

Munsee - Delaware Nation
Consolidated Financial Statements
March 31, 2019

Munsee - Delaware Nation

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Management's Responsibility

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.

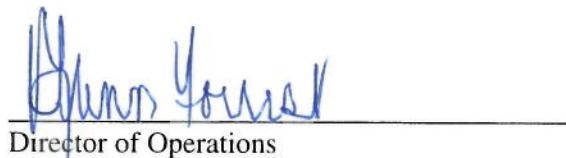
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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, Baker Tilly 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

August 26, 2019

Independent Auditor's Report

To The Chief and Council Of Munsee - Delaware Nation*Qualified Opinion*

We have audited the consolidated financial statements of Munsee - Delaware Nation, (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations and accumulated surplus, changes 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

The First Nation has an investment in a business which is accounted for under the modified equity method. The business is carried at \$Nil on the consolidated statement of financial position and the net income of \$55,275 is reported in the consolidated statement of operations for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the investment as at March 31, 2019 and the reported income for the year. Consequently we were unable to determine whether any adjustments to those amounts were necessary.

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 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 qualified opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting for CMHC specific housing assets and operations. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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.

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

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.



Sarnia, Ontario
August 26, 2019

Chartered Professional Accountants
Licensed Public Accountants

Munsee - Delaware Nation
Consolidated Statement of Financial Position
March 31, 2019

	2019	2018
		(restated)
Financial Assets		
Cash and cash equivalents (note 2)	\$ 3,860,567	\$ 1,637,468
Trust funds in Ottawa (note 6)	84,421	82,505
Accounts receivable (note 3)	726,590	786,485
Investment in government business enterprise (note 13)	-	(55,275)
Related party transactions (note 4)	<u>169,660</u>	<u>46,200</u>
Total Financial Assets	<u><u>4,841,238</u></u>	<u><u>2,497,383</u></u>
Liabilities		
Bank loan (note 12)	25,000	40,000
Accounts payable and accrued liabilities (note 8)	425,201	407,157
Payable to funding source (note 9)	225,964	124,120
Deferred revenue (note 11)	1,829,857	616,335
Deposits on hand	5,800	5,600
Long-term debt (note 10)	<u>362,920</u>	<u>779,440</u>
Total Liabilities	<u><u>2,874,742</u></u>	<u><u>1,972,652</u></u>
Net Financial Assets	<u><u>1,966,496</u></u>	<u><u>524,731</u></u>
Non-Financial Assets		
Tangible capital assets (note 7)	10,770,276	11,164,475
Prepaid expenses	<u>75,334</u>	<u>97,788</u>
	<u><u>10,845,610</u></u>	<u><u>11,262,263</u></u>
Accumulated Surplus	<u><u>\$ 12,812,106</u></u>	<u><u>\$ 11,786,994</u></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, 2019

	2019 Budget (unaudited)	2019	2018 (restated)
Revenue			
ISC- Fixed	\$ 941,707	\$ 974,510	\$ 1,462,259
ISC- Set	31,410	19,772	418,374
ISC- Grant	200,000	170,931	189,777
ISC - Other	-	49,903	-
Health Canada	324,271	335,952	306,502
OFNLP	800,000	797,678	629,311
Stepping Stones	518,123	535,648	508,812
License fees/ Charity shares	100,000	475,334	498,378
Ministry of Education	701,908	701,908	542,241
Ministry of Health & Long-Term Care	128,628	133,289	93,132
SFNS	227,110	230,245	281,791
CMHC	46,054	77,867	446,086
Kinoomaadziwin Education Body	2,028,643	2,100,428	-
Union of Ontario Indians	299,761	296,524	624,741
Other	484,341	438,038	395,813
Rental	355,576	541,441	412,457
Administration	730,000	616,376	383,743
Repayable to Funding Source	-	(105,115)	(51,788)
Adjustment Prior Year	-	12,264	50,315
Deferred Revenue- Beginning	547,675	616,335	87,782
Deferred Revenue- Ending	-	(1,829,858)	(616,335)
	<u>8,465,207</u>	<u>7,189,470</u>	<u>6,663,391</u>
Expenditures			
Administration	1,492,419	1,451,726	1,800,003
Amortization	450,000	611,754	612,391
Community development	27,500	279,877	331,103
Daycare	850,309	846,015	752,794
Education	1,368,894	1,086,289	774,267
Employment assistance	138,105	160,428	141,347
Health	1,094,112	752,541	651,399
Housing	237,422	238,266	572,649
Maintenance & Infrastructure	125,969	121,573	113,636
OFNLP	102,540	103,170	429,154
Social services	483,053	518,648	465,778
	<u>6,370,323</u>	<u>6,170,287</u>	<u>6,644,521</u>
Annual Surplus	<u>\$ 2,094,884</u>	<u>1,019,183</u>	<u>18,870</u>
Income (loss) on investment in business enterprise (note 13)		55,275	(55,275)
Replacement Reserve		(49,346)	8,661
Annual Surplus (Deficit)		1,025,112	(27,744)
Accumulated Surplus at Beginning of Year		<u>11,786,994</u>	<u>11,814,738</u>
Accumulated Surplus at End of Year (note 14)		<u>\$ 12,812,106</u>	<u>\$ 11,786,994</u>

Munsee - Delaware Nation
Consolidated Statement Of Changes in Net Financial Assets
For The Year Ended March 31, 2019

	2019 Budget (unaudited)	2019	2018 (restated)
Annual Surplus (Deficit)	\$ 2,094,884	\$ 1,025,112	\$ (27,744)
Acquisition of tangible capital assets (note 7)	-	(52,302)	(852,708)
Amortization of tangible capital assets (note 7)	<u>450,000</u>	<u>446,502</u>	<u>602,331</u>
	1,644,884	1,419,312	(278,121)
Use of Prepaid Expenses	<u>-</u>	<u>22,453</u>	<u>(56,107)</u>
Change in Net Financial Assets	1,644,884	1,441,765	(334,228)
Net Financial Assets at Beginning of Year	<u>-</u>	<u>524,731</u>	<u>858,959</u>
Net Financial Assets at End of Year	<u>\$ 1,644,884</u>	<u>\$ 1,966,496</u>	<u>\$ 524,731</u>

Munsee - Delaware Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2019

	2019	2018
		(restated)
Cash Provided By (Used For)		
Operating Activities		
Annual surplus (deficit)	\$ 1,025,112	\$ (27,744)
Items not requiring cash:		
Amortization	446,502	602,331
Earnings from government business enterprise	(55,275)	55,275
Earnings from Trust funds in Ottawa	<u>(1,916)</u>	<u>(1,714)</u>
	<u>1,414,423</u>	<u>628,148</u>
Change in non-cash working capital items affecting operations:		
Accounts receivable	59,895	491,043
Prepaid expenses	22,453	(56,107)
Accounts payable and accrued liabilities	18,045	(452,356)
Deposits on hand	200	5,600
Deferred revenue	1,213,522	376,473
Payable to funding source	<u>101,844</u>	<u>25,160</u>
	<u>2,830,382</u>	<u>1,017,961</u>
Capital Activities		
Purchase of property, plant and equipment	<u>(52,303)</u>	<u>(852,708)</u>
Investing Activities		
Advances to related parties	<u>(123,460)</u>	<u>(46,200)</u>
Financing Activities		
Repayment of bank loan	(15,000)	(15,000)
Repayment of long-term debt	<u>(416,520)</u>	<u>(260,308)</u>
	<u>(431,520)</u>	<u>(275,308)</u>
Increase (Decrease) In Cash Position	2,223,099	(156,255)
Cash Position, Beginning	<u>1,637,468</u>	<u>1,793,723</u>
Cash Position, Ending	<u>\$ 3,860,567</u>	<u>\$ 1,637,468</u>

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

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 Professional 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

The investment in 1748960 Ontario Limited O/A 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.

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.

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.

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**Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019**

1. Significant Accounting Policies cont'd...

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
Roads	40 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.

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.

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

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:

	2019	2018
Externally Restricted		
CMHC Replacement Reserve	\$ 103,709	\$ 153,055
Unrestricted		
Operating	<u>3,756,858</u>	<u>1,484,413</u>
Total Cash and Cash Equivalents	<u>\$ 3,860,567</u>	<u>\$ 1,637,468</u>

3. Accounts Receivable	2019	2018
Federal Funding		
ISC	\$ 272,947	\$ 365,216
CMHC	2,644	96,268
Health Canada	<u>13,926</u>	<u>-</u>
	<u>289,517</u>	<u>461,484</u>
Provincial Funding		
Ministry of Health & Long-Term Care	11,206	11,247
Ministry of Education	<u>23,471</u>	<u>26,866</u>
	<u>34,677</u>	<u>38,113</u>
Other Receivables		
SFNS employment and training	182,366	173,156
Union of Ontario Indians	24,831	23,825
Stepping Stones	80,065	48,084
Kinoomaadziwin Education Body	40,362	-
Miscellaneous	<u>74,772</u>	<u>41,823</u>
	<u>402,396</u>	<u>286,888</u>
	<u><u>\$ 726,590</u></u>	<u><u>\$ 786,485</u></u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

4. Related Party Transactions

Members of the First Nation represent the board of directors for Munsee-Delaware Nation Community Association (the Association"). The Association currently has an agreement with Munsee-Delaware Nation to provide the First Nation with a share of the Association's profit. The First Nation's advance and the amounts due from the Association are interest-free with no set terms of repayment. As of March 31, 2019, the balance owing from is as follows:

	2019	2018
Munsee-Delaware Nation Community Association	\$ <u>169,660</u>	\$ <u>46,200</u>

5. Loans Receivable	2019	2018
Housing loans	\$ <u>436,696</u>	\$ <u>560,252</u>
Royal home loans	<u>748,194</u>	<u>772,244</u>
	<u>1,184,890</u>	<u>1,332,496</u>
Allowance for doubtful accounts	<u>(1,184,890)</u>	<u>(1,332,496)</u>
	<u>\$ <u>-</u></u>	<u>\$ <u>-</u></u>

6. Funds Held in Trust By Government of Canada

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

	Revenue Fund	Capital Fund	2019	2018
Balance, beginning	\$ <u>77,365</u>	\$ <u>5,140</u>	\$ <u>82,505</u>	\$ <u>80,791</u>
Interest income	<u>1,916</u>	<u>-</u>	<u>1,916</u>	<u>1,714</u>
Balance, ending	<u>\$ <u>79,281</u></u>	<u>\$ <u>5,140</u></u>	<u>\$ <u>84,421</u></u>	<u>\$ <u>82,505</u></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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7. Tangible Capital Assets

	Cost		Accumulated Amortization		Net Book Value Total 2019
	Opening Balance	Net Additions	Opening Balance	Net Amortization Balance	
Water treatment plant	\$ 2,843,461	\$ 94,093	\$ 2,937,554	\$ 142,173	\$ 2,895,381
Multiplex	857,368	-	857,368	34,295	68,590
Land	117,831	-	117,831	-	-
Buildings	7,594,921	16,037	7,610,958	4,138,507	190,274
Furniture and fixtures	511,502	6,800	518,302	462,059	9,878
CMHC buildings	1,285,285	-	1,286,285	861,324	62,041
Bingo Hall building	994,655	-	994,655	490,600	24,866
Bingo Hall parking lot	10,030	-	109,030	57,847	5,452
Machinery and equipment	329,736	60,553	381,289	293,136	15,255
Community Centre parking lot	10,5285	-	106,285	37,199	5,314
Vehicles	255,458	(165,252)	90,206	208,732	(158,752)
Computer hardware	21,306	-	21,306	-	21,306
Business Community Centre	2,717,388	40,072	2,757,460	453,142	68,936
Roads	79,144	-	79,144	41,551	1,979
Business Community Centre sign	37,890	-	37,890	31,604	5,267
Bingo sign	52,673	-	52,673	26,523	3,789
Royal homes	775,750	-	775,750	217,210	31,030
	\$ 18,681,683	\$ 52,303	\$ 18,733,986	\$ 7,517,208	\$ 446,502

\$ 2,648,503 \$ 788,778

Total
2018

117,831

3,282,177

3,456,413

471,937

46,365

362,920

424,961

479,189

504,056

45,731

51,183

72,898

308,391

63,772

69,086

40,226

46,726

2,235,382

2,264,246

35,614

37,593

43,530

1,019

6,286

22,361

26,150

527,510

558,540

\$ 11,164,475

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

8. Accounts Payable and Accrued Liabilities	2019	2018
Trade payables	\$ 409,408	\$ 387,108
Other accrued liabilities	<u>15,793</u>	<u>20,049</u>
	<u>\$ 425,201</u>	<u>\$ 407,157</u>
9. Payable to Funding Source	2019	2018
Federal government	\$ 75,767	\$ 75,767
Provincial government	<u>150,197</u>	<u>48,353</u>
	<u>\$ 225,964</u>	<u>\$ 124,120</u>
10. Long-Term Debt	2019	2018
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.	\$ 147,064	\$ 177,052
Residential Housing Loan by CMHC under Section 95 of the National Housing Act -1.30% due December 1, 2020, repayable in monthly installments of \$2,923 principal and interest, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada.	<u>215,856</u>	247,909
Residential Housing Loan by Bank of Montreal - 4.49% due October 31, 2018, repayable in monthly instalments of \$4,317 principal and interest. This loan was paid off during the year.	-	323,584
Ford Credit Canada Loan - 5.79% due January 10, 2022, repayable in monthly instalments of \$751 principal and interest. This loan was paid off during the year.	<u>-</u>	<u>30.895</u>
Current portion	<u>362,920</u>	<u>779,440</u>
	<u>62,784</u>	<u>393,029</u>
	<u>\$ 300,136</u>	<u>\$ 386,411</u>
The principal reduction required over the next three years is:		
2020	\$ 62,784	
2021	214,049	
2022	<u>86,087</u>	
	<u>\$ 362,920</u>	

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

11. Deferred Revenue	2019	2018
ASETS	\$ 211,192	\$ 185,688
ISC	399,977	389,147
KEB	1,170,110	-
Other	30,578	-
UOI	<u>18,000</u>	<u>41,500</u>
	\$ 1,829,857	\$ 616,335

12. Bank Loan	2019	2018
Water extension	\$ <u>25,000</u>	\$ <u>40,000</u>

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

13. Investment in Business Enterprise	2019	2018
Munsee Delaware Nation owns 100% of 1748960 Ontario Limited.		
Continuity of Investment		
Balance, beginning of year	\$ (55,275)	\$ -
Share of net income (loss)	<u>55,275</u>	<u>(55,275)</u>
Adjustment	<u>-</u>	<u>-</u>
Net increase (decrease) in equity, during the year	<u>55,275</u>	<u>(55,275)</u>
Balance, end of year	\$ -	\$ (55,275)

1748960 Ontario Limited which operates Paradise Bingo is owned and controlled by the First Nation and is considered a government business enterprise and accounted for using the modified equity method as indicated in note 1. This report is for information purposes only and the statements for 1748960 Ontario Limited do not reflect any opinion and are strictly complied financial statements prepared with information provided by the 1748960 Ontario Limited management. The financial statements of 1748960 Ontario Limited are not audited.

Notes continued on page 12....

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019

13. Investment in Business Enterprise - Paradise Bingo cont'd....	2019	2018
Financial Position		
Assets	\$ 28,327	\$ 461
Liabilities	28,327	55,737
Deficit	-	(55,276)
	<u>\$ 28,327</u>	<u>\$ 461</u>
Results of Operations		
Revenue	\$ 599,447	\$ 565,155
Expenditures	544,172	620,430
Surplus (Deficiency) Of Revenues Over Expenditures	\$ 55,275	\$ (55,275)

14. Accumulated Surplus	2019	2018
Accumulated surplus consists of the following:		
Internally restricted		
Investment in Paradise Bingo	\$ -	\$ (55,275)
Externally restricted		
Ottawa Trust Fund reserve	84,421	82,505
Replacement reserve	103,709	153,055
	<u>188,130</u>	<u>235,560</u>
Unappropriated members' equity		
Operating	1,853,700	442,234
Invested in tangible capital assets	10,770,276	11,164,475
	<u>12,623,976</u>	<u>11,606,709</u>
Accumulated Surplus	\$12,812,106	\$11,786,994

15. Expenses By Object	2019	2018
Administration	\$ 590,143	\$ 375,933
Amortization	611,754	612,391
Interest and bank charges	31,243	50,779
Office and other	333,048	463,429
Operations and maintenance	1,027,790	1,287,703
Professional services	269,131	507,718
Social assistance payments	430,568	658,457
Utilities	105,012	100,734
Program delivery	1,346,111	1,198,124
Wages and benefits	<u>1,425,487</u>	<u>1,389,253</u>
	\$ 6,170,287	\$ 6,644,521

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**Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019**

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, 2018 and prior have been restated to adjust for the capitalization assets prior to 1998, a new tangible capital assets policy adopted by Chief and Council and an adjustment to deferred revenue for on reserve housing. As a result tangible capital assets of \$10,236,731 has been restated to \$11,164,475; deferred capital contribution of \$3,621,000 has been restated to \$Nil; amortization of \$538,782 has been restated to \$612,391; deferred revenue of \$499,149 has been restated to \$616,335; other income of \$574,813 has been restated to \$395,813; accumulated surplus at the beginning of the year of \$7,013,385 has been restated to \$11,814,738.

18. Budgeted 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 changes in net financial assets. 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 the First Nation's 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 First 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 (2018 - \$Nil).

Liquidity Risk

Liquidity risk relates to the risk the First 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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**Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2019**

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 the First Nation's financial instruments are in Canadian dollars and consequently the First Nation 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, the First Nation 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. The First 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
March 31, 2019

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					
	2019		2018		2019		2018		2019		2018		2019		2018		2019		2018					
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure				
REVENUES																								
ISC	\$ 651,069	675,938	54,763	372,700	111,573	73,636																		
Union of Ontario Indians																								
Health Canada																								
Ministry of Education																								
KEB	50,765																							
Ministry of Health																								
Stepping Stones																								
CMHC	9,988	35,842																						
Admin Fees	616,376	333,743																						
Rental	482,642	356,802																						
SFNS																								
OFNLP																								
MDN Gaming Revenue	125,070	124,089																						
Other	196,729	260,566																						
	2,187,402	2,209,680																						
Repayable to funding source	(32,821)	(7,259)																						
Adjustment to prior year surplus		(84,514)																						
Deferred revenue - beginning of year	75,000																							
(186,779)		(75,000)																						
Total revenues	2,049,602	2,042,916																						
EXPENDITURES																								
Administration	57,680	107,889	13,669																					
Amortization	549,713	551,093																						
Interest and bank charges	26,003	45,259																						
Office and other	41,417	91,412	3,796																					
Operations and maintenance	745,782	578,502	16,381																					
Professional services	188,891	163,155	40,800																					
Social assistance payments																								
Utilities	66,169	53,750	9,561																					
Program Delivery	15,316	41,873	36,966																					
Wages and benefits	310,468	451,409	121,573																					
Total expenses	2,001,439	2,351,096																						
	47,563	1308,180																						
Excess surplus (deficiency) of revenue over expenses	\$ 47,563	1308,180																						
			0																					
			(40,000)																					
				(30,895)																				
					(\$60,585)																			
						(\$43,812)																		
							(9,437)																	

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20. Segmented Information

	Social Services		OFMLP		Health		Employment Assistance	
	2019		2018		2019		2018	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUES								
ISC	\$							
Union of Ontario Indians					232,470	65,600	41,930	60,342
Health Canada					241,761	213,711		
Ministry of Education					325,952	306,502		
KEB								
Ministry of Health								
Stepping Stones	515,511	475,300	133,289	93,132	20,137			33,512
CMHC								
Admistr Fees								
Rental								
SFNS								
OFMLP								
MDB Gaming Revenue								
Other	3,137	475,300	25,413	823,091	8,648	141,708	3,675	12,024
	518,648	(8,965)			637,959	1,075,180	632,620	240,262
Repayable to funding source						(23,582)		(9,902)
Deferred revenue - beginning of year						25,539		24,328
Deferred revenue - end of year						(174,216)		
Total revenues	518,648	466,335	823,091	637,959	903,021	(25,539)	(182,345)	(113,343)
						637,081	160,428	141,345
EXPENDITURES								
Administration	14,115	12,615			101,101	51,784	17,050	16,085
Amortization								
Interest and bank charges								
Office and other	1,655	1,176	2,540	1,210	3,472	8,982	10,708	88
Operations and maintenance					77,848	18,879	66,670	61,3
Professional services					280,000	1,990		
Social assistance payments	424,046	389,639	6,522	30	2,064		3,465	
Utilities					2,523	5,320	7,486	
Program Delivery	23,834	16,772	92,414	63,247	226,235	223,322	18,711	22,924
Wages and benefits	54,988	45,576			390,034	287,964	124,779	101,733
Total expenses	518,648	465,778	103,170	429,154	752,541	651,399	160,428	141,345
Excess surplus of revenue over expenses	\$ 0	557	719,921	208,805	150,480	5,682	0	0

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20. Segmented Information

	Housing		Community Development		Total
	2019	2018	2019	2018	
REVENUES					
ISC	\$ 121,074	304,787			
Union of Ontario Indians			1,215,116	2,070,410	
Health Canada			296,524	624,741	
Ministry of Education			335,952	306,502	
KFB			701,908	542,241	
Ministry of Health			2,100,428	0	
Stepping Stones			133,289	93,132	
CMHC	67,879	410,244	535,648	508,812	
Admin Fees			77,867	446,086	
Rental	58,799	55,655	616,376	383,743	
SFNS			501,441	412,457	
OFNLP			230,245	281,791	
MDN Gaming Revenue			797,678	629,311	
Other	32,828	44,489	350,264	374,289	
	<u>280,580</u>	<u>815,175</u>	<u>350,264</u>	<u>374,289</u>	<u>8,495,844</u>
Repayable to funding source					
Adjustment to prior year surplus					
Deferred revenue - beginning of year	117,186	4,801			
Deferred revenue - end of year	<u>{79,544}</u>	<u>{117,186}</u>			
Total revenues	<u>318,222</u>	<u>937,162</u>	<u>350,264</u>	<u>374,289</u>	<u>7,193,417</u>
EXPENDITURES					
Administration	26,089	26,206			
Amortization	62,041	61,298			
Interest and bank charges	4,772	5,516			
Office and other	10,875	10,423	248,817	331,103	31,243
Operations and maintenance	173,909	506,313	3,233		333,048
Professional services	3,500	1,875	7,200		1,027,790
Social assistance payments					1,287,703
Utilities	5,573	10,143			507,718
Program Delivery	7,128	7,128	20,627		658,457
Wages and benefits	6,420	5,046			105,012
Total expenses	<u>300,307</u>	<u>633,948</u>	<u>279,877</u>	<u>331,103</u>	<u>1,346,411</u>
Excess surplus of revenue over expenses	\$ 17,915	303,214	70,387	43,186	1,019,183
					18,870