

Munsee - Delaware Nation
Consolidated Financial Statements
March 31, 2018

Munsee - Delaware Nation

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MUNSEE-DELWARE NATION

Administration Office – 289 Jubilee Road, Muncey, Ontario N0L 1Y0
T – 519-289-5396, F – 519-289-5156 Website: www.munsee.ca

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Munsee - Delaware Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management 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 Professional Accountants and as such include amounts that are the best estimates and judgments of management.

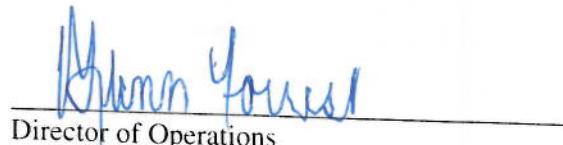
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Chief and Council meets periodically with management, as well as the external auditors, 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow Sarnia LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Munsee - Delaware Nation and meet when required.

On Behalf of Munsee - Delaware Nation:


Chief
Director of Operations

September 19, 2018

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, 2018 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.

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.



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

Collins Barrow Sarnia LLP
1350 L'Heritage Drive
Sarnia, Ontario N7S 6H8
Canada
T: 519.542.7725
F: 519.542.8321
Email: sarnia@collinsbarrow.com
www.collinsbarrow.com

Basis for Qualified Opinion cont'd...

Munsee - Delaware Nation has an investment in a business which is accounted for under the modified equity method. The business is carried at a deficit of \$55,275 on the statement of financial position and the net loss of \$55,275 is reported in the statement of operations for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of this investment as at March 31, 2018 and the reported loss for the year. Consequently we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the effects of the matters 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, 2018, 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.

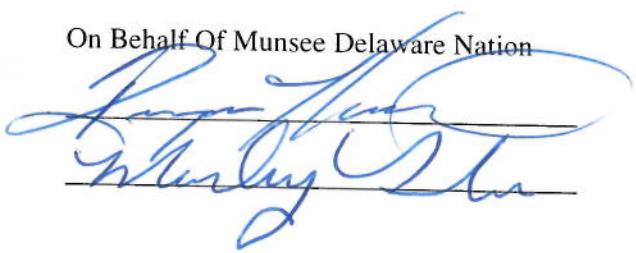
**Sarnia, Ontario
September 19, 2018**

**Chartered Professional Accountants
Licensed Public Accountants**

Munsee - Delaware Nation
Consolidated Statement of Financial Position
March 31, 2018

	2018	2017		
	(restated)			
Financial Assets				
Cash and cash equivalents (note 2)	\$ 1,637,468	\$ 1,793,723		
Trust funds in Ottawa (note 6)	82,505	80,791		
Accounts receivable (note 3)	786,485	1,277,528		
Investment in business enterprise (note 13)	(55,275)	-		
Related party transactions (note 4)	46,200	-		
Total Financial Assets	<u>2,497,383</u>	<u>3,152,042</u>		
Liabilities				
Bank loan (note 12)	40,000	55,000		
Accounts payable and accrued liabilities (note 8)	407,157	859,513		
Payable to funding source (note 9)	124,120	98,960		
Deferred revenue (note 11)	499,149	239,862		
Deposits on hand	5,600	-		
Long-term debt (note 10)	779,440	1,039,748		
Deferred capital contribution (note 11)	<u>3,621,000</u>	<u>3,800,000</u>		
Total Liabilities	<u>5,476,466</u>	<u>6,093,083</u>		
Net Financial Assets	<u>(2,979,083)</u>	<u>(2,941,041)</u>		
Non-Financial Assets				
Tangible capital assets (note 7)	10,236,731	9,912,745		
Prepaid expenses	<u>97,788</u>	<u>41,681</u>		
	<u>10,334,519</u>	<u>9,954,426</u>		
Accumulated Surplus	<u>\$ 7,355,436</u>	<u>\$ 7,013,385</u>		
Contingencies (note 16)				

On Behalf Of Munsee Delaware Nation



Munsee - Delaware Nation
Consolidated Statement Of Operations and Accumulated Surplus
For The Year Ended March 31, 2018

	2018 Budget (unaudited)	2018	2017 (restated)
Revenue			
ISC- Fixed	\$ 1,166,779	\$ 1,462,259	\$ 718,927
ISC- Set	475,382	418,374	459,183
ISC- Grant	202,091	189,777	182,491
Health Canada	304,870	306,502	278,006
OFNLP	625,000	629,311	618,537
Stepping Stones	503,855	508,812	473,574
License fees/ Charity shares	240,000	498,378	489,046
Ministry of Education	555,756	542,241	510,200
Ministry of Health & Long-Term Care	100,190	93,132	33,691
SFNS	272,972	281,791	221,399
CMHC	131,891	446,086	459,177
Union of Ontario Indians	621,189	624,741	905,070
Other	391,010	574,813	151,870
Rental	307,884	412,457	233,583
Administration	345,492	383,743	278,639
Repayable to Funding Source	-	(51,788)	(48,096)
Adjustment Prior Year	4,801	50,315	(62,292)
Deferred Revenue- Beginning	40,000	87,782	61,599
Deferred Revenue- Ending	-	(499,149)	(87,782)
	<u>6,289,162</u>	<u>6,959,577</u>	<u>5,876,822</u>
Expenditures			
Administration	1,999,626	1,800,003	1,671,832
Maintenance & Infrastructure	100,266	113,636	54,052
Education	774,903	774,267	776,235
Daycare	847,752	752,794	694,994
Social services	455,854	465,778	458,774
OFNLP	425,000	429,154	126,746
Health	686,198	651,399	523,045
Employment assistance	218,699	141,347	166,840
Housing	261,910	572,649	628,948
Community development	-	-	23,726
Amortization	300,000	538,782	336,859
	<u>6,070,208</u>	<u>6,239,809</u>	<u>5,462,051</u>
Annual Surplus	\$ <u>218,954</u>	<u>719,768</u>	<u>414,771</u>
Loss on investment in business enterprise (note 13)		(55,275)	911,881
Charity Association loan - write off		(331,103)	(1,592,907)
Replacement Reserve		<u>8,661</u>	<u>8,055</u>
Annual Surplus (Deficit)		<u>342,051</u>	(258,200)
Accumulated Surplus at Beginning of Year		<u>7,013,385</u>	<u>7,271,585</u>
Accumulated Surplus at End of Year (note 14)	\$ <u>7,355,436</u>	\$ <u>7,013,385</u>	

Munsee - Delaware Nation
Consolidated Statement Of Changes in Net Financial Assets
For The Year Ended March 31, 2018

	2018 Budget (unaudited)	2018	2017 (restated)
Annual Surplus (Deficit)	\$ 218,954	\$ 342,051	\$ (258,200)
Acquisition of tangible capital assets (note 7)	-	(852,708)	(2,268,359)
Amortization of tangible capital assets (note 7)	<u>-</u>	<u>528,722</u>	<u>336,859</u>
Use of Prepaid Expenses	<u>218,954</u>	<u>18,065</u>	<u>(2,189,700)</u>
	<u>-</u>	<u>(56,107)</u>	<u>(11,644)</u>
Change in Net Financial Assets	218,954	(38,042)	(2,201,344)
Net Financial Assets at Beginning of Year	<u>-</u>	<u>(2,941,041)</u>	<u>(739,697)</u>
Net Financial Assets at End of Year	<u>\$ 218,954</u>	<u>\$ (2,979,083)</u>	<u>\$ (2,941,041)</u>

Munsee - Delaware Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2018

	2018	2017
		(restated)
Cash Provided By (Used For)		
Operating Activities		
Annual surplus (deficit)	\$ 342,051	\$ (258,200)
Items not requiring cash:		
Amortization	<u>528,722</u>	<u>336,859</u>
	<u>870,773</u>	<u>78,659</u>
Change in non-cash working capital items affecting operations:		
Accounts receivable	491,043	(980,947)
Prepaid expenses	(56,107)	(11,644)
Related party transactions	(46,200)	1,463,273
Accounts payable and accrued liabilities	(452,356)	543,785
Deposit	5,600	-
Deferred revenue	259,287	178,262
Payable to funding source	<u>25,160</u>	<u>69,061</u>
	<u>1,097,200</u>	<u>1,340,449</u>
Capital Activities		
Purchase of property, plant and equipment	<u>(852,708)</u>	<u>(2,268,359)</u>
Investing Activities		
Trust funds in Ottawa	(1,714)	(1,471)
Investment - Paradise Bingo	<u>55,275</u>	<u>(911,881)</u>
	<u>53,561</u>	<u>(913,352)</u>
Financing Activities		
Repayment of bank loan	(15,000)	(15,000)
Deferred capital contribution	(179,000)	2,471,589
Repayment of long-term debt	<u>(260,308)</u>	<u>(87,353)</u>
	<u>(454,308)</u>	<u>2,369,236</u>
Increase (Decrease) In Cash Position	(156,255)	527,974
Cash Position, Beginning	<u>1,793,723</u>	<u>1,265,749</u>
Cash Position, Ending	<u>\$ 1,637,468</u>	<u>\$ 1,793,723</u>

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

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. It is the intent of the First Nation to accumulate this information in the next year to comply with these requirements under the Public Sector Accounting Board standards.

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.

Government Business Enterprises

The investment in Paradise Bingo is accounted for using the modified equity method which reflects Munsee Delaware Nation's investment in this enterprise. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

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, related party transactions, bank loans, accounts payable and accrued liabilities, and long-term debt.

Notes continued on page 6....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

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 the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of the reversal is recognized in the statement of operations. 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.

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 / bingo hall building / business community centre	40 years
CMHC buildings	Per Section 95 First Nation Housing agreement
Bingo hall parking lot / business community centre parking lot	20 years
Machinery and equipment	10 years
Vehicles	10 years
Furniture and fixtures	10 years
Computer hardware	3 years
Water treatment plant	20 years
Bingo sign / business community centre sign	10 years
Royal homes / multiplex	25 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.

Notes continued on page 7....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

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, collectability 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 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:

	2018	2017
Externally Restricted		
CMHC Replacement Reserve	\$ 153,055	\$ 144,394
Unrestricted		
Operating	<u>1,484,413</u>	<u>1,649,329</u>
Total Cash and Cash Equivalents	<u>\$ 1,637,468</u>	<u>\$ 1,793,723</u>

<u>3. Accounts Receivable</u>	2018	2017
Federal Funding		
ISC	\$ 365,216	\$ 667,870
CMHC	<u>96,268</u>	<u>66,027</u>
	<u>461,484</u>	<u>733,897</u>
Provincial Funding		
Ministry of Health & Long-Term Care	11,247	11,169
Ministry of Education	<u>26,866</u>	<u>252,863</u>
	<u>38,113</u>	<u>264,032</u>

Notes continued on page 8....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

3. Accounts Receivable cont'd...	2018	2017
Other Receivables		
SFNS employment and training	173,156	167,729
Union of Ontario Indians	23,825	29,691
Stepping Stones	48,084	48,644
Funeral arrangements	-	14,912
Miscellaneous	41,823	18,623
	<u>286,888</u>	<u>279,599</u>
	<u>\$ 786,485</u>	<u>\$ 1,277,528</u>

4. Related Party 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, 2018, the balance owing (to)/from are as follows:

	2018	2017
Paradise Bingo Charity Association	\$ - <u>46,200</u>	\$ _____
	<u>\$ 46,200</u>	<u>\$ _____</u>

5. Loans Receivable	2018	2017
Housing loans	\$ 560,252	\$ 526,597
Royal home loans	<u>772,244</u>	<u>788,144</u>
	<u>1,332,496</u>	<u>1,314,741</u>
Allowance for doubtful accounts	<u>(1,332,496)</u>	<u>(1,314,741)</u>
	<u>\$ -</u>	<u>\$ -</u>

Notes continued on page 9....

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	2018	2017
Balance, beginning	\$ 75,651	\$ 5,140	\$ 80,791	\$ 79,320
Interest income	<u>1,714</u>	<u>—</u>	<u>1,714</u>	<u>1,471</u>
Balance, ending	<u>\$ 77,365</u>	<u>\$ 5,140</u>	<u>\$ 82,505</u>	<u>\$ 80,791</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.

**Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018**

7. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance	Net Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2018	Total 2017	
Water treatment plant	\$ 2,608,132	\$ 235,329	\$ 2,843,461	\$ -	\$ 142,173	\$ 142,173	\$ 2,701,288	\$ 2,608,132	
Multiplex	586,865	267,503	857,368	34,295	34,295	823,073	589,865		
Land	117,831	-	117,831	-	-	117,831	117,831		
Buildings	5,092,736	159,965	5,252,701	2,385,092	131,369	2,516,461	2,736,240	2,707,644	
Furniture and fixtures	487,054	24,448	511,502	452,861	9,198	462,059	49,443	34,193	
CMHC buildings	1,286,285	-	1,286,285	800,025	61,299	861,324	424,961	486,260	
Bingo Hall Building	420,401	51,243	471,644	125,775	11,791	137,566	334,078	294,626	
Machinery and equipment	105,030	-	109,030	52,395	5,452	57,847	51,183	56,635	
Community Centre parking lot	320,736	-	320,736	283,472	9,664	293,136	27,600	37,264	
Vehicles	106,285	-	106,285	31,885	5,314	37,199	69,086	74,400	
Bingo Hall parking lot	216,084	45,374	255,458	188,526	20,206	208,732	46,726	21,558	
Community Centre parking lot	21,306	-	21,306	-	-	21,306	-	-	
Computer hardware	2,568,049	149,339	2,717,388	185,207	67,935	453,142	2,264,246	2,182,842	
Business Community Centre	86,493	(80,493)	-	10,060	(10,060)	-	-	70,433	
Wiigwam project	37,890	-	37,890	26,337	5,267	31,604	6,286	11,553	
Business Community Centre sign	52,673	-	52,673	32,734	3,789	26,523	26,150	29,939	
Bingo sign	775,750	-	775,750	186,180	31,030	217,210	558,540	589,570	
Royal homes	\$ 14,884,600	\$ 852,708	\$ 15,737,308	\$ 4,971,855	\$ 528,722	\$ 5,500,577	\$ 10,236,731	\$ 9,912,745	

Notes continued on page 11 ...

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

8. Accounts Payable and Accrued Liabilities	2018	2017
Trades payable	\$ 387,108	\$ 775,822
Other accrued liabilities	<u>20,049</u>	<u>83,691</u>
	\$ 407,157	\$ 859,513

9. Payable to Funding Source	2018	2017
Federal government	\$ 75,767	\$ 72,084
Provincial government	<u>48,353</u>	<u>26,876</u>
	\$ 124,120	\$ 98,960

10. Long-Term Debt	2018	2017
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.11%, due April 1, 2021, monthly payments of \$2,650 principal and interest, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	\$ 177,052	\$ 206,710
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 Indigenous and Northern Affairs Canada.	247,909	279,550
Residential Housing Loan by Bank of Montreal - 4.49% due October 31, 2018, repayable in monthly instalments of \$4,317 principal and interest, secured by First Nation owned housing units.	323,584	553,488
Ford Credit Canada Loan - 5.79% due January 10, 2022, repayable in monthly instalments of \$751 principal and interest, secured by a vehicle with a carrying value of \$35,117.	<u>30,895</u>	<u>-</u>
Current portion	<u>779,440</u>	<u>1,039,748</u>
	<u>393,029</u>	<u>614,774</u>
	\$ 386,411	\$ 424,974

The principal reduction required over the next four years is:

2019	\$ 393,029
2020	70,635
2021	222,376
2022	<u>93,400</u>
	\$ 779,440

Notes continued on page 12....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2018

11. Deferred Revenue	2018	2017
ASETS	\$ 185,688	\$ 65,224
CMHC	-	42,080
ISC	271,961	132,558
UOI	<u>41,500</u>	<u>-</u>
	<u>\$ 499,149</u>	<u>\$ 239,862</u>

Deferred Capital Contribution		
ISC- water treatment plant	\$ 2,853,000	\$ 3,000,000
ISC- multiplex	<u>768,000</u>	<u>800,000</u>
	<u>\$ 3,621,000</u>	<u>\$ 3,800,000</u>

12. Bank Loan	2018	2017
Water extension	\$ 40,000	\$ 55,000

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. Investment in Business Enterprise - Paradise Bingo	2018	2017
Munsee Delaware Nation owns 100% of 1748960 Ontario Limited O/A Paradise Bingo.		
Continuity of Investment		
Balance, beginning of year	\$ -	\$ (911,881)
Share of net income (loss)	(55,275)	901,158
Adjustment	<u>-</u>	<u>10,723</u>
Net increase (decrease) in equity, during the year	<u>(55,275)</u>	<u>911,881</u>
Balance, end of year	<u>\$ (55,275)</u>	<u>\$ -</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 consolation 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. The financial statements of Paradise Bingo are not audited.

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Notes To Consolidated Financial Statements
March 31, 2018

13. Investment in Business Enterprise - Paradise Bingo cont'd....	2018	2017
Financial Position		
Assets	\$ 461	\$ 15,969
Liabilities	55,737	15,969
Deficit	(55,276)	-
	\$ 461	\$ 15,969
Results of Operations		
Revenue	\$ 565,155	\$ 615,637
Expenditures	620,430	(285,521)
Surplus (Deficiency) Of Revenues Over Expenditures	\$ (55,275)	\$ 901,158
14. Accumulated Surplus	2018	2017
Accumulated surplus consists of the following:		
Internally restricted		
Investment in Paradise Bingo	\$ (55,275)	\$ -
Externally restricted		
Ottawa Trust Fund reserve	82,505	80,790
Replacement reserve	153,055	144,394
	<u>235,560</u>	<u>225,184</u>
Unappropriate members equity		
Operating	(3,061,580)	(3,124,544)
Investment in tangible capital assets	10,236,731	9,912,745
	<u>7,175,151</u>	<u>6,788,201</u>
Accumulated Surplus	<u>\$ 7,355,436</u>	<u>\$ 7,013,385</u>
15. Expenses By Object	2018	2017
Administration	\$ 375,933	\$ 283,773
Amortization	538,782	336,859
Interest and bank charges	50,779	54,317
Office and other	463,429	1,961,675
Operations and maintenance	1,287,703	1,274,919
Professional services	507,718	314,960
Social assistance payments	658,457	432,667
Utilities	100,734	187,351
Program delivery	1,198,124	959,959
Wages and benefits	<u>1,389,253</u>	<u>1,248,478</u>
	<u>\$ 6,570,912</u>	<u>\$ 7,054,958</u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
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16. Contingencies

Munsee- Delaware Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded as a prior year recovery on the consolidated statement of operations.

17. Prior period adjustment

The financial statements for the year ended March 31, 2017 and prior have been restated to adjust for the capitalization of the royal homes. As a result tangible capital assets of \$9,323,175 has been restated to \$9,912,745; loans receivable from members of \$788,144 has been restated to \$Nil; amortization of \$305,829 has been restated to \$336,859 and other income of \$140,519 has been restated to \$150,072; member's equity at the beginning of the year of \$7,449,682 has been restated to \$7,272,585.

18. Budgeted Figures

The budget, approved by the First Nation, for 2018 is reflected on the statement of operations and accumulated surplus. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

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

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Munsee-Delaware Nation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. Accounts receivable includes allowance for doubtful accounts of \$Nil (2017 - \$Nil).

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.

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19. Financial Instruments Risks Disclosures cont'd...

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. The bank loan bears interest at floating rates based on the bank prime rate, and as such, is subject to interest rate cash flow risk resulting from market fluctuations in interest rates.

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.

20. Segmented Information

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.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
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20. Segmented Information cont'd...

Maintenance & Infrastructure

Manages the repairs and maintenance for the roads, bridges and community buildings. Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

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.

Employment Assistance

Provides employment assistance to members of the First Nation.

Housing

Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

Community Development

Undertakes activities of the Munsee-Delaware Nation Service Club

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20. Segmented information

	Administration						Maintenance & Infrastructure						Education						Daycare						
	2018		2017		2018		2017		2018		2017		2018		2017		2018		2017		2018		2017		
	REVENUES	2018	REVENUES	2017	REVENUES	2018	REVENUES	2017	REVENUES	2018	REVENUES	2017	REVENUES	2018	REVENUES	2017	REVENUES	2018	REVENUES	2017	REVENUES	2018	REVENUES	2017	REVENUES
ISC	\$ 675,938	332,884	73,636	45,207	832,206	763,014	57,900	53,617																	
Union of Ontario Indians		699,220			38,330																				
Health Canada																									
Ministry of Education																									
Ministry of Health																									
Stepping Stones																									
CMHC	35,842	9,055																							
Admin Fees	383,743	278,639																							
Rental	356,802	195,502																							
SFNS																									
OFNLP																									
MDN Gaming Revenue	124,089	127,380																							
Other	439,566	57,597																							
	2,388,680	1,760,277																							
Repayable to funding source	(7,250)																								
Adjustment to prior year surplus	(84,514)																								
Deferred revenue - beginning of year																									
Deferred revenue - end of year																									
Total revenues	(75,000)																								
	2,221,916	1,700,277																							
EXPENDITURES																									
Administration	107,889	51,593																							
Amortization	477,484	244,845																							
Interest and bank charges	45,259	48,080																							
Office and other	91,412	268,818																							
Operations and maintenance	578,502	665,268																							
Professional services	163,155	202,199																							
Social assistance payments	266,754	7,441																							
Utilities	53,750	123,743																							
Program Delivery	41,873	21,988																							
Wages and benefits	451,409	283,182																							
Total expenses	2,277,487	1,916,677																							
Adjustment to prior year surplus																									
Excess surplus (deficiency) of revenue over expenses	\$ (55,571)	(716,400)																							
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20. Segmented Information

	Social Services		OFNLP		Health		Employment Assistance	
	2018	2017	2018	2017	2018	2017	2018	2017
REVENUES								
ISC	\$							
Union of Ontario Indians					65,600	15,000	60,343	26,000
Health Canada					213,711	152,233		
Ministry of Education					305,502	278,006		
Ministry of Health								
Stepping Stones	475,300	443,170			93,132	33,691	33,512	19,027
CMHC								
Admin Fees								
Rental								
SFNS								
OFNLP								
MDN Gaming Revenue					629,311	618,537		
Other		392			8,648	4,852	3,675	3,675
Repayable to funding source	475,300	443,562	637,959	623,389		682,620	493,982	
Adjustment to prior year surplus	(8,965)	(2,533)						
Deferred revenue - beginning of year								
Deferred revenue - end of year								
Total revenues	466,335	441,029	637,959	623,389	(25,539)	657,081	493,982	
EXPENDITURES								
Administration	12,615	12,615						
Amortization								
Interest and bank charges								
Office and other								
Operations and maintenance	1,176	14,190	3,472	17,071	10,708	25,155	613	1,961
Professional Services								
Social assistance payments	389,639	372,932	77,848	12,398	66,670	17,760		
Utilities								
Program Delivery	16,772	1,531	2,064	32,000	3,465	11,246		
Wages and benefits	45,576	4,499	2,523	16,344	7,486	12,703		
Total expenses	465,778	53,007	63,247	48,933	223,322	135,316	22,934	53,949
adjustment to prior year surplus					287,964	273,016	101,723	97,096
Excess surplus (deficiency) of revenue over expenses	\$ 557	(17,745)	429,154	126,746	651,399	523,045	141,345	166,840
							(848)	
							(29,911)	0
								(3,002)

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20. Segmented Information

	Housing		Community Development		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
ISC	\$ 304,787	120,596			2,070,410	1,360,501
Union of Ontario Indians					624,741	905,070
Health Canada					306,502	278,006
Ministry of Education					542,241	510,200
Ministry of Health					93,132	33,691
Stepping Stones					508,812	473,574
CWMC	410,244	450,122			446,086	459,177
Admin Fees					383,743	278,639
Rental	55,655	38,081			412,457	233,583
SPNS					281,791	221,399
OFNLP					629,311	618,537
MDN Gaming Revenue					498,378	489,046
Other	44,489	44,800	374,289	361,666	574,813	151,870
	<u>815,175</u>	<u>653,599</u>	<u>374,289</u>	<u>361,766</u>	<u>7,372,417</u>	<u>6,013,393</u>
Repayable to funding source						
Adjustment to prior year surplus	4,801				(51,788)	(48,096)
Deferred revenue - beginning of year					50,315	(62,292)
Deferred revenue - end of year					87,782	61,599
Total revenues	<u>819,976</u>	<u>653,599</u>	<u>374,289</u>	<u>361,766</u>	<u>(495,149)</u>	<u>(87,782)</u>
					<u>5,959,577</u>	<u>5,876,822</u>
EXPENDITURES						
Administration	26,206	18,089			375,933	283,773
Amortization	61,298	92,014			538,782	336,859
Interest and bank charges	5,516	6,237			50,779	54,317
Office and other	10,423	16,165	331,103	1,592,907	463,429	1,961,675
Operations and maintenance	506,313	532,996			532	1,287,703
Professional services	1,875	3,500			507,718	314,960
Social assistance payments					23,194	658,457
Utilities	10,143	11,927			10,734	419,911
Program Delivery	7,128	7,128			1,398,124	187,351
Wages and benefits	5,046	32,906			972,715	
Total expenses	<u>633,948</u>	<u>720,362</u>	<u>331,103</u>	<u>1,616,633</u>	<u>1,389,253</u>	<u>1,248,478</u>
						<u>7,054,958</u>
Excess surplus of revenue over expenses	<u>\$ 186,028</u>	<u>(67,363)</u>	<u>43,186</u>	<u>(1,254,867)</u>	<u>388,665</u>	<u>(1,178,136)</u>