
Independent Auditor's Report

To The Members Of Munsee - Delaware Nation

We have audited the accompanying consolidated balance sheet of Munsee - Delaware Nation and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our qualified audit opinion.

**Independent
Auditor's Report** cont'd....

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Basis for Qualified Opinion

Under Section 3150 of the Canadian Public Sector Accounting Handbook the First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized and as a result no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Munsee - Delaware Nation and its subsidiaries as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.


Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting for CMHC specific housing assets and operations. Those financial statements are prepared to assist Munsee - Delaware Nation with First Nations Section 95 Social Housing Operation to comply with the reporting provisions of the funding agreement between Munsee - Delaware Nation First Nation Section 95 Social Housing Operation and CMHC. As a result, the CMHC department financial statements may not be suitable for another purpose. The report is intended solely for the Munsee - Delaware Nation and CMHC and should not be used by parties other than Munsee - Delaware and CMHC.

Other Matter

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

**Sarnia, Ontario
August 16, 2016**


**Chartered Accountants
Licensed Public Accountants**

Munsee - Delaware Nation
Consolidated Statement of Financial Position
March 31, 2016

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Financial Assets | | |
| Cash (note 2) | \$ 1,265,749 | \$ 1,039,063 |
| Trust Funds in Ottawa (note 6) | 79,320 | 77,672 |
| Accounts receivable (note 3) | 296,581 | 437,555 |
| Investment - Paradise Bingo (note 14) | (911,881) | (622,885) |
| Loans Receivable From Members (note 5) | 797,697 | 802,203 |
| Related Party Transactions (note 4) | 1,463,273 | 1,037,354 |
| Deposit (note 13) | <u>-</u> | <u>126,044</u> |
| Total Financial Assets | <u>2,990,739</u> | <u>2,897,006</u> |
| Liabilities | | |
| Current Liabilities | | |
| Bank loan (note 12) | 70,000 | 85,000 |
| Accounts payable and accrued liabilities (note 8) | 315,716 | 209,730 |
| Payable to funding source (note 9) | 29,899 | 16,619 |
| Deferred revenue (note 11) | 1,390,011 | 1,222,489 |
| Current portion of long-term debt (note 10) | 85,055 | 628,292 |
| Long-term debt (note 10) | <u>1,042,046</u> | <u>579,858</u> |
| Total Liabilities | <u>2,932,727</u> | <u>2,741,988</u> |
| Net Financial Assets | <u>58,012</u> | <u>155,018</u> |
| Non-Financial Assets | | |
| Tangible capital assets (note 7) | 7,360,633 | 7,165,421 |
| Prepaid expenses | <u>30,029</u> | <u>84,545</u> |
| | <u>7,390,662</u> | <u>7,249,966</u> |
| Accumulated Surplus | <u>\$ 7,448,674</u> | <u>\$ 7,404,984</u> |

On Behalf Of Munsee Delaware Nation



Munsee - Delaware Nation
Consolidated Statement Of Operations
For The Year Ended March 31, 2016

| | Budget | 2016 | 2015 |
|--|--------------------|---------------------|---------------------|
| Revenue | | | |
| AANDC- Fixed | \$ 657,734 | \$ 505,687 | \$ 845,226 |
| AANDC- Set | 813,963 | 779,382 | 519,775 |
| AANDC- Grant | 182,405 | 182,405 | 200,519 |
| Health Canada | 322,233 | 328,374 | 281,369 |
| OFNLP | 546,675 | 546,674 | 545,003 |
| Stepping Stones | 507,993 | 468,268 | 427,687 |
| License fees/ Charity shares | 120,000 | 450,174 | 442,995 |
| Education | 496,623 | 480,774 | 364,635 |
| MCSS | 50,493 | 50,493 | 49,508 |
| SFNS | 216,837 | 216,837 | 216,823 |
| CMHC | 40,752 | 40,055 | 40,766 |
| Union of Ontario Indians | 72,989 | 80,536 | 96,415 |
| Other | 127,738 | 187,577 | 147,082 |
| Rental | 215,065 | 280,682 | 179,803 |
| Administration | 280,000 | 281,648 | 261,143 |
| Repayable to Funding Source | - | (13,280) | - |
| Adjustment Prior Year | - | - | 65,922 |
| Deferred Revenue- Beginning | 70,706 | 70,706 | 109,527 |
| Deferred Revenue- Ending | (61,599) | (61,599) | (70,706) |
| | <u>4,660,607</u> | <u>4,875,393</u> | <u>4,723,492</u> |
| Expenditures | | | |
| Administration | 1,409,268 | 1,379,442 | 1,765,669 |
| Maintenance | 243,051 | 60,784 | 73,341 |
| Education | 757,218 | 774,471 | 760,535 |
| Daycare | 690,389 | 692,595 | 592,768 |
| Social services | 439,317 | 446,626 | 406,510 |
| OFNLP | 123,200 | 123,991 | 45,386 |
| Health | 459,623 | 448,809 | 441,642 |
| Employment assistance | 138,167 | 129,687 | 183,348 |
| Infrastructure | 196,641 | 164,831 | 136,781 |
| Community development | - | - | 62,635 |
| Amortization | 275,000 | 330,455 | 453,010 |
| | <u>4,731,874</u> | <u>4,551,691</u> | <u>4,921,625</u> |
| Annual Surplus (Deficit) | \$ <u>(71,267)</u> | 323,702 | (198,133) |
| Paradise Bingo | | (288,996) | (444,811) |
| Replacement Reserve | | 8,984 | 17,294 |
| Annual Surplus (Deficit) | | <u>43,690</u> | <u>(625,650)</u> |
| Accumulated Surplus at Beginning of Year | | <u>7,404,984</u> | <u>8,030,634</u> |
| Accumulated Surplus at End of Year (note 15) | | <u>\$ 7,448,674</u> | <u>\$ 7,404,984</u> |

Munsee - Delaware Nation
Consolidated Statement Of Changes in Net Financial Assets
For The Year Ended March 31, 2016

| | 2016 | 2015 |
|---|------------------|-------------------|
| Annual surplus (deficit) | \$ 43,690 | \$ (625,650) |
| Acquisition of tangible capital assets (note 7) | (525,669) | (570,884) |
| Amortization of tangible capital asset (note 7) | <u>330,457</u> | <u>453,020</u> |
| | (151,522) | (743,514) |
| Use of Prepaid Expenses | <u>54,516</u> | <u>(80,228)</u> |
| Change in Net Financial Assets | (97,006) | (823,742) |
| Net Financial Assets at Beginning of Year | <u>155,018</u> | <u>978,760</u> |
| Net Financial Assets at End of Year | <u>\$ 58,012</u> | <u>\$ 155,018</u> |

**Munsee - Delaware Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2016**

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Cash Provided By (Used For) | | |
| Operating Activities | | |
| Annual surplus (deficit) | \$ 43,690 | \$ (625,650) |
| Items not requiring cash: | | |
| Amortization | <u>330,457</u> | <u>453,013</u> |
| | 374,147 | (172,637) |
| Change in non-cash working capital items affecting operations: | | |
| Accounts receivable | 140,974 | 183,361 |
| Prepaid expenses | 54,516 | (80,228) |
| Related party transactions | (425,919) | (466,252) |
| Accounts payable and accrued liabilities | 105,987 | (14,281) |
| Deposit | 126,044 | (2,160) |
| Deferred revenue | 167,522 | 975,179 |
| Payable to funding source | <u>13,280</u> | <u>(92,643)</u> |
| | 556,551 | 330,339 |
| Capital Activities | | |
| Purchase of property, plant and equipment | <u>(525,669)</u> | <u>(570,884)</u> |
| Investing Activities | | |
| Trust funds in Ottawa | (1,648) | (2,139) |
| Investment - Paradise Bingo | 288,996 | 444,811 |
| Decrease of housing loans | <u>4,506</u> | <u>471,245</u> |
| | 291,854 | 913,917 |
| Financing Activities | | |
| Decrease of bank loan | (15,000) | (81,783) |
| Repayment of long-term debt | <u>(81,050)</u> | <u>(53,916)</u> |
| | (96,050) | (135,699) |
| Increase (Decrease) In Cash Position | 226,686 | 537,673 |
| Cash Position, Beginning | <u>1,039,063</u> | <u>501,390</u> |
| Cash Position, Ending | <u>\$ 1,265,749</u> | <u>\$ 1,039,063</u> |

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

1. Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Consolidation with the CMHC financial statements differs from the Canadian public sector accounting standards as Munsee-Delaware Nation is required to comply with the funding agreement between First Nation Section 95 Social Housing Operation and CMHC for those specific housing assets and operations.

Reporting Entity

The Munsee-Delaware Nation reporting entity includes the Munsee-Delaware Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

These consolidated financial statements have been prepared in accordance with general accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting Handbook, as well as the Year-End Reporting Handbook for First Nations, except for the fact that the First Nation has not accounted for tangible capital assets prior to 1998, or amortization thereon.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Investments

The investment in Paradise Bingo is accounted for using the modified equity method.

Financial Instruments

The company initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

The company subsequently measures all its financial instruments at amortized cost.

Financial instruments measured at amortized cost include cash, trust funds in Ottawa, accounts receivable, loans receivable from members, related party transactions, bank loans, accounts payable and accrued liabilities, payable to funding source and long-term debt.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

1. Significant Accounting Policies cont'd...

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of the write-down, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has been previously reported as a reduction in the asset and it does not exceed original cost.

Income Taxes

Income taxes are not reflected on these financial statements as the First Nation's operations are conducted entirely on reserve lands and are therefore not taxable.

Revenue Recognition

All revenues are recorded on an accrual basis. The accrual basis of accounting recognizes revenues as they become available and measurable.

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 statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization of tangible capital assets is calculated using the straight-line method using the following rates:

| | |
|-------------------------|---|
| Buildings | 40 years |
| CMHC buildings | Per Section 95 First Nation Housing agreement |
| Bingo hall building | 40 years |
| Parking lot | 20 years |
| Machinery and equipment | 10 years |
| Automotive equipment | 10 years |
| Furniture and fixtures | 10 years |
| Computer hardware | 3 years |
| Wiigwaam | 40 years |
| Bingo hall sign | 10 years |

Amortization for assets supported by long-term debt per Section 95 agreement is at a rate equivalent to the long-term debt principal repayment.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

1. Significant Accounting Policies cont'd...

Use Of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates and assumptions include those related to useful lives of assets, collectibility of receivables, allowance for doubtful accounts, accrued liabilities and the fair value of financial instruments. While management believes these estimates and assumptions are reasonable, actual results could differ from those estimates.

2. Cash and Cash Equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Munsee-Delaware 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. Munsee-Delaware Nation is also required to have trust funds held by the Government of Canada in a separate bank account. These funds increase annually by the interest earned. They can be withdrawn for their intended purposes if requested. Cash and cash equivalents is comprised of the following:

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Externally Restricted | | |
| Replacement Reserve | \$ 136,339 | \$ 127,355 |
| Funds held in trust by government of Canada | <u>79,320</u> | <u>77,672</u> |
| | 215,659 | 205,027 |
| Unrestricted | | |
| Operating | <u>1,050,090</u> | <u>834,036</u> |
| Total Cash and Cash Equivalents | <u>\$ 1,265,749</u> | <u>\$ 1,039,063</u> |

3. Accounts Receivable

| | 2016 | 2015 |
|---------------------------|--------------|----------------|
| Federal Funding | | |
| AANDC Transfer Payments | \$ 215,354 | \$ 66,743 |
| Health Canada | <u>-</u> | <u>169,769</u> |
| | 215,354 | 236,512 |
| Provincial Funding | | |
| Homemakers | <u>5,567</u> | <u>4,653</u> |
| Other Programs | | |
| Union of Ontario Indians | <u>360</u> | <u>1,950</u> |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

| | | |
|---|-------------|-------------|
| 3. Accounts Receivable cont'd... | 2016 | 2015 |
|---|-------------|-------------|

Other Receivables

| | | |
|------------------------------|-------------------|-------------------|
| SFNS employment and training | 23,615 | 127,748 |
| Stepping Stones | 23,453 | 23,766 |
| Funeral arrangements | 14,912 | 14,912 |
| Miscellaneous | <u>13,320</u> | <u>28,014</u> |
| | <u>75,300</u> | <u>194,440</u> |
| | <u>\$ 296,581</u> | <u>\$ 437,555</u> |

4. Related Parties Transactions

The First Nation's advance and the amounts due from related companies are interest-free with no set terms of repayment. As of March 31, 2016, the balance owing (to)/from are as follows:

| | | |
|---------------------|---------------------|---------------------|
| | 2016 | 2015 |
| Paradise Bingo | \$ 187,348 | \$ 211,603 |
| Charity Association | <u>1,275,925</u> | <u>825,751</u> |
| | <u>\$ 1,463,273</u> | <u>\$ 1,037,354</u> |

| | | |
|----------------------------|-------------|-------------|
| 5. Loans Receivable | 2016 | 2015 |
|----------------------------|-------------|-------------|

| | | |
|---------------------------------|-------------------|-------------------|
| Housing loans | \$ 619,969 | \$ 617,952 |
| Royal home loans | <u>797,697</u> | <u>802,203</u> |
| | <u>1,417,666</u> | <u>1,420,155</u> |
| Allowance for doubtful accounts | <u>(619,969)</u> | <u>(617,952)</u> |
| | <u>\$ 797,697</u> | <u>\$ 802,203</u> |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

6. Funds Held in Trust By Government of Canada

The funds held in trust by the Government of Canada on behalf of the organization consist of the following:

| | Revenue Fund | Capital Fund | 2016 | 2015 |
|--------------------|------------------|-----------------|------------------|------------------|
| Balance, beginning | \$ 72,532 | \$ 5,140 | \$ 77,672 | \$ 75,533 |
| Interest income | <u>1,648</u> | <u>-</u> | <u>1,648</u> | <u>2,139</u> |
| Balance, ending | <u>\$ 74,180</u> | <u>\$ 5,140</u> | <u>\$ 79,320</u> | <u>\$ 77,672</u> |

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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**Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015**

7. Tangible Capital Assets

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---------------------------------|----------------------|-------------------|--------------------------|---------------------|-------------------|---------------------|
| | Opening Balance | Additions | Closing Balance | Opening Balance | Amortization | Closing Balance |
| Work in Progress - water plant | \$ 673,056 | \$ 320,022 | \$ 993,078 | \$ - | \$ - | \$ 993,078 |
| Land | 54,391 | - | 54,391 | - | - | 54,391 |
| Buildings | 4,910,192 | 182,544 | 5,092,736 | 2,130,453 | 127,318 | 2,834,962 |
| Furniture and fixtures | 463,951 | 23,103 | 487,054 | 445,683 | 15,610 | 2,779,736 |
| CMHC buildings | 1,286,285 | - | 1,286,285 | 683,102 | 55,939 | 18,268 |
| Bingo Hall building | 420,401 | - | 420,401 | 104,708 | 10,533 | 603,183 |
| Bingo Hall parking lot | 109,030 | - | 109,030 | 41,494 | 5,452 | 315,693 |
| Machinery and equipment | 320,736 | - | 320,736 | 255,451 | 14,011 | 67,536 |
| Community Centre parking lot | 106,285 | - | 106,285 | 21,256 | 5,314 | 65,285 |
| Automotive equipment | 210,084 | - | 210,084 | 152,148 | 21,008 | 85,029 |
| Computer hardware | 21,306 | - | 21,306 | 21,306 | - | 57,936 |
| Small Business Community Centre | 2,568,049 | - | 2,568,049 | 256,804 | 64,204 | 2,247,041 |
| Wiigwaam project | 80,493 | - | 80,493 | 6,036 | 2,012 | 2,311,245 |
| Community Centre sign | 37,890 | - | 37,890 | 15,156 | 5,267 | 74,457 |
| Bingo sign | 52,673 | - | 52,673 | 15,801 | 3,789 | 22,734 |
| | <u>\$ 11,314,822</u> | <u>\$ 525,669</u> | <u>\$ 11,840,491</u> | <u>\$ 4,149,398</u> | <u>\$ 330,457</u> | <u>\$ 7,360,633</u> |
| | | | | | | <u>\$ 7,165,421</u> |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

| 8. Accounts Payable and Accrued Liabilities | 2016 | 2015 |
|--|-------------------|-------------------|
| Trades payable | \$ 282,428 | \$ 113,815 |
| Other accrued liabilities | <u>33,288</u> | <u>95,915</u> |
| | <u>\$ 315,716</u> | <u>\$ 209,730</u> |

| 9. Payable to Funding Source | 2016 | 2015 |
|-------------------------------------|------------------|------------------|
| Federal government | \$ 13,101 | \$ 13,101 |
| Provincial government | <u>16,798</u> | <u>3,518</u> |
| | <u>\$ 29,899</u> | <u>\$ 16,619</u> |

| 10. Long-Term Debt | 2016 | 2015 |
|---|---------------------|-------------------|
| Residential Housing Loan by Bank of Montreal under Section 95 of the National Housing Act - 2.89%, due March 31, 2017, monthly payments of \$2,860 principal and interest, secured by a Ministerial Guarantee from Indian and Northern Affairs Canada. | \$ 236,452 | \$ 263,076 |
| Residential Housing Loan by CMHC under Section 95 of the National Housing Act -1.30% due December 1, 2020, repayable in monthly instalments of \$2,923 principal and interest, secured by a Ministerial Guarantee from Indian and Northern Affairs Canada, insured by CMHC. | 310,792 | 340,106 |
| Residential Housing Loan by Bank of Montreal - 4.49% due October 31, 2017, repayable in monthly instalments of \$4,317 principal and interest, secured by First Nation owned housing units. | <u>579,857</u> | <u>\$ 604,968</u> |
| | <u>1,127,101</u> | <u>1,208,150</u> |
| Current portion | <u>85,055</u> | <u>628,292</u> |
| | <u>\$ 1,042,046</u> | <u>\$ 579,858</u> |

The principal reduction required over the next five years is:

| | |
|------|---------------------|
| 2017 | \$ 85,055 |
| 2018 | 613,509 |
| 2019 | 61,203 |
| 2020 | 62,476 |
| 2021 | <u>304,858</u> |
| | <u>\$ 1,127,101</u> |

Bank of Montreal residential housing loan is a long term loan as subsequent to the year end, Munsee Delaware renewed the loan with the Canadian Mortgage and Housing Corp. directly under Sec 95 of the National Housing Act. The new terms of the loan - 1.11%, due April 1, 2021, monthly payments of \$2,649 principal and interest.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

| 11. Deferred Revenue | 2016 | 2015 |
|-----------------------------------|---------------------|---------------------|
| AANDC- water treatment plant | \$ 1,328,411 | \$ 1,141,783 |
| Education | 20,165 | 26,021 |
| CRF funding | 12,578 | - |
| EI- Employment Benefits | - | 2,210 |
| Miscellaneous - Enbridge donation | - | 10,000 |
| CRF childcare | <u>28,856</u> | <u>42,475</u> |
| | <u>\$ 1,390,011</u> | <u>\$ 1,222,489</u> |

| 12. Bank Loans | 2016 | 2015 |
|-----------------------|------------------|------------------|
| Water extension | \$ <u>70,000</u> | \$ <u>85,000</u> |

The operating loan is due on demand and bear interest at the bank's prime rate plus 1%, calculated and payable monthly. They are secured by a general security agreement covering all assets except real property.

13. Commitment

Munsee-Delaware Nation purchased a building from Tecumseh Developments Corporation which was originally scheduled to close in 2012 for \$264,000. On June 24, 2015 the sale took place therefore the deposit of \$100,000 plus interest along with \$56,500 was paid for the building, which is now reflected in capital assets.

| 14. Paradise Bingo Investment (Unaudited) | 2016 | 2015 |
|--|-------------|-------------|
|--|-------------|-------------|

Munsee Delaware Nation owns 100% of 1748960 Ontario Limited O/A Paradise Bingo.

Continuity of Investment

| | | |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ (622,885) | \$ (178,074) |
| Share of net income (loss) | <u>(288,996)</u> | <u>(444,811)</u> |
| Balance, end of year | <u>\$ (911,881)</u> | <u>\$ (622,885)</u> |

The income (loss) from the enterprises is reported on the statement of operations. Cash advances to or from the enterprises are recorded as an increase or decrease in the investment in the enterprises. The Paradise Bingo investment is considered a government business entity, however consolidation in this report is for information purpose only and the statements for Paradise Bingo do not reflect any opinion and are strictly complied financial statements prepared with information provided by the Paradise Bingo management.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

| 14. Paradise Bingo Investment (Unaudited) cont'd.... | 2016 | 2015 |
|---|---------------------|---------------------|
| Financial Position | | |
| Assets | | |
| Cash | \$ 27,218 | \$ 58,033 |
| Accounts Receivable | <u>1,058</u> | <u>449</u> |
| | <u>\$ 28,276</u> | <u>\$ 58,482</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 10,163 | \$ 8,703 |
| Due to Munsee Delaware Nation | 187,348 | 211,603 |
| Due to Charity Association | <u>731,923</u> | <u>450,338</u> |
| | <u>929,434</u> | <u>670,644</u> |
| Shareholder's Deficiency | | |
| Deficit | <u>(901,158)</u> | <u>(612,162)</u> |
| | <u>\$ 28,276</u> | <u>\$ 58,482</u> |
| Results of Operations | | |
| Revenue | | |
| Rental income- 55% | \$ 390,896 | \$ 460,378 |
| Non-gaming income | 157,680 | 165,913 |
| Other income | <u>210</u> | <u>1,070</u> |
| | <u>548,786</u> | <u>627,361</u> |
| Expenditures | | |
| Advertising | 24,732 | - |
| Bingo expenses | 140,167 | 137,145 |
| Bank charges | 4,864 | 4,582 |
| Equipment rental | - | 65,000 |
| Miscellaneous expenses | 3,399 | - |
| Office expenses | 8,258 | 7,100 |
| Professional fees | 31,651 | 32,742 |
| Repairs and maintenance | 37,397 | 43,664 |
| Snack bar expenses | 67,354 | 57,016 |
| Staff training | 820 | 4,173 |
| Wages and benefits | 448,066 | 570,527 |
| Telephone | 15,541 | 15,313 |
| Travel and entertainment | 3,218 | 465 |
| Utilities | 52,202 | 91,215 |
| Rent | <u>113</u> | <u>43,230</u> |
| | <u>837,782</u> | <u>1,072,172</u> |
| Deficiency Of Revenues Over Expenditures | <u>\$ (288,996)</u> | <u>\$ (444,811)</u> |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

| 15. Accumulated Surplus | 2016 | 2015 |
|--------------------------------|-------------|-------------|
|--------------------------------|-------------|-------------|

Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:

| | | |
|-------------------------------------|---------------------|---------------------|
| Surplus | | |
| Invested in tangible capital assets | \$ 7,360,633 | \$ 7,165,421 |
| Equity in Paradise Bingo | <u>(911,881)</u> | <u>(622,885)</u> |
| | <u>\$ 6,448,752</u> | <u>\$ 6,542,536</u> |
| Reserves | | |
| Operating | \$ <u>863,583</u> | \$ <u>735,093</u> |
| Reserves Funds | | |
| CMHC | \$ <u>136,339</u> | \$ <u>127,355</u> |
| Accumulated Surplus | <u>\$ 7,448,674</u> | <u>\$ 7,404,984</u> |

| 16. Expenses By Object | 2016 | 2015 |
|-------------------------------|-------------|-------------|
|-------------------------------|-------------|-------------|

| | | |
|----------------------------------|---------------------|---------------------|
| Administration | \$ 206,952 | \$ 198,101 |
| Amortization | 330,455 | 453,010 |
| Interest and bank charges | 59,822 | 62,040 |
| Office and other | 502,903 | 595,633 |
| Operations and maintenance | 329,502 | 270,645 |
| Professional services | 202,276 | 242,227 |
| Social assistance payments | 586,127 | 683,298 |
| Utilities | 146,426 | 89,127 |
| Program delivery | 955,112 | 826,107 |
| Wages and benefits | 1,232,116 | 1,036,948 |
| Writedown of accounts receivable | - | 464,489 |
| | <u>\$ 4,551,691</u> | <u>\$ 4,921,625</u> |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

17. Segmented Information

2016

2015

Munsee-Delaware Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, technical services, recreation, social services, health services, education, social housing and economic development among others. 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 specific regulations, requirements and limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the service they provide, are as follows:

Administration

Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

Maintenance

Manages the repairs and maintenance for the roads, bridges and community buildings.

Education

Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

Daycare

Manages the activities of the First Nation's children's daycare program.

Social Services

Administers the provision of social assistance to qualifying members.

OFNLP

Undertakes activities of the Ontario First Nation Limited Partnership fund, which derives revenue from gaming facilities located in the Province of Ontario.

Health

Provides a variety of health care programs and support to First Nation members.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

17. Segmented Information cont'd...

2016

2015

Employment Assistance

Provides employment assistance to members of the First Nation.

Infrastructure

Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

Community Development

Undertakes activities of the Munsee-Delaware Nation Service Club

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Munsee- Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2016

18. Segmented Information

| | Administration | | Maintenance | | Education | | Daycare | |
|---|---------------------|------------------|-----------------|-----------------|----------------|-----------------|----------------|-----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | | | | | |
| AANDC | \$ 475,316 | 616,226 | 45,008 | 47,108 | 742,086 | 695,037 | 57,900 | 57,900 |
| Union of Ontario Indians | | | | | | | | |
| Health Canada | | | | | | | | |
| Ministry of Education | | | | | | | | |
| MCSS | | | | | | | 480,774 | 364,635 |
| Stepping Stones | | | | | | | | |
| CMHC | | | | | | | | |
| Admin Fees | 281,648 | 261,143 | | | | | | |
| Rental | 114,032 | 101,724 | | | | | | |
| SFNS | | | | | | | | |
| OFNLP | | | | | | | | |
| MDN Gaming revenue | | | | | | | 90,838 | 90,838 |
| Other | 242,088 | 200,261 | (3,000) | | 28,535 | 34,858 | 44,991 | 16,768 |
| | <u>1,113,084</u> | <u>1,179,354</u> | <u>42,008</u> | <u>47,108</u> | <u>770,621</u> | <u>729,895</u> | <u>674,503</u> | <u>530,141</u> |
| Repayable to funding source | | | | | | | | |
| Deferred revenue - beginning of year | | | | | 26,021 | 40,866 | 42,475 | 59,394 |
| Deferred revenue - end of year | | | | | (20,165) | (26,021) | (28,856) | (42,475) |
| | | | | | 5,856 | 14,845 | 13,619 | 16,919 |
| Total revenues | <u>1,113,084</u> | <u>1,179,354</u> | <u>42,008</u> | <u>47,108</u> | <u>776,477</u> | <u>744,740</u> | <u>688,122</u> | <u>547,060</u> |
| EXPENDITURES | | | | | | | | |
| Administration | 2,482 | 20,256 | 6,751 | 7,066 | 39,830 | 44,752 | 83,355 | 63,380 |
| Amortization | 274,515 | 270,791 | | | | | | |
| Interest and bank charges | 45,192 | 44,491 | | | | | | |
| Office and other | 350,044 | 309,666 | | | 17,029 | 148,567 | 23,264 | 36,045 |
| Operations and maintenance | 90,217 | 114,951 | | 19,865 | | 24,014 | 109,830 | 33,111 |
| Professional services | 146,660 | 170,924 | 9,644 | 43,800 | | 8,100 | 1,431 | 110 |
| Social assistance payments | 225,395 | 293,763 | 40,800 | | | | | |
| Utilities | 77,762 | 44,266 | 3,589 | | | | | |
| Program Delivery | | | | | 3,607 | | 29,212 | 25,327 |
| Wages and benefits | 441,690 | 302,863 | | 2,610 | 661,991 | 493,553 | 61,943 | 92,760 |
| Writedown of accounts receivable | | 464,489 | | | 52,014 | 41,549 | 383,560 | 342,035 |
| Total expenses | <u>1,653,957</u> | <u>2,036,460</u> | <u>60,784</u> | <u>73,341</u> | <u>774,471</u> | <u>760,535</u> | <u>692,595</u> | <u>592,768</u> |
| Adjustment to prior year surplus | | | | | | | | |
| Excess surplus (deficiency) of revenue over expenses | <u>\$ (540,873)</u> | <u>(857,106)</u> | <u>(18,776)</u> | <u>(26,233)</u> | <u>2,006</u> | <u>(15,795)</u> | <u>(4,473)</u> | <u>(45,708)</u> |

Notes continued on page 20...

Munsee- Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2016

18. Segmented Information

| | Social Services | | OFNLP | | Health | | Employment Assistance | |
|--|-----------------|-----------|------------|------------|-----------|-----------|-----------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | | | | | |
| AANDC | | | | | | | | |
| Union of Ontario Indians | | | | | 15,000 | 17,500 | 10,800 | 9,700 |
| Health Canada | | | | | 80,536 | 96,415 | | |
| Ministry of Education | | | | | 328,374 | 281,369 | | |
| MCSS | | | | | | | | |
| Stepping Stones | 457,931 | 408,187 | | | 50,493 | 49,508 | | 19,500 |
| CMHC | | | | | 10,337 | | | |
| Admin Fees | | | | | | | | |
| Rental | | | | | | | | |
| SFNS | | | | | | | | |
| OFNLP | | | | | | | | |
| Other | (1,538) | 17,120 | 546,674 | 545,003 | 3,675 | 38,755 | 125,999 | 125,985 |
| | 456,393 | 425,307 | 3,176 | 212 | 488,415 | 483,547 | 136,799 | (667) |
| | | | 549,850 | 545,215 | | | | 154,518 |
| Repayable to funding source | (10,086) | | | | (2,001) | | (1,193) | |
| Deferred revenue - beginning of year | | | | | | | 2,210 | 9,268 |
| Deferred revenue - end of year | | | | | | | (12,578) | (2,210) |
| Total revenues | 446,307 | 425,307 | 549,850 | 545,215 | 486,414 | 483,547 | 125,238 | 161,576 |
| EXPENDITURES | | | | | | | | |
| Administration | 12,615 | | | | 38,494 | 44,340 | 5,220 | |
| Amortization | | | | | | | | |
| Interest and bank charges | | | | | | | | |
| Office and other | 6,259 | 27,713 | 74,881 | 30,480 | 15,118 | 20,466 | 3,013 | 9,881 |
| Operations and maintenance | | 1,398 | | | 27,974 | 6,016 | | |
| Professional services | 150 | 1,159 | 90 | | 9,645 | 14,634 | | |
| Social assistance payments | 353,712 | 314,929 | 7,020 | 14,906 | | | | |
| Utilities | 1,316 | 1,567 | | | 15,476 | 17,512 | | |
| Program Delivery | 12,541 | | 42,000 | | 101,280 | 129,598 | 67,457 | 94,396 |
| Wages and benefits | 60,033 | 59,744 | | | 240,822 | 209,076 | 53,997 | 79,071 |
| Writedown of accounts receivable | | | | | | | | |
| Total expenses | 446,626 | 406,510 | 123,991 | 45,386 | 448,809 | 441,642 | 129,687 | 183,348 |
| adjustment to prior year surplus | | | | | | | | |
| Excess surplus (deficiency) of revenue over expenses | \$ (319) | \$ 18,797 | \$ 425,859 | \$ 499,829 | \$ 37,605 | \$ 41,905 | \$ (4,449) | \$ (21,772) |

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Munsee- Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2016

18. Segmented Information

| | Infrastructure | | Community Development | |
|---|----------------|----------|-----------------------|---------|
| | 2016 | 2015 | 2016 | 2015 |
| REVENUES | | | | |
| AANDC | \$ 121,364 | 122,049 | | |
| Union of Ontario Indians | | | | |
| Health Canada | | | | |
| Ministry of Education | | | | |
| MCCS | | | | |
| Stepping Stones | | | | |
| CMHC | 40,055 | 40,766 | | |
| Admin Fees | | | | |
| Rental | 166,650 | 130,278 | | |
| SFNS | | | | |
| OFNLP | | | | |
| MDN Gaming Revenue | | | 319,824 | 296,355 |
| Other | 328,069 | 293,103 | 319,824 | 127 |
| | | | | 296,482 |
| Repayable to funding source | | | | |
| Deferred revenue - beginning of year | | | | |
| Deferred revenue - end of year | | | | |
| Total revenues | 328,069 | 293,103 | 319,824 | 296,482 |
| EXPENDITURES | | | | |
| Administration | 18,205 | 18,307 | | |
| Amortization | 55,940 | 182,221 | | |
| Interest and bank charges | 14,630 | 17,549 | | |
| Office and other | 13,295 | 9,880 | | 2,935 |
| Operations and maintenance | 91,837 | 71,290 | | |
| Professional services | 3,500 | 3,500 | | |
| Social assistance payments | | | | 59,700 |
| Utilities | 15,464 | 455 | | |
| Program Delivery | 7,900 | 15,800 | | |
| Wages and benefits | | | | |
| Write-down of accounts receivable | | | | |
| Total expenses | 220,771 | 319,002 | 0 | 62,635 |
| adjustment to prior year surplus | | | | |
| Excess surplus of revenue over expenses | \$ 107,298 | (25,899) | 319,824 | 233,847 |

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2015

19. Financial Instruments Risks Disclosures

The main risks of Munsee-Delaware Nation financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

The Munsee-Delaware Nation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. The Munsee-Delaware Nation believes there is high risk associated with these amounts due to nonpayment's to housing loans.

Liquidity Risk

Liquidity risk relates to the risk the Munsee-Delaware Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

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. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of Munsee-Delaware Nation financial instruments are in Canadian dollars and consequently is not subject to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Munsee-Delaware Nation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate

Other Price Risk

Other price 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 currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Munsee-Delaware Nation is not exposed to other price risk.

Changes in Risk Assessments

There have been no significant changes in these risk exposures from the prior year.

Munsee - Delaware Nation
Consolidated Statement Of Operations
For The Year Ended March 31, 2016

| | Revenue | Expense | 2016 Surplus (Deficit) | 2015 Surplus (Deficit) |
|------------------------------------|---------------------|---------------------|------------------------------|------------------------------|
| Administration | \$ 669,420 | \$ 1,234,204 | \$ (564,784) | \$ (847,181) |
| Healing Lodge | 254,700 | 254,700 | - | - |
| FNREEES Chiefs of Ontario | 2,552 | 480 | 2,072 | (352) |
| Lands, Membership and Trust | 21,254 | 21,254 | - | (2,300) |
| Economic Development | 46,200 | 46,800 | (600) | (17,630) |
| Pow Wow | 13,270 | 17,138 | (3,868) | 8,100 |
| Maintenance | 45,008 | 56,368 | (11,360) | (26,233) |
| Water Treatment Plant | (3,000) | 4,416 | (7,416) | - |
| Education | 310,872 | 308,866 | 2,006 | (16,490) |
| Provincial Tuition | 442,400 | 442,400 | - | 695 |
| Language Education | 23,205 | 23,205 | - | - |
| Day Care | 684,526 | 688,998 | (4,472) | (45,708) |
| Ontario Works | 446,307 | 446,627 | (320) | 18,797 |
| OFNLP | 549,850 | 123,991 | 425,859 | 499,829 |
| CHR | 47,462 | 47,462 | - | - |
| Early Childhood Development | 24,183 | 24,183 | - | - |
| Fetal Alcohol Syndrome | 10,651 | 10,651 | - | - |
| NNADAP | 53,951 | 53,951 | - | 12,056 |
| Aboriginal Healing and Wellness | 57,336 | 57,336 | - | - |
| Pandemic Planning | 2,000 | 2,000 | - | - |
| Aging at Home | 3,675 | 3,675 | - | 133 |
| Aboriginal Diabetes Initiative | 16,337 | 16,337 | - | - |
| Healthy Babies | 20,250 | 20,250 | - | 1,886 |
| Family Violence | - | - | - | 1,763 |
| Homemakers | 65,493 | 80,392 | (14,899) | (11,178) |
| Brighter Futures | 53,098 | 53,098 | - | 6,448 |
| Building Healthy Communities | 45,899 | 22,796 | 23,103 | - |
| National Child | | | | |
| Reinvestment Strategy | 10,286 | 10,287 | (1) | (1,956) |
| HIV/AIDS | 1,000 | 1,000 | - | - |
| Suicide Prevention | 1,133 | 1,133 | - | - |
| HRDC | 126,431 | 127,737 | (1,306) | (18,712) |
| SATF-employment and training | (1,193) | 1,950 | (3,143) | (3,061) |
| ORH / Minor Capital Projects | 121,364 | 83,688 | 37,676 | 103,742 |
| CMHC Phase 1 | 60,286 | 60,286 | - | (104,271) |
| CMHC Phase 2 | 67,454 | 67,454 | - | (123,372) |
| Rental and Sales | 78,965 | 9,340 | 69,625 | 98,001 |
| Service Club | 319,824 | - | 319,824 | 233,848 |
| Health centre lease | 29,400 | - | 29,400 | 25,200 |
| Health centre operations | 44,259 | 44,259 | - | 7,554 |
| Community Centre | 105,690 | 79,384 | 26,306 | 2,259 |
| Operating Deficit | 4,871,798 | 4,548,096 | 323,702 | (198,133) |
| Deficit from | | | | |
| business - Paradise Bingo | 548,786 | 837,782 | (288,996) | (444,811) |
| Operating Surplus (Deficit) | \$ 5,420,584 | \$ 5,385,878 | \$ 34,706 | \$ (642,944) |