

Munsee - Delaware Nation
Consolidated Financial Statements
March 31, 2020

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

December 17, 2020

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 and its subsidiaries, (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statements of operations, 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, 2020, 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 1748960 Ontario Limited o/a Paradise Bingo which is accounted for under the modified equity method but does not meet the criteria of a government business enterprise. The First Nation also controls Munsee Delaware Nation Charity Association a government not-for-profit organization that is not consolidated in the financial statements. Both constitute departures from Canadian Public Section Accounting Standards. In addition, we did not audit the assets and liabilities of these entities as at March 31, 2020 and March 31, 2019 and the reported income for year then ended March 31, 2020 and March 31, 2019 as disclosed in note 2. 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.

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.

A handwritten signature in black ink that reads "Baker Tilly Sarnia LLP".

**Sarnia, Ontario
December 17, 2020**

**Chartered Professional Accountants
Licensed Public Accountants**

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Munsee - Delaware Nation
Consolidated Statement of Financial Position
March 31, 2020

	2020	2019
Financial Assets		
Cash and cash equivalents (note 3)	\$ 5,692,195	\$ 3,860,567
Trust funds in Ottawa (note 4)	86,078	84,421
Accounts receivable (note 5)	1,021,469	726,590
Related party transactions (note 6)	<u>193,763</u>	<u>169,660</u>
Total Financial Assets	<u>6,993,505</u>	<u>4,841,238</u>
Liabilities		
Bank loan (note 9)	10,000	25,000
Accounts payable and accrued liabilities (note 10)	561,618	425,201
Payable to funding source (note 11)	359,197	225,964
Deferred revenue (note 12)	2,856,435	1,829,857
Deposits on hand	6,800	5,800
Long-term debt (note 13)	<u>300,136</u>	<u>362,920</u>
Total Liabilities	<u>4,094,186</u>	<u>2,874,742</u>
Net Financial Assets	<u>2,899,319</u>	<u>1,966,496</u>
Non-Financial Assets		
Tangible capital assets (note 8)	10,274,634	10,770,276
Prepaid expenses	<u>92,771</u>	<u>75,334</u>
	<u>10,367,405</u>	<u>10,845,610</u>
Accumulated Surplus	<u>\$ 13,266,724</u>	<u>\$ 12,812,106</u>

Contingencies (note 18)

On Behalf Of Munsee Delaware Nation

**Munsee - Delaware Nation
Consolidated Statement Of Operations
For The Year Ended March 31, 2020**

	2020 Budget (unaudited)	2020	2019
Revenue			
ISC- Fixed	\$ 800,891	\$ 848,101	\$ 974,510
ISC- Set	-	-	19,772
ISC- Grant	130,000	136,555	170,931
ISC - Other	-	26,206	49,903
Health Canada	346,002	370,648	335,952
OFNLP	693,675	693,675	797,678
Stepping Stones	514,183	511,399	535,648
License fees / Charity shares	125,000	664,116	475,334
Ministry of Education	645,138	645,138	701,908
Ministry of Health and Long-Term Care	113,628	114,652	133,289
SFNS	245,418	245,418	230,245
CMHC	50,833	81,277	77,867
Kinoomaadziwin Education Body	2,231,456	2,290,670	2,100,428
Anishinabek	356,680	449,938	296,524
Other	974,364	632,609	438,038
Rental	314,577	327,083	541,441
Administration	630,000	638,767	616,376
Repayable to Funding Source	(41,900)	(239,939)	(105,115)
Adjustment Prior Year	-	-	12,264
Deferred Revenue - Beginning	1,372,427	1,829,858	616,335
Deferred Revenue - Ending	-	(2,856,435)	(1,829,858)
	<u>9,502,372</u>	<u>7,409,736</u>	<u>7,189,470</u>
Expenditures			
Administration	1,506,134	1,486,876	1,451,726
Amortization	612,041	621,998	611,754
Community development	-	455,199	279,877
Daycare	703,038	576,556	846,015
Education	1,460,856	1,502,847	1,086,289
Employment assistance	399,022	376,201	160,428
Health	772,767	624,614	752,541
Housing	346,560	338,452	238,266
Public works	226,365	282,632	121,573
OFNLP	114,290	93,543	103,170
Social services	719,740	605,768	518,648
	<u>6,860,813</u>	<u>6,964,686</u>	<u>6,170,287</u>
Annual Surplus	<u>\$ 2,641,559</u>	445,050	1,019,183
Investment in Business Enterprise (note 14)		-	55,275
Replacement Reserve		<u>9,568</u>	<u>(49,346)</u>
Annual Surplus		454,618	1,025,112
Accumulated Surplus at Beginning of Year		<u>12,812,106</u>	<u>11,786,994</u>
Accumulated Surplus at End of Year (note 15)		<u>\$13,266,724</u>	<u>\$12,812,106</u>

Munsee - Delaware Nation
Consolidated Statement Of Changes in Net Financial Assets
For The Year Ended March 31, 2020

	2020 Budget (unaudited)	2020	2019
Annual Surplus	\$ 2,641,559	\$ 454,618	\$ 1,025,112
Acquisition of tangible capital assets (note 8)	-	(126,356)	(52,302)
Amortization of tangible capital assets (note 8)	<u>612,041</u>	<u>621,998</u>	<u>446,502</u>
	3,253,600	950,260	1,419,312
Change In Prepaid Expenditures	<u>-</u>	<u>(17,437)</u>	<u>22,453</u>
Change in Net Financial Assets	3,253,600	932,823	1,441,765
Net Financial Assets at Beginning of Year	<u>-</u>	<u>1,966,496</u>	<u>524,731</u>
Net Financial Assets at End of Year	<u>\$ 3,253,600</u>	<u>\$ 2,899,319</u>	<u>\$ 1,966,496</u>

Munsee - Delaware Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2020

	2020	2019
Cash Provided By (Used For)		
Operating Activities		
Annual surplus	\$ 454,618	\$ 1,025,112
Items not requiring cash:		
Amortization	621,998	446,502
Earnings from government business enterprise	-	(55,275)
Earnings from Trust funds in Ottawa	<u>(1,657)</u>	<u>(1,916)</u>
	1,074,959	1,414,423
Change in non-cash working capital items affecting operations:		
Accounts receivable	(294,879)	59,895
Prepaid expenses	(17,437)	22,453
Accounts payable and accrued liabilities	136,417	18,045
Deposits on hand	1,000	200
Deferred revenue	1,026,578	1,213,522
Payable to funding source	<u>133,233</u>	<u>101,844</u>
	<u>2,059,871</u>	<u>2,830,382</u>
Capital Activities		
Purchase of tangible capital assets	<u>(126,356)</u>	<u>(52,303)</u>
Investing Activities		
Advances to related party	<u>(24,103)</u>	<u>(123,460)</u>
Financing Activities		
Repayment of bank loan	(15,000)	(15,000)
Repayment of long-term debt	<u>(62,784)</u>	<u>(416,520)</u>
	<u>(77,784)</u>	<u>(431,520)</u>
Increase In Cash Position	1,831,628	2,223,099
Cash Position, Beginning	<u>3,860,567</u>	<u>1,637,468</u>
Cash Position, Ending	<u>\$ 5,692,195</u>	<u>\$ 3,860,567</u>

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

1. Operations

Munsee-Delaware Nation (the "First Nation") is located in the province of Ontario, it manages and administers various services to its members.

2. 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, except for the accounting for 1748960 Ontario Limited o/a Paradise Bingo and Munsee Delaware Nation Charity Association as described below in principals of consolidation.

Reporting Entity

The Munsee-Delaware First Nation reporting entity includes the Munsee-Delaware First Nation government and all related entities that are controlled by the First Nation. The Munsee Delaware Nation Charity Association which is administered by the Chief and Council of Munsee-Delaware Nation is excluded from these financial statements.

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 and is carried at \$Nil (2019 - \$Nil). 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. This entity does not meet the criteria for a government business enterprise as it cannot in the normal course of operations meet its liabilities without sources of funding from the First Nation. This constitutes a departure from Canadian public section accounting standards as the entity should be consolidated in the financial statements. The entity's records indicate that, had management consolidated with the entity, revenues would increase by \$849,968 (2019 - \$599,447), expenses would increase by \$849,968 (2019 - \$544,172), cash would increase by \$37,844 (2019 - \$28,327), related party transactions would decrease by \$22,860 (2019 - \$18,917) and accounts payable would increase by \$14,984 (2019 - \$9,410). In addition, the First Nation controls Munsee Delaware Nation Charity Association a government not-for-profit organization that is not consolidated in the financial statements which constitutes a departure from Canadian public section accounting standards. Management has stated a receivable from this entity at \$193,763 (2019 - \$169,660), revenue of \$644,116 (2019 - \$475,072) and expenses of \$448,656 (2019 - \$248,817). The entity's records indicate that, had management consolidated with the entity, revenues would increase by \$5,311,963 (2019 - \$5,054,015), expenses would increase by \$5,527,423 (2019 - \$5,261,619) cash would increase by \$197,003 (2019 - \$156,543), related party transactions would decrease by \$170,903 (2019 - \$150,743) and accounts payable would increase by \$26,100 (2019 - \$5,800).

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

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

2. Significant Accounting Policies cont'd...

Revenue Recognition cont'd...

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
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, valuation of allowance for doubtful accounts for receivables from members and repayment of funding. While management believes these estimates and assumptions are reasonable, actual results could differ from those estimates.

Financial Instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made much an election during the year. Fair value is determined by reference to recent arm's length transactions.

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

2. Significant Accounting Policies cont'd...

Financial Instruments cont'd...

Transaction cost directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in surplus. Conversely, transaction cost are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains or losses. There has not been a reversal of such remeasurement during the year and thus no separate statement is disclosed.

3. 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:

	2020	2019
Externally Restricted		
CMHC Replacement Reserve	\$ 113,277	\$ 103,709
Unrestricted		
Operating	<u>5,578,918</u>	<u>3,756,858</u>
Total Cash and Cash Equivalents	<u>\$ 5,692,195</u>	<u>\$ 3,860,567</u>

4. 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	2020	2019
Balance, beginning	\$ 79,281	\$ 5,140	\$ 84,421	\$ 82,505
Interest income	<u>1,657</u>	<u>-</u>	<u>1,657</u>	<u>1,916</u>
Balance, ending	<u>\$ 80,938</u>	<u>\$ 5,140</u>	<u>\$ 86,078</u>	<u>\$ 84,421</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, 2020

5. Accounts Receivable	2020	2019
Federal Funding		
Indigenous Services Canada	\$ 349,201	\$ 272,947
Canada Mortgage and Housing Corporation	14,299	2,644
Health Canada	<u>11,455</u>	<u>13,926</u>
	<u>374,955</u>	<u>289,517</u>
Provincial Funding		
Ministry of Indigenous Affairs	8,500	-
Ministry of Health & Long-Term Care	6,849	11,206
Ministry of Education	-	23,471
Infrastructure Ontario	<u>60,000</u>	<u>25,798</u>
	<u>75,349</u>	<u>60,475</u>
Other Receivables		
Southern First Nations Secretariat	248,703	182,366
Anishinabek Nation	103,258	24,831
Stepping Stones	49,717	80,065
Kinoomaadziwin Education Body	97,389	40,362
Miscellaneous	<u>72,098</u>	<u>48,974</u>
	<u>571,165</u>	<u>376,598</u>
	<u>\$ 1,021,469</u>	<u>\$ 726,590</u>

6. Related Party Transactions

Members of the First Nation represent the board of directors for Munsee Delaware Nation Charity 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 excess of revenue over expenditures. 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, 2020, the balance owing from the Association is as follows:

	2020	2019
Munsee Delaware Nation Charity Association	\$ <u>193,763</u>	\$ <u>169,660</u>

7. Loans Receivable	2020	2019
Housing loans	\$ 399,137	\$ 436,696
Royal home loans	<u>716,794</u>	<u>748,194</u>
	1,115,931	1,184,890
Allowance for doubtful accounts	<u>(1,115,931)</u>	<u>(1,184,890)</u>
	<u>\$ -</u>	<u>\$ -</u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

8. Tangible Capital Assets

	Cost		Accumulated Amortization		Net Book Value			
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2020	Total 2019
Water treatment plant	\$ 2,937,554	\$ -	\$ 2,937,554	\$ 289,051	\$ 146,878	\$ 435,929	\$ 2,501,625	\$ 2,648,503
Multiplex	857,368	-	857,368	68,590	34,294	102,884	754,484	788,778
Land	117,831	-	117,831	-	-	-	117,831	117,831
Buildings	7,610,958	-	7,610,958	4,328,781	190,274	4,519,055	3,091,903	3,282,177
Furniture and fixtures	518,302	-	518,302	471,937	6,743	478,680	39,622	46,365
CMHC buildings	1,286,285	-	1,286,285	923,365	62,785	986,150	300,135	362,920
Bingo Hall building	994,655	-	994,655	515,466	24,866	540,332	454,323	479,189
Bingo Hall parking lot	109,030	-	109,030	63,299	5,452	68,751	40,279	45,731
Machinery and equipment	381,289	19,796	401,085	308,391	17,234	325,625	75,460	72,898
Community Centre parking lot	106,285	-	106,285	42,513	5,314	47,827	58,458	63,772
Vehicles	90,206	106,560	196,766	49,980	17,157	67,137	129,629	40,226
Computer hardware	21,306	-	21,306	21,306	-	21,306	-	-
Business Community Centre	2,757,460	-	2,757,460	522,078	68,936	591,014	2,166,446	2,235,382
Roads	79,144	-	79,144	43,530	1,979	45,509	33,635	35,614
Business Community Centre sign	52,673	-	52,673	36,871	5,267	42,138	10,535	1,019
Bingo sign	37,890	-	37,890	30,312	3,789	34,101	3,789	22,361
Royal homes	775,750	-	775,750	248,240	31,030	279,270	496,480	527,510
	<u>\$ 18,733,986</u>	<u>\$ 126,356</u>	<u>\$ 18,860,342</u>	<u>\$ 7,963,710</u>	<u>\$ 621,998</u>	<u>\$ 8,585,708</u>	<u>\$ 10,274,634</u>	<u>\$ 10,770,276</u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

9. Bank Loan	2020	2019
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Water extension	\$ <u>10,000</u>	\$ <u>25,000</u>
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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.

10. Accounts Payable and Accrued Liabilities	2020	2019
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Trade payables	\$ 561,618	\$ 409,408
Other accrued liabilities	<u>-</u>	<u>15,793</u>
	\$ <u>561,618</u>	\$ <u>425,201</u>

11. Payable to Funding Source	2020	2019
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Federal government	\$ 121,907	\$ 75,767
Provincial government	181,020	116,294
Other	<u>56,270</u>	<u>33,903</u>
	\$ <u>359,197</u>	\$ <u>225,964</u>

12. Deferred Revenue	2020	2019
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Southern First Nations Secretariat	\$ 71,109	\$ 211,192
Indigenous Services Canada	581,033	399,977
Kinoomaadziwin Education Body	1,924,808	1,170,110
Other	55,000	30,578
Anishinabek	<u>224,485</u>	<u>18,000</u>
	\$ <u>2,856,435</u>	\$ <u>1,829,857</u>

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Munsee - Delaware Nation
Notes To Consolidated Financial Statements
March 31, 2020

13. Long-Term Debt

2020

2019

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 Services Canada.

\$ 116,745 \$ 147,064

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 Services Canada. Subsequent to year-end this mortgage was renewed for another 5 years.

183,391 215,856

300,136 362,920

Current portion

214,049 62,784

\$ 86,087 \$ 300,136

The principal reduction required over the next two years is:

2021 \$ 214,049

2022 86,087

\$ 300,136

14. Investment in Business Enterprise

2020

2019

Munsee Delaware Nation owns 100% of 1748960 Ontario Limited.

Continuity of Investment

Balance, beginning of year

\$ - \$ (55,275)

Share of net income (loss)

- 55,275

Balance, end of year

\$ - \$ -

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.

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14. Investment in Business Enterprise cont'd....	2020	2019
Financial Position		
Assets	\$ <u>37,844</u>	\$ <u>28,327</u>
Liabilities	37,844	28,327
Deficit	<u>-</u>	<u>-</u>
	\$ <u>37,844</u>	\$ <u>28,327</u>
Results of Operations		
Revenue	\$ 849,968	\$ 599,447
Expenditures	<u>849,968</u>	<u>544,172</u>
Surplus Of Revenues Over Expenditures	\$ <u>-</u>	\$ <u>55,275</u>

15. Accumulated Surplus	2020	2019
Accumulated surplus consists of the following:		
Externally restricted		
Ottawa Trust Fund reserve	\$ 86,078	\$ 84,421
Replacement reserve	<u>113,277</u>	<u>103,709</u>
	<u>199,355</u>	<u>188,130</u>
Unappropriated members' equity		
Operating	2,792,735	1,853,700
Invested in tangible capital assets	<u>10,274,634</u>	<u>10,770,276</u>
	<u>13,067,369</u>	<u>12,623,976</u>
Accumulated Surplus	\$ <u>13,266,724</u>	\$ <u>12,812,106</u>

16. Expenses By Object	2020	2019
Administration	\$ 728,618	\$ 590,143
Amortization	621,998	611,754
Interest and bank charges	20,738	31,243
Office and other	702,037	333,048
Operations and maintenance	674,140	1,027,790
Professional services	376,402	269,131
Social assistance payments	423,959	430,568
Utilities	106,436	105,012
Program delivery	1,837,163	1,346,111
Wages and benefits	<u>1,473,195</u>	<u>1,425,487</u>
	\$ <u>6,964,686</u>	\$ <u>6,170,287</u>

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17. Budgeted Figures

The budget, approved by the First Nation, for 2020 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.

18. Contingencies and Commitments

The First 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.

The First Nation is involved in a legal matter, the outcome, now pending, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

The First Nation rents office equipment under long-term operating leases, the minimum lease payments for the next three years are as follows:

2021	\$ 5,710
2022	1,525
2023	<u>1,044</u>
	<u>\$ 8,279</u>

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. It is managements opinion that the First Nation is not exposed to any significant credit risk as most of the receivables are from the Federal and Provincial governments or from government assisted agencies.

Liquidity Risk

Liquidity risk relates to the risk the First Nation will encounter difficulty in meeting its obligations associated with financial 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.

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

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. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time.

21. Pension Plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 3.75% (2019 - 4.05%) of their salary up to a maximum of 9% of their basic salary. The First Nation contributes 3.75% (2019 - 4.05%) which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of the retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed \$23,704 (2019 - \$18,977) during the year for retirement benefits.

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22. Segmented Information

The First 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.

Public Works

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

22. Segmented information cont'd...

	Administration		Public Works		Education		Daycare	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUES								
ISC	\$ 378,639	\$ 651,069	\$ 165,898	\$ 111,573	\$	\$	\$ 57,900	\$ 57,900
Anishinabek	139,237	54,763						
Health Canada	24,646			10,000				
Ministry of Education								
KEB	52,400	50,765			2,238,270	2,049,663	645,138	701,908
Ministry of Health								
Stepping Stones	17,150	9,988						
CMHC	638,767	616,376						
Admin Fees	243,105	482,642						
Rental								
SFNS								
OFNLP								90,838
MDN Gaming Revenue	127,215	125,070						
Other	406,300	196,729	34,202	121,573	2,238,270	2,049,663	703,038	888,869
	2,027,459	2,187,402	200,100				(86,991)	(48,712)
	(557)	(32,821)						12,264
Repayable to funding source								80,570
Adjustment to prior year surplus								(43,164)
Deferred revenue - beginning of year	180,579	75,000			1,170,111	175,841	(39,491)	
Deferred revenue - end of year	(294,537)	(180,579)			(1,924,809)	(1,170,110)	576,556	889,827
Total revenues	1,912,944	2,049,002	200,100	121,573	1,483,572	1,055,394		
EXPENDITURES								
Administration	33,914	57,680	24,885	13,669	357,883	256,903	105,566	103,536
Amortization	559,213	549,713						14
Interest and bank charges	15,764	26,003						9,258
Office and other	203,556	41,417	3,829	3,796	3,112	5,620	17,862	68,396
Operations and maintenance	104,190	745,782	132,008	16,381	3,650		6,994	17,941
Professional services	239,103	188,891	54,112	40,800	40,026	8,809	4,370	
Social assistance payments	784							
Utilities	34,699	66,169	20,085	9,961			15,555	17,959
Program Delivery	352,096	15,316			994,988	702,904	84,750	238,942
Wages and benefits	502,770	310,468	47,713	36,966	103,188	112,053	341,459	389,969
Total expenses	2,046,089	2,001,439	282,632	121,573	1,502,847	1,086,289	576,556	846,015
Excess surplus (deficiency) of revenue over expenses	\$ (133,145)	\$ 47,563	\$ (82,532)	\$ 0	\$ (19,275)	\$ (30,895)	\$ 0	\$ 43,812

22. Segmented information cont'd...

	Social Services		OFNLP		Health		Employment Assistance	
	2020	2019	2020	2019	2020	2019	2020	2019
REVENUES								
ISC	\$ 4,168	\$	\$	\$	\$ 209,886	\$ 232,470	\$ 67,901	\$ 41,030
Antishinabek	121,049				189,652	241,761		
Health Canada					346,002	325,952		
Ministry of Education								
KEB								
Ministry of Health					114,652	133,289		
Stepping Stones	487,310	515,511					24,089	20,137
CMHC								
Admin Fees								
Rental	10,000							
SFNS								
OFNLP			693,675	797,678			245,418	139,407
MDN Gaming Revenue								
Other	114,241	3,137	36,825	25,413	2,649	141,708		
Repayable to funding source	736,768	518,648	730,500	823,091	862,841	1,075,180	337,408	200,574
Deferred revenue - beginning of year	(64,907)					(23,582)	(87,484)	
Deferred revenue - end of year	48,000				126,116	25,539	225,508	142,199
Total revenues	(122,440)				(357,989)	(174,116)	(99,231)	(182,345)
	597,421	518,648	730,500	823,091	630,968	903,021	376,201	160,428
EXPENDITURES								
Administration	20,115	14,115			82,535	101,101	76,821	17,050
Amortization								
Interest and bank charges			983	454				
Office and other	9,609	1,655		2,540	5,548	8,982	6,008	88
Operations and maintenance	55,442			1,210	85,187	18,879	59,485	
Professional services	2,650		7,875		680	1,990	23,136	
Social assistance payments	381,567	424,046	14,737	6,522			26,871	
Utilities	29,623		768	30	5,706	5,320		
Program Delivery	24,030	23,834	69,180	92,414	245,775	226,235	43,856	18,711
Wages and benefits	82,732	54,998			199,183	390,034	140,024	124,579
Total expenses	605,768	518,648	93,543	103,170	624,614	752,541	376,201	160,428
Excess surplus (deficiency) of revenue over expenses	\$ (8,347)	\$ 0	\$ 636,957	\$ 719,921	\$ 6,354	\$ 150,480	\$ 0	\$ 0

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22. Segmented Information cont'd...

	Housing		Community Development		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
ISC	\$ 126,470	\$ 121,074	\$	\$	\$ 1,010,862	\$ 1,215,116
Anishinabek					449,938	296,524
Health Canada					370,648	335,952
Ministry of Education					645,138	701,908
KEB					2,290,670	2,100,428
Ministry of Health					114,652	133,289
Stepping Stones					511,399	535,648
CMHC	64,127	67,879			81,277	77,867
Admin Fees					638,767	616,376
Rental	73,978	58,799			327,083	541,441
SFNS					245,418	230,245
OFNLP					693,675	797,678
MDN Gaming Revenue			536,901	350,264	664,116	475,334
Other	38,101	32,828	291		632,609	438,038
	302,676	280,580	537,192	350,264	8,676,252	8,495,844
Repayable to funding source					(239,939)	(105,115)
Adjustment to prior year surplus					0	12,264
Deferred revenue - beginning of year	79,544	117,186			1,829,858	616,335
Deferred revenue - end of year	(17,938)	(79,544)			(2,856,435)	(1,829,858)
Total revenues	364,282	318,222	537,192	350,264	7,409,736	7,189,470
EXPENDITURES						
Administration	26,899	26,089			728,618	590,143
Amortization	62,785	62,041			621,998	611,754
Interest and bank charges	3,961	4,772	30		20,738	31,243
Office and other	3,857	10,875	448,656	248,817	702,037	333,048
Operations and maintenance	220,671	173,909	6,513	3,233	674,140	1,027,790
Professional services	4,450	3,500		7,200	376,402	269,131
Social assistance payments					423,959	430,568
Utilities		5,573			106,436	105,012
Program Delivery	22,488	7,128		20,627	1,837,163	1,346,111
Wages and benefits	56,126	6,420			1,473,195	1,425,487
Total expenses	401,237	300,307	455,199	279,877	6,964,686	6,170,287
Excess surplus (deficiency) of revenue over expenses	\$ (36,955)	\$ 17,915	\$ 81,993	\$ 70,387	\$ 445,050	\$ 1,019,183