
	115,600,503	94,753,453
Investments stated at amortized cost:		
Dunhill Power Limited Partnership	6,500,000	-
Sonco Gaming UK Limited	8,389,827	-
	14,889,827	-
	130,490,330	94,753,453

\$49,522,054 (2018 - \$26,331,550) of the BMO Harris Private Banking investment portfolio is internally restricted for the Future Generations fund (Note 12). \$2,811,989 (2018 - \$10,962,571) of the CIBC Private Wealth Management investment portfolio is internally restricted for the Islands of the Trent Settlement fund (Note 12).

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consists of:

	2019 \$	2018 \$
Indigenous Services Canada (ISC)	17,066	3,118
Provincial government	1,929,959	76,069
HST	64,878	52,938
Federal government (SCF)	51,114	74,369
	2,063,017	206,494

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of:

	2019 \$	2018 \$
Commercial operations	-	512,523
Accrued investment interest	282,080	-
Ontario Lottery and Gaming Corporation	2,550,741	3,061,232
Other receivables	178,445	374,514
	3,011,266	3,948,269

6. MORTGAGES DUE FROM FIRST NATION MEMBERS

The amount shown as mortgages due from First Nation members of \$2,753,041 (2018 - \$2,859,672) represents the amount of funds due with respect to approved housing loans. The unexpended portion of approved loans is not recorded until an actual expenditure has been incurred. The First Nation members have a legal obligation to repay the full amount of the approved loans. The mortgages bear one time simple interest calculated in advance at 4%. The mortgages have varying maturity dates ranging up to 25 years.

7. FUNDS HELD IN TRUST BY THE FEDERAL GOVERNMENT

The funds held by the Federal Government on behalf of the First Nation of \$11,851 (2018 - \$11,851) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained. These amounts arise from funds 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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2019 \$	2018 \$
Trade payables	3,166,503	1,982,427
Accrued salaries	137,199	98,703
Transfers payable	4,632,767	2,547,668
HST payable	83,129	-
Payroll and withholding taxes payable	34,404	9,764
	8,054,002	4,638,562

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

9. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	Balance March 31, 2018 \$	Funding Received 2019 \$	Revenue Recognized 2019 \$	Balance March 31, 2019 \$
Unearned rent	17,628	-	-	17,628
Independant Electricity System Operator	12,954	-	12,954	-
Williams Treaty First Nations	690,134	1,618,681	1,253,429	1,055,386
Indigenous Services Canada - lands management	76,847	-	25,612	51,235
Indigenous Services Canada - special education	80,745	-	-	80,745
Province of Ontario - Williams Treaty funding	-	438,925	157,833	281,092
Indigenous Services Canada - water project	-	4,300,000	33,946	4,266,054
Indigenous Services Canada - community based initiative	-	58,610	-	58,610
Indigenous Services Canada - preventative measures	-	110,290	-	110,290
Indigenous Services Canada - band representation services	-	132,456	-	132,456
Other	270	24,178	270	24,178
	878,578	6,683,140	1,484,044	6,077,674

10. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2019 \$	2018 \$
Insurance	91,829	97,086
Other prepaids	26,109	17,140
	117,938	114,226

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

11. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2019 \$	2018 \$
Mortgage 2.52%, due September 1, 2023, repayable in blended monthly payments of \$1,792.	331,377	345,203
Mortgage 2.22%, due September 1, 2023, repayable in blended monthly payments of \$1,667.	85,578	103,699
Mortgage 1.05%, due April 1, 2020, repayable in blended monthly payments of \$1,732.	307,527	325,280
	724,482	774,182

- (b) Interest expense on long term debt amounted to \$13,020 (2018 - \$14,030)
- (c) The above mortgages are secured by First Nation Council Resolution and guaranteed by Indigenous Services Canada (ISC).
- (d) Since it is the First Nation's intent to renew these mortgages as they mature, the future payments are based on the existing terms. Estimated principal repayments in each of the next five years are due as follows:

	Principal \$	Interest \$	Total \$
2020	49,221	13,067	62,288
2021	50,159	12,129	62,288
2022	51,116	11,172	62,288
2023	52,093	10,195	62,288
2024	43,085	9,261	52,346
2025 and subsequent years	478,808	64,025	542,833
	724,482	119,849	844,331

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

12. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2019 \$	2018 \$
Surplus/(Deficit)		
Operating	(3,642,862)	(6,290,152)
Noozhoo Nokiiyan GP Inc.	(106,293)	(26,786)
Noozhoo Nokiiyan LP (NNLP)	(901,944)	82,848
MSIFN (Island Road) Holdings Inc.	(23,829)	(10,796)
	<u>(4,674,928)</u>	<u>(6,244,886)</u>
Invested in Capital Assets		
Tangible capital assets - net book value	26,181,598	23,273,077
Long term debt	(724,482)	(774,182)
Unfunded capital (see below)	<u>(2,087,833)</u>	<u>(887,948)</u>
	<u>23,369,283</u>	<u>21,610,947</u>
Surplus	<u>18,694,355</u>	<u>15,366,061</u>
Restricted		
Housing Capital Reserve Fund - Phases 3, 4, and 5	78,014	78,914
Future Generations Fund	49,522,054	26,331,550
Community Betterment Fund	100,077,358	98,087,285
Lawn maintenance reserve	4,000	4,000
OFNLP reserve	4,734,293	4,407,288
Islands of the Trent Settlement	2,811,989	10,962,571
Sewer reserve	675,709	-
Williams Treaty Legacy Fund	100,000,000	-
Williams Treaty First Nations Reconciliation Fund	10,000,000	-
Total Reserves	<u>267,903,417</u>	<u>139,871,608</u>
Held in Trust by the Federal Government		
Held in Trust	11,851	11,851
	<u>286,609,623</u>	<u>155,249,520</u>

Unfunded capital represents the portion of the water treatment plant construction that has not yet been financed.

The restricted fund balances consists of funds set aside for specific purposes or to meet certain obligations as follows:

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12. ACCUMULATED SURPLUS, continued

- (a) The Housing Capital Reserve Fund - Phases 3, 4 and 5 are treated as externally restricted funds. The fund balance represents amounts that have been restricted in compliance with an agreement with the Canada Mortgage and Housing Corporation.
- (b) The Future Generations Fund is treated as an externally restricted fund by the First Nation. This fund is set aside by the First Nation for the betterment of future generations.
- (c) The Community Betterment Fund is treated as an internally restricted fund by the First Nation. The First Nation sets aside the excess of revenue over expenditure from commercial operations in this fund. This fund covers the prior year operating deficit, if any.
- (d) The lawn maintenance reserve is an internally restricted reserve to be used for future lawn maintenance expenditures.
- (e) The Islands of the Trent Settlement reserve is treated as an internally restricted fund by the First Nation. During 2019, \$8,150,582 of this reserve was combined with the Williams Treaty First Nations Reconciliation Fund. The remaining balance will be used for future waste water treatment capital expenditures.
- (f) The OFNLP reserve is an internally restricted reserve to be used for future community projects.
- (g) The Sewer reserve is an internally restricted reserve to be used for future waste water treatment costs.
- (h) The Williams Treaty Legacy Fund and the Williams Treaty First Nations Reconciliation Fund are internally restricted by the First Nation until the implementation phase of the settlement is complete.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

13. RECONCILIATION OF ISC FUNDING TO FIRST NATION ISC REVENUE

	\$
2019 ISC Funding Per Confirmation	6,647,680
Add 2018 Deferred Revenue and Payables Retained	
Lands management	76,847
Williams Treaty negotiations	207,842
	284,689
Less 2019 Deferred Revenue	
Water project	4,266,054
Community based initiatives	58,610
Preventative measures	110,290
Band representation services	132,456
Lands management	51,235
	4,618,645
Less Amounts Not Received or Spent During 2019	
Discussion tables	849,500
ISC Revenue For The Year	1,464,224

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

14. GOVERNMENT TRANSFERS

Government Transfers consist of the following:

	2019 \$	2018 \$
Indigenous Services Canada (ISC)		
Operating	1,464,224	2,295,817
Other Government of Canada		
Health Canada	286,391	233,384
Canada 150	-	52,835
Small Communities Fund	-	129,034
Other	6,665	4,293
Williams Treaty Settlement	90,863,985	-
Parks Canada	48,156	-
	91,185,197	419,546
Provincial government transfers	63,080,997	1,125,204
Canada Mortgage and Housing Corporation	32,382	147,083
	155,762,800	3,987,650

15. PENSION AGREEMENTS

The First Nation makes contributions to Manulife Financial on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

The amount contributed by the First Nation for the year ended March 31, 2019 for current service and included as an expense on the Statement of Operations and Accumulated Surplus was \$130,940 (2018 - \$130,208).

16. BUDGET FIGURES

The budget, approved by the First Nation, for 2019 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

17. FINANCIAL INSTRUMENTS

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arms' length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, due from government and other government agencies, funds held in trust by Federal Government, accounts receivable and accounts payable and accrued liabilities approximates their carrying amounts due to their short-term maturities.

Financial instruments which are recorded at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair valued recorded on the financial statements, and are as follows:

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The First Nation's fair value hierarchy is classified as Level 1 for investments that are quoted in an active market. Investments in Dunhill Power Limited Partnership and Sonco Gaming UK Limited are recorded at amortized cost. Mortgages due from First Nation members are recorded at the exchange amount, equal to amortized cost. The fair values cannot be reliably determined because there is no active market for these instruments.

18. FINANCIAL RISK MANAGEMENT

The First Nation has exposure to the following risks:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The First Nation's interest bearing financial instruments are subject to interest rate risk.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation has exposure to credit risk as the total of all receivables are significant. Management feels the risk is low as most of the receivables are due from various levels of government, first nation members or rent receivables. Any receivables that management feels are uncollectible are allowed for.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issues, or factors affecting all similar financial instruments traded in the market.

19. COMMITMENTS

During the year, the First Nation committed to future property purchases totalling \$7,465,000. At March 31, 2019, the First Nation has paid deposits of \$2,518,987 toward these purchases.

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2019

20. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

21. SEGMENTED INFORMATION

Mississaugas of Scugog Island First Nation is a territorial government institution that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segmented Disclosure.

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

Community Operations

Community Operations include police, fire, public works and operation of waste management, water systems and buildings not included under other segments.

Economic Development

Economic development includes the operations of the resource centre, cottage and small business centre rentals and the various employment oriented programs of the First Nation.

Education

Education includes the on reserve School, off reserve schools and post secondary education.

Social Development

Social development consists of General Assistance to members and inhabitants of the First Nation, homes for the aged and child care services.

Health

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2019

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets									
Land	5,315,165	-	-	-	5,315,165	-	-	-	5,315,165
Residential buildings	3,837,154	149,486	289,432	-	3,997,208	2,299,784	118,070	2,306,381	1,390,827
Non-residential buildings	10,228,847	15,187	-	194,703	10,438,737	2,308,708	394,677	2,703,385	7,735,352
Vehicles	222,778	127,903	-	-	350,681	199,161	39,987	239,148	111,533
Computer equipment	52,631	-	-	-	52,631	52,631	-	52,631	-
Other equipment	1,019,325	127,389	32,400	-	1,114,314	881,915	61,634	930,589	183,725
Roads and bridges	242,066	-	-	-	242,066	133,138	12,103	145,241	96,825
Waste water treatment plant	7,279,676	-	-	-	7,279,676	90,431	549,409	639,840	6,639,836
	28,197,642	419,965	321,832	194,703	28,490,478	5,965,768	1,175,880	7,017,215	21,473,263
									22,231,874
Assets Under Construction									
Non-residential buildings	1,041,203	3,861,835	-	(194,703)	4,708,335	-	-	-	4,708,335
	1,041,203	3,861,835	-	(194,703)	4,708,335	-	-	-	4,708,335
									1,041,203
Total	29,238,845	4,281,800	321,832	-	33,198,813	5,965,768	1,175,880	7,017,215	26,181,598
									23,273,077

For the Year Ended March 31, 2019

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MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2019

	Actual 2019 \$	Education Actual 2018 \$	Budget 2019 \$	Actual 2019 \$	Social Development Actual 2018 \$	Budget 2019 \$	Actual 2019 \$	Health Actual 2018 \$	Budget 2019 \$
			(Unaudited)			(Unaudited)			(Unaudited)
Revenues									
Indigenous Services Canada (ISC)	57,535	357,827	-	27,917	27,496	192,573	-	-	-
Other Government of Canada	-	-	-	-	-	-	182,152	178,910	181,575
Province of Ontario Contributions	8,728	6,265	(8,728)	15,236	17,558	23,900	106,455	78,771	106,415
Ontario First Nations Limited Partnership	308,925	305,521	116,619	-	-	-	78,803	80,134	141,323
Other	557,443	38,875	471,347	-	-	-	297,126	258,949	278,186
Total revenues	932,631	708,488	579,238	43,153	45,054	216,473	664,536	592,764	707,499
Expenses									
Salaries and benefits	143,336	110,208	123,040	27,347	27,936	35,500	545,441	421,070	724,574
Materials	16,801	19,291	23,709	1,291	1,200	4,511	15,642	20,506	28,600
Contracted services	1,858	-	-	-	-	-	912	9,141	11,460
Program costs	540,534	495,564	591,528	6,544	15,833	12,168	313,522	258,647	353,385
Amortization	-	-	-	-	-	-	106,999	106,999	106,999
Total expenses	702,529	625,063	738,277	35,182	44,969	52,179	982,516	816,363	1,226,018
Net deficit	230,102	83,425	(159,039)	7,971	85	164,294	(317,980)	(223,599)	(518,519)

MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2019

	Actual 2019 \$	Housing Actual 2018 \$	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Consolidated Totals Actual 2018 \$	Budget 2019 \$ (Unaudited)
Revenues						
Indigenous Services Canada (ISC)	-	6,628	3,000	1,464,224	2,295,817	2,294,644
Other Government of Canada	-	-	-	91,185,197	419,546	4,555,144
Canada Mortgage and Housing Corporation	32,382	147,083	35,979	32,382	147,083	35,979
Province of Ontario Contributions	-	-	-	63,080,997	1,125,204	4,915,585
Commercial operations	-	-	-	23,069,295	23,824,327	21,835,436
Ontario First Nations Limited Partnership	-	-	-	624,477	493,737	600,092
Other	78,005	83,142	88,900	3,742,922	5,642,734	1,725,883
Interest earned on funds held in trust	-	-	-	1,040	648	-
Income from investments	-	-	-	2,522,769	2,446,596	4,013,733
Other interest income	-	4,577	4,577	1,468,568	354,354	200,000
Gain (loss) on sale of tangible capital assets	-	-	-	(181,399)	-	-
Contributed capital assets	-	-	-	-	7,279,676	-
Total revenues	110,387	241,430	127,879	187,008,472	44,029,722	40,176,506
Expenses						
Salaries and benefits	55,915	4,620	51,253	4,121,608	3,658,945	4,342,884
Materials	123,041	238,466	71,917	7,745,260	3,511,445	6,305,168
Contracted services	59,000	35,394	129,235	2,650,825	4,453,041	2,377,646
Bank charges and interest	13,020	14,030	29,100	16,058	22,260	33,100
Program costs	7,858	9,819	7,858	2,694,956	2,094,884	3,040,293
External transfers	-	-	-	39,720,191	7,221,399	9,430,000
Amortization	68,967	68,967	68,966	1,175,880	680,948	680,947
Total expenses	327,801	371,296	358,329	58,124,778	21,642,922	26,210,038
Net surplus/(deficit)	(217,414)	(129,866)	(230,450)	128,883,694	22,396,800	13,966,468