

**Munsee-Delaware Nation
Consolidated Financial Statements**
March 31, 2021

Munsee-Delaware Nation
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For the year ended March 31, 2021

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Management's Responsibility

To the Chief and Council and Members of Munsee-Delaware Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Munsee-Delaware Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

September 6, 2022



Director of
Operations

To the Chief and Council and Members 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, 2021, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 possible 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, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 that is not consolidated in the financial statements. Both constitute departures from Canadian public sector accounting standards. In addition, we did not audit the assets and liabilities of these entities as at March 31, 2021 and March 31, 2020 and the reported income for the year ended March 31, 2021 and March 31, 2020 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter - Comparative Information

As part of our audit of the consolidated financial statements of the First Nation for the year ended March 31, 2021, we also audited the adjustment described in Note 25 that was applied to restate the consolidated financial statements for the year ended March 31, 2020. In our opinion, such adjustment is appropriate and has been properly applied.

Other Matter

The consolidated financial statements for the year ended March 31, 2020, excluding the adjustment that was applied to restate certain comparative information as described in Note 25, were audited by another auditor who expressed a qualified opinion on those statements on December 17, 2020.

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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Cambridge, Ontario

Chartered Professional Accountants

September 6, 2022

Licensed Public Accountants

MNP

Munsee-Delaware Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020 (Restated Note 25)
Financial assets		
Cash and cash equivalents (Note 3)	7,580,438	5,692,195
Ottawa trust fund (Note 4)	87,160	86,078
Accounts receivable (Note 5)	814,745	1,021,469
Due from related parties (Note 6)	193,763	193,763
Total of financial assets	8,676,106	6,993,505
Financial liabilities		
Bank loan (Note 8)	-	10,000
Accounts payable and accrued liabilities (Note 9)	1,718,415	920,815
Deferred revenue (Note 10)	4,248,482	2,856,435
Deposits	9,800	6,800
Long-term debt (Note 11)	236,655	300,136
Total of financial liabilities	6,213,352	4,094,186
Net financial assets	2,462,754	2,899,319
Subsequent event (Note 26)		
Non-financial assets		
Tangible capital assets (Note 13)	10,817,008	10,274,634
Prepaid expenditures	236,500	313,534
Total non-financial assets	11,053,508	10,588,168
Accumulated surplus (Note 14)	13,516,262	13,487,487

Approved on behalf of the First Nation



Chief



Councillor

Munsee-Delaware Nation
Consolidated Statement of Operations
For the year ended March 31, 2021

	<i>Schedules</i>	2021 <i>Budget</i> (Note 16)	2021	2020 (Restated Note 25)
Revenue				
Indigenous Services Canada		1,643,806	1,637,729	1,010,862
Health Canada		423,255	423,255	370,648
Ministry of Education		709,413	709,413	645,138
Ministry of Health		99,312	107,728	114,652
Ministry of Indigenous Affairs		85,000	186,957	85,000
Ontario First Nation Limited Partnership		680,000	672,077	693,675
Canada Mortgage and Housing Corporation		90,138	104,607	81,277
Kinoomaadziwin Education Body		1,497,573	1,496,444	2,290,670
Gaming		-	-	664,116
Council operations		610,000	631,679	638,767
Anishinabek Nation		281,606	465,422	449,938
Other		189,557	98,978	547,609
Stepping Stones		405,301	592,169	511,399
Southern First Nations Secretariat		244,838	246,450	245,418
Rental income		287,361	293,845	327,083
Repayment of funding		(2,139)	(724,205)	(239,939)
Deferred revenue - prior year		2,856,435	2,856,435	1,829,858
Deferred revenue - current year		-	(4,248,482)	(2,856,435)
		10,101,456	5,550,501	7,409,736
Program expenditures (Schedule 2)				
Administration	4	1,898,478	1,756,752	2,046,089
Public works	5	286,658	290,169	282,632
Education	6	1,130,207	1,157,693	1,502,847
Daycare	7	825,224	394,950	576,556
Social services	8	757,903	614,231	605,768
Ontario First Nation Limited Partnership	9	54,540	57,406	93,543
Health	10	1,403,113	868,384	624,614
Employment assistance	11	344,262	98,366	376,201
Housing	12	264,706	292,153	401,237
Community development	13	-	-	455,199
		6,965,091	5,530,104	6,964,686
Surplus before replacement reserve		3,136,365	20,397	445,050
Replacement reserve		-	8,378	9,568
Surplus		3,136,365	28,775	454,618

Munsee-Delaware Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2021

	2021	2020 (Restated Note 25)
Accumulated surplus, beginning of year, as previously stated	13,487,487	12,812,106
Correction of error (Note 25)	-	220,763
Accumulated surplus, beginning of year, as restated	13,487,487	13,032,869
Surplus	28,775	454,618
Accumulated surplus, end of year	13,516,262	13,487,487

Munsee-Delaware Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2021

	2021 Budget (Note 16)	2021	2020 (Restated Note 25)
Annual surplus	3,136,365	28,775	454,618
Purchases of tangible capital assets	-	(1,182,812)	(126,356)
Amortization of tangible capital assets	-	640,438	621,998
Changes in prepaid expenditures	-	-	(17,437)
Use of prepaid expenditures	-	77,034	-
Increase (decrease) in net financial assets	3,136,365	(436,565)	932,823
Net financial assets, beginning of year	2,899,319	2,899,319	1,966,496
Net financial assets, end of year	6,035,684	2,462,754	2,899,319

Munsee-Delaware Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Surplus	28,775	454,618
Non-cash items	640,438	621,998
Amortization	669,213	1,076,616
Changes in working capital accounts		
Accounts receivable	206,724	(294,879)
Prepaid expenditures	77,034	(17,437)
Accounts payable and accrued liabilities	797,600	269,650
Deposits	3,000	1,000
Deferred revenue	1,392,047	1,026,578
	3,145,618	2,061,528
Financing activities		
Repayment of long-term debt	(63,481)	(62,784)
Repayment of bank loan	(10,000)	(15,000)
Increase in funded reserves	(1,082)	(1,657)
	(74,563)	(79,441)
Capital activities		
Purchases of tangible capital assets	(1,182,812)	(126,356)
Investing activities		
Advances to related parties	-	(24,103)
Increase in cash	1,888,243	1,831,628
Cash, beginning of year	5,692,195	3,860,567
Cash, end of year	7,580,438	5,692,195

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

1. Operations

The Munsee-Delaware Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Munsee-Delaware Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation government business enterprises. Trusts administered on behalf of third parties by Munsee-Delaware Nation are excluded from the First Nation reporting entity.

The Munsee Delaware Nation Charity Association which is administered by the Chief and Council of the First Nation is excluded from the financial statements.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Munsee-Delaware Nation government business entities, owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. 1748960 Ontario Limited (operating as Paradise Bingo) is accounted for using the modified equity method.

Basis of presentation

Sources of revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Principles of Consolidation

The investment in 1748960 Ontario Limited is accounted for using the modified equity method which reflects Munsee Delaware Nation's investment in this enterprise and is carried at \$Nil (2020 - \$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 sector 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 \$91,449 (2020 - \$849,968), expenses would increase by \$91,449 (2020 - \$849,968), cash would increase by \$46,766 (2020 - \$37,844), tangible capital assets would increase by \$7,872 (2020 - \$nil), related party transactions would decrease by \$48,979 (2020 - \$22,860) and accounts payable would increase by \$5,659 (2020 - \$14,984).

In addition, the First Nation controls Munsee Delaware Nation Charity Association a government not-for-profit organization that is not consolidated in the financial statement which constitutes a departure from Canadian public sector accounting standards. Management has stated a receivable from this entity at \$193,763 (2020 - \$193,763), revenue of \$nil (2020 - \$644,116) and expenditures of \$nil (2020 - \$448,656). The entity's records indicate that, had management consolidated with the entity, revenues would increase by \$38,946 (2020 - \$5,311,963), expenses would increase by \$83,978 (2020 - \$5,527,423), cash would increase by \$117,267 (2020 - \$197,003), related party transactions would decrease by \$144,784 (2020 - \$170,903) and accounts payable would increase by \$17,515 (2020 - \$26,100).

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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

Loans receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Non-Financial Assets

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

Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is available to be put into service.

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Water treatment plant	straight-line	20 years
Multiplex and royal homes	straight-line	25 years
Buildings	straight-line	40 years
Furniture and fixtures	straight-line	10 years
Parking lots	straight-line	20 years
Machinery and equipment	straight-line	10 years
Vehicles	straight-line	10 years
Computer hardware	straight-line	3 years
Roads	straight-line	40 years
Signs	straight-line	10 years

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus.

Trust moneys consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

The First Nation recognizes revenue for amounts transferred from the revenue and capital fund at the time funds are withdrawn from accounts held in Ottawa.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-amortized assets are recognized in revenue when received or receivable.

Other revenue

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Retirement benefits

The First Nation has a defined contribution pension plan covering certain staff. There are no prior service costs. Plan members are required to contribute 3.75% (2020 - 3.75%) of their basic salary up to a maximum of 9% (2020 - 9%). The First Nation matches the amounts contributed up to 3.75% (2020 - 3.75%) by members which are directed to the member's contribution account. Pension costs are charged to operations as contributions are due.

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of financial assets and financial liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are based on the expectation of amounts payable for goods and services for which invoices were not received prior to year end. Repayment of funding is estimated based on calculated surpluses.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in surplus in the years in which they become known.

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 their 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 such an election during the year. Fair value is determined by reference to recent arm's length transactions.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in surplus. Conversely, transaction costs 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 and losses. There has not been a reversal of such remeasurement during the year and thus no separate statement is disclosed.

Segments

The First Nation conducts its business through ten reportable segments: administration, public works, education, daycare, social services, Ontario First Nations Limited Partnership, health, employment assistance, housing and community development. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder. Internal program contributions related to administration and rent are recorded at the exchange amount.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Cash and cash equivalents

Cash and cash equivalents is comprised of the following:

	2021	2020
Operating	7,458,783	5,578,918
Canada Mortgage and Housing Corporation ("CMHC") - replacement reserve	121,655	113,277
	7,580,438	5,692,195

4. Ottawa trust fund

Revenues and capital funds held in Trust by the Government of Canada which is the responsibility of the elected Chief and Council are recorded on the consolidated statements of financial position. The balance at year end is comprised of:

	Revenue Fund	Capital Fund	2021	2020
Beginning balance	80,938	5,140	86,078	84,421
Interest income	1,082	-	1,082	1,657
	82,020	5,140	87,160	86,078

5. Accounts receivable

	2021	2020
Government of Canada		
Indigenous Services Canada	380,756	349,201
Health Canada	-	11,455
Canada Mortgage and Housing Corporation	47,829	14,299
	428,585	374,955
Province of Ontario		
Ministry of Indigenous Affairs	49,537	8,500
Ministry of Health	5,089	6,849
Other	-	60,000
	54,626	75,349
Other		
Southern First Nations Secretariat	25,245	248,703
Anishinabek Nation	173,318	103,258
Stepping Stones	78,306	49,717
Kinoomaadziwin Education Body	1,009	97,389
Other	53,656	72,098
	331,534	571,165
	814,745	1,021,469

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Due from related parties

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.

7. Due from First Nation members

Due from First Nation members consist of the following:

	<i>Principal</i>	<i>Allowance</i>	2021	2020
Housing loans	382,645	(382,645)	-	-
Royal home loans	693,794	(693,794)	-	-
	1,076,439	(1,076,439)	-	-

8. Bank loan

The operating loan is due on demand and bears interest at the bank's prime rate plus 1% (2020 - prime rate plus 1%), calculated and payable monthly. The loan is secured by a general security agreement covering all assets except real property.

9. Accounts payable and accrued liabilities

	2021	2020
Accounts payable	661,198	561,619
Repayable to funders	921,816	273,677
Accrued liabilities	135,401	85,519
	1,718,415	920,815

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Southern First Nations Secretariat	71,109	246,450	96,117	221,442
Indigenous Services Canada	581,033	1,637,729	1,003,225	1,215,537
Kinoomaadziwin Education Body	1,924,808	1,496,444	973,695	2,447,557
Ministry of Indigenous Affairs	-	186,957	145,920	41,037
Other	55,000	98,979	105,304	48,675
Anishinabek Nation	224,485	465,422	415,673	274,234
	2,856,435	4,131,981	2,739,934	4,248,482

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

11. Long-term debt

	2021	2020
Residential Housing Loan by Canada Mortgage and Housing Corporation under Section 95 of the National Housing Act - 0.76% (2020 - 1.30%), due April 1, 2021, monthly payments of \$2,886 (2020 - \$2,923) principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada. Subsequent to year-end this mortgage was renewed for another 4 years and 8 months.	150,491	183,391
Residential Housing Loan by Canada Mortgage and Housing Corporation under Section 95 of the National Housing Act - 0.68% (2020 - 1.11%) due December 1, 2023, repayable in monthly installments of \$2,634 (2020 - \$2,886) principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	86,164	116,745
	236,655	300,136

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2022	64,717
2023	65,201
2024	57,792
2025	34,385
<u>2026</u>	<u>14,560</u>
	236,655

Interest on long-term debt amounted to \$3,286 (2020 - \$3,962).

12. Contingencies

The First Nation is involved in certain legal matters, the outcome of which is not presently determinable. The loss, if any will be accounted for in the year in which the matters are resolved.

The First Nation has entered into contribution agreements with various 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 adjustments 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.

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

14. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020	
			<i>(Restated Note 25)</i>
Funds held in trust (Note 4)	87,160	86,078	
Equity in CMHC replacement reserve	121,655	113,277	
Invested in tangible capital assets	10,580,353	9,974,498	
Operating fund	2,727,094	3,313,634	
	<hr/>	<hr/>	
	13,516,262	13,487,487	

15. Government business enterprise

The First Nation owns 100% of 1748960 Ontario Limited operating as Paradise Bingo.

Summary financial information for the investment accounted for using the modified equity method, for the year ended March 31, 2021 is as follows:

	<i>Investment, beginning of year</i>	<i>Share of income</i>	<i>Total investment</i>	2021
				2020
Wholly-owned business:				
1748960 Ontario Limited	-	-	-	-
Wholly-owned business:				
1748960 Ontario Limited	(55,275)	55,275	-	-

Continued on next page

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

15. Government business enterprise *(Continued from previous page)*

Summary financial information for each First Nation government business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	1748960 Ontario Limited As at March 31, 2021	1748960 Ontario Limited As at March 31, 2020
Assets		
Cash	46,766	37,844
Tangible capital assets	7,872	-
Total assets	54,638	37,844
Liabilities		
Accounts payable and accrued liabilities	5,659	14,984
Due to Charity Association	48,979	22,860
Total liabilities	54,638	37,844
Total revenue	91,449	849,968
Total expenditures	91,449	849,968
Comprehensive income	-	-

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Munsee-Delaware Nation at the meeting held on February 28, 2021.

17. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The interest rate risk reflects the sensitivity of the First Nation's consolidated surplus that arise from fluctuations in interest rates and the degree of volatility in these rates. The First Nation does not use derivative financial instruments to reduce its exposure to interest rate risk. The First Nation is exposed to interest rate risk through its bank loan and term loans which are partially subject to variable rates of interest. During the year, the First Nation's exposure to interest rate risk was unchanged.

18. Defined contribution plan

During the year, the First Nation made contributions of \$20,312 (2020 - \$23,704) to a defined contribution pension plan. The contributions matched contributions made by employees during the same period up to a maximum of 3.75% (2020 - 3.75%).

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

19. Government transfers

	Operating transfers	Change in deferrals	2021	2020
Indigenous Services Canada	1,637,729	(634,504)	1,003,225	1,191,919
Health Canada	423,255	-	423,255	370,648
Province of Ontario	919,098	(41,037)	878,061	844,790
	2,980,082	(675,541)	2,304,541	2,407,357

20. Ontario First Nations Sovereign Wealth Limited Partnership

On December 28, 2017, the Ontario First Nations Sovereign Wealth Limited Partnership ("Sovereign Wealth LP") entered into an amended and restated limited partnership agreement whereby the First Nation and 128 other participating First Nations were concurrently admitted. Sovereign Wealth LP distributes to the First Nation its proportionate share of revenue generated in the partnership.

The First Nation holds a unit representing 0.4705% interest in the Ontario First Nations Sovereign Wealth LP, and a share in related company Ontario First Nations Asset Management General Partner Corp.; the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

21. Significant event

During the year there was an outbreak of COVID-19 (Coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine measures.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, the nature and duration of travel restrictions, business closures or disruptions and quarantine measures that are currently, or may be put, into place by Canada and other countries to fight the spread of the virus.

22. Economic dependence

The First Nation receives a significant portion of its revenue from Indigenous Services Canada and other government agencies as a result of Treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

23. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc.; the carrying values of which are nominal and are therefore not recorded in these financial statements.

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

24. Segments

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

The administration segment 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

The public works segment manages the repairs and maintenance for the roads, bridges and community buildings. The public works segment also manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

Education

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

Daycare

The daycare segment manages the activities of the First Nation's children's daycare program.

Social services

The social services segment administers the provision of social assistance to qualifying members.

Ontario First Nations Limited Partnership

The Ontario First Nations Limited Partnership segment undertakes activities of the fund, which derives revenue from gaming facilities in the Province of Ontario.

Health

The health segment provides provides a variety of health care programs and support to First Nation members.

Employment assistance

The employment assistance segment provides employment assistance to First Nation members.

Housing

The housing segment provides housing to members under Canada Mortgage and Housing Corporation programs and reports on the respective revenue and expenditures.

Community development

The community development segment undertakes activities of the First Nation service club.

Munsee-Delaware Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

25. Correction of prior period balance

In the course of the preparation of the First Nation's consolidated financial statements for the year ended March 31, 2021, a historical error in the accounting for a prepaid expense was noted. The error related to a retainer that was paid to a law firm that was fully expensed in the year of payment, but reimbursed subsequent to the March 31, 2021 year end in the amount of \$220,763. The work on this project ceased in March 2019. This resulted in the prepaid expenses being understated by \$220,763 and accumulated surplus being understated by \$220,763.

The following table summarizes the impact of the restatement adjustment on the First Nation's previously reported consolidated statement of financial position and consolidated statement of accumulated surplus. There was no impact to the consolidated statement of operations, consolidated statement of change in net financial assets, and consolidated statement of cash flows.

	<i>As previously reported</i>	<i>Correction</i>	<i>As restated</i>
Prepaid expenditures	92,771	220,763	313,534
Accumulated surplus	13,266,724	220,763	13,487,487

26. Subsequent event

Subsequent to year end, Habitat for Humanity and CMHC housing projects were completed and loans from CMHC were provided in the amount of \$633,986 and \$350,275, respectively for the previously noted projects. These loans were approved by CMHC prior to year end but provided subsequent to year end.

27. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.