

**Munsee-Delaware Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023**

Munsee-Delaware Nation
Consolidated Financial Statements
For the Year Ended March 31, 2023

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Independent Auditor's Report

To the council of Munsee-Delaware Nation

Qualified Opinion

We have audited the consolidated financial statements of Munsee-Delaware Nation (the Nation), which comprise the consolidated statement of financial position as at March 31, 2023, the consolidated statements of operations and accumulated surplus, change 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 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 Nation as at March 31, 2023, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the Nation was required to adopt PS 3280 Asset Retirement Obligations, which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. The Significant Accounting Policies describe the asset retirement obligations policy. As disclosed in Note 16, the First Nation does not have the necessary information yet to determine if an obligation needs to be recognized or disclosed for the retirement of the buildings within the scope of Section 3280. As a result, we have been unable to determine whether any adjustments are required to expenses and annual surplus for the years ended March 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at March 31, 2023 and 2022, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years.

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 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.

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 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 Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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 financial information of the entities or business activities within the 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
February 13, 2024

Munsee-Delaware Nation Consolidated Statement of Financial Position

March 31	2023	2022
Financial Assets		
Cash	\$ 11,774,262	\$ 10,568,624
Trust funds in Ottawa (Note 2)	90,768	88,537
Restricted assets (Note 3)	205,030	122,228
Accounts receivable (Note 4)	1,734,987	1,487,245
	<u>\$ 13,805,047</u>	<u>\$ 12,266,634</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 2,685,793	\$ 2,011,561
Deferred revenue (Note 6)	5,201,884	5,405,800
Deposits	18,800	18,450
Long-term debt (Note 7)	1,049,205	1,198,270
	<u>8,955,682</u>	<u>8,634,081</u>
Net Financial Assets	<u>\$ 4,849,365</u>	<u>\$ 3,632,553</u>
Non-Financial Assets		
Capital assets (Note 8)	\$ 10,289,739	\$ 10,298,563
Prepaid expenses	14,370	14,735
	<u>10,304,109</u>	<u>10,313,298</u>
Accumulated Surplus (Note 10)	<u>\$ 15,153,474</u>	<u>\$ 13,945,851</u>

On behalf of Chief and Council:

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 Chief
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 Finance Coordinator
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Munsee-Delaware Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2023 Budget	2023	2022
Revenue			
Indigenous Services Canada	\$ 3,692,073	\$ 1,895,327	\$ 1,298,795
Health Canada	791,673	502,118	294,482
Canadian Mortgage and Housing Corporation	182,041	181,661	135,388
Province of Ontario	1,314,505	1,148,669	583,070
Southern First Nation Secretariat	640,850	373,636	241,305
Ontario First Nations Limited Partnership	250,000	576,647	389,554
Anishinabek Nation	583,579	660,043	450,333
Stepping Stones	636,994	807,488	502,702
Kinomaadswin Education Body Inc.	4,660,143	1,479,615	1,266,610
Rental income	474,161	488,302	535,389
Interest income	265,815	296,489	41,131
Other income	91,768	2,458,145	780,904
	13,583,602	10,868,140	6,519,663
Expenses			
Administration and Governance - Schedule 1	3,333,314	4,695,124	3,388,031
Education - Schedule 2	1,306,035	1,426,031	1,129,048
Health and Social Services - Schedule 3	3,981,625	3,553,522	1,740,235
	8,620,974	9,674,677	6,257,314
Excess of revenue over expenses from operations before replacement reserve	4,962,628	1,193,463	262,349
Replacement reserve	-	14,160	12,960
Annual surplus for the year	4,962,628	1,207,623	275,309
Accumulated surplus, beginning of year (Note 10)	13,516,262	13,945,851	13,670,542
Accumulated surplus, end of year (Note 10)	\$18,478,890	\$ 15,153,474	\$ 13,945,851

The accompanying notes are an integral part of these consolidated financial statements.

Munsee-Delaware Nation Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2023 Budget	2023	2022
Annual surplus	\$ 4,962,628	\$ 1,207,623	\$ 275,309
Acquisition of tangible capital assets	-	(683,645)	(233,215)
Amortization of tangible capital assets	400,000	692,465	759,533
	<u>5,362,628</u>	<u>1,216,443</u>	<u>801,627</u>
Utilization of prepaid assets	<u>5,362,628</u>	<u>369</u>	<u>221,764</u>
Net change in financial assets	5,362,628	1,216,812	1,023,391
Net Financial Assets, Beginning of Year	<u>13,516,262</u>	<u>3,632,553</u>	<u>2,609,162</u>
Net Financial Assets, End of Year	<u>\$18,878,890</u>	<u>\$ 4,849,365</u>	<u>\$ 3,632,553</u>

The accompanying notes are an integral part of these consolidated financial statements.

Munsee-Delaware Nation Consolidated Statement of Cash Flows

For the year ended March 31	2023	2022
Cash flows from operating activities		
Annual surplus	\$ 1,207,623	\$ 275,309
Items not affecting cash:		
Amortization	692,465	759,533
	<u>1,900,088</u>	<u>1,034,842</u>
Changes in non-cash working capital:		
Accounts receivable	(247,742)	(672,499)
Deposits	350	8,650
Prepaid expenses	370	221,763
Accounts payable and accrued liabilities	674,232	293,157
Deferred revenue	(203,916)	1,341,315
	<u>2,123,382</u>	<u>2,227,228</u>
Cash flows from investing activities		
	(82,803)	(573)
	<u>(82,803)</u>	<u>-</u>
	(165,606)	(573)
Cash flows from financing activities		
Advance of long-term debt	-	1,094,261
Repayment of long-term debt	(149,066)	(132,646)
Increase in trust funds in Ottawa	(2,231)	(1,377)
Investment in restricted assets	82,802	(121,655)
	<u>(68,495)</u>	<u>838,583</u>
Cash flows from capital activities		
Acquisition of tangible capital assets	(683,643)	(233,213)
Change in Cash	1,205,638	2,832,025
Cash, beginning of the year	10,568,624	7,736,599
Cash, end of the year	\$11,774,262	\$ 10,568,624

The accompanying notes are an integral part of these consolidated financial statements.

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies

Nature of Business The Munsee-Delaware Nation is located in Muncey, Ontario. The elected government consists of a Chief and four members of Council. The organization manages and administers all political, social and economic programs of this Nation.

Reporting Entity The reporting entity includes the Nation and all entities that are controlled by the Nation.

All controlled entities are consolidated in the Nation's financial statements according to the Nation's percentage ownership except for entities that meet the definition of a business enterprise or a business partnership, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the Nation and inter-organizational balances and transactions are eliminated upon consolidation.

Entities fully consolidated in the Nation's financial statements include:

	% ownership
- 1748960 Ontario Limited o/a Paradise Bingo	100%
- Munsee-Delaware Nation Charity Association	100%

Under the modified equity method of accounting, only the Nation's investment in the entity and the Nation's portion of the entity's net income and other changes in equity are recorded/ No adjustment is made for accounting policies of the entity that are difference from those of the Nation's and inter-organizational balances and transactions are not eliminated.

Management's Responsibility These financial statements of the Nation are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local government entities.

Basis of Presentation The financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities.

Munsee-Delaware Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized in the period in which the transactions or events give rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenue in the financial statements 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, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized in revenue when used for the specific purpose.

Investment income is recognized as revenue on an accrual basis.

Rental revenue and interest on loans is recognized when it is due in accordance with the respective agreements.

Tangible Capital Assets

Tangible capital assets have been recorded at cost and amortized over their useful lives. Amortization is computed using the following annual rates and methods:

	Method	Rate
CMHC Housing	Straight-line	25-30 years
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

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Munsee-Delaware Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Management 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Loans to Band Members Funding received for the purpose of building and renovating houses is recorded as revenue of a specific program. The commitment of the funds to a particular Nation member for the purchase of approved housing is recorded as an expenditure of the program and as a commitment to that Nation member. Commitments outstanding at the end of the year are reported as liabilities.

Agreements exist between the Council and the members regarding the terms of repayment of various expenses. The portion of the expenses determined to be repayable are recorded as loans due from the members on the Consolidated Statement of Financial Position.

Loans to band members are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management.

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

1. Significant Accounting Policies (continued)

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. Trust Funds in Ottawa

	2023	2022
Revenue trust fund	\$ 85,628	\$ 83,397
Capital trust fund	5,140	5,140
	<u>\$ 90,768</u>	<u>\$ 88,537</u>

3. Restricted Assets

The externally restricted assets represent the assets of the operating surplus and replacement reserves for the CMHC housing projects.

	2023	2022
CMHC		
Cash	\$ 126,130	\$ 122,228
Due from operating account - replacement reserve	27,121	-
Due from operating account - operating reserve	51,779	-
	<u>\$ 205,030</u>	<u>\$ 122,228</u>

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

4. Accounts receivable

	2023	2022
Federal Government	\$ 502,362	\$ 548,861
Provincial Government programs	37,586	30,274
Other funders		
Kinomaadswin Education Body Inc.	97,526	42,976
Ontario First Nations Limited Partnership	375,248	284,707
Southern First Nations Secretariat	25,312	25,202
Stepping Stones	124,797	97,352
Anishinabek Nation	480,561	348,034
Other	91,595	109,839
	<u>\$ 1,734,987</u>	<u>\$ 1,487,245</u>

5. Loans to Band Members

	2023	2022
Loans		
Housing loans	\$ 301,068	\$ 356,117
Royal home loans	634,451	669,484
	935,519	1,025,601
Less: allowance for doubtful loans	<u>(935,519)</u>	<u>(1,025,601)</u>
	<u>\$ -</u>	<u>\$ -</u>

An allowance for doubtful accounts has been created to allow for loans which may not ultimately be collectible. Interest on the special loans has not been recorded as these loans may not ultimately be collectible.

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

6. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Southern First Nations Secretariat	\$ 197,240	\$ 291,620
Indigenous Services Canada	1,665,088	2,054,684
Kinoomaadziwin Education Body	3,186,369	2,683,332
Ministry of Indigenous Affairs	41,037	69,118
Other	105,444	25,344
Anishinabek Nation	6,706	281,702
	<u>\$ 5,201,884</u>	<u>\$ 5,405,800</u>

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

7. Long-term Debt

	2023	2022
Residential Housing Loan by Canada and Mortgage Housing Corporation - 0.68%, repayable in blended monthly installments of \$2,634, due December 2023 - Phase 1	\$ 23,657	\$ 55,007
Residential Housing Loan by Canada and Mortgage Housing Corporation - 0.76%, repayable in blended monthly installments of 2,886, due August 2025 - Phase 2	82,968	116,858
Residential Housing Loan by Canada and Mortgage Housing Corporation - 1.12%, repayable in blended monthly installments of \$1,339, due October 2026 - Phase 3	333,236	345,519
Residential Housing Loan by Canada and Mortgage Housing Corporation - 1.30%, repayable in blended monthly installments of \$3,878, due April 2026 - Phase 4	560,282	599,324
COVID-19 Emergency Relief Loan from Tecumseh Community Development Corporation - 0%, repayable at various amounts as determined by the Nation, due December 2022. Loan is unsecured.	26,562	39,062
COVID-19 Emergency Relief Loan from Tecumseh Community Development Corporation - 0%, repayable at various amounts as determined by the Nation, due December 2023. Loan is unsecured.	11,875	26,875
COVID-19 Emergency Relief Loan from Tecumseh Community Development Corporation - 0%, repayable at various amounts as determined by the Nation, due December 2023. Loan is unsecured.	10,625	15,625
	<u>\$ 1,049,205</u>	<u>\$ 1,198,270</u>

Principal amounts due in the next five years are as follows:

2024	\$ 158,769
2025	88,034
2026	67,638
2027	734,763
	<u>\$ 1,049,204</u>

The Residential Housing loans by Canada Mortgage and Housing Corporation are secured by a Ministerial Guarantee from Indigenous Services Canada.

Munsee-Delaware Nation
Notes to Consolidated Financial Statements

March 31, 2022

8. Tangible Capital Assets

	Land	CMHC Buildings	Water Treatment Plant	Multiplex and Royal Homes	Buildings	Furniture and Fixtures	Parking Lots	Machinery and Equipment	Vehicles	Computer Hardware	Roads/ Infrastructure	Signs	Construction in-progress	2023 Total
Cost, beginning of year	\$ 117,831	\$ 2,321,603	\$ 2,937,554	\$ 1,633,118	\$ 11,404,923	\$ 646,124	\$ 215,315	\$ 505,986	\$ 296,842	\$ 37,205	\$ 79,144	\$ 90,563	\$ -	\$ 20,286,208
Additions	-	-	-	-	-	67,522	-	-	83,794	50,671	481,654	-	-	683,641
Transfer of CMHC units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost, end of the year	117,831	2,321,603	2,937,554	1,633,118	11,404,923	713,646	215,315	505,986	380,636	87,876	560,798	90,563	-	20,969,849
Accumulated amortization, beginning of the year	-	1,218,386	729,685	512,804	6,220,645	506,569	138,110	368,075	119,502	30,051	49,467	94,351	-	9,987,645
Amortization	-	59,631	146,878	65,325	285,123	27,717	10,766	27,725	35,544	19,736	14,020	-	-	692,465
Transfer of CMHC units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	1,278,017	876,563	578,129	6,505,768	534,286	148,876	395,800	155,046	49,787	63,487	94,351	-	10,680,110
Net carrying amount, end of year	\$ 117,831	\$ 1,043,586	\$ 2,060,991	\$ 1,054,989	\$ 4,899,155	\$ 179,360	\$ 66,439	\$ 110,186	\$ 225,590	\$ 38,089	\$ 497,311	\$ (3,788)	\$ -	\$ 10,289,739
														2022 Total
Cost, beginning of year	\$ 117,831	\$ 1,286,285	\$ 2,937,554	\$ 1,633,118	\$ 11,404,923	\$ 528,142	\$ 215,315	\$ 467,985	\$ 296,842	\$ 21,306	\$ 79,144	\$ 90,563	\$ 973,986	\$ 20,052,994
Additions	-	-	-	-	-	117,982	-	38,001	-	15,899	-	-	61,332	233,214
Transfer of CMHC units	-	1,035,318	-	-	-	-	-	-	-	-	-	-	(1,035,318)	-
Cost, end of the year	117,831	2,321,603	2,937,554	1,633,118	11,404,923	646,124	215,315	505,986	296,842	37,205	79,144	90,563	-	20,286,208
Accumulated amortization, beginning of the year	-	1,049,630	582,807	447,479	5,935,523	487,389	127,344	349,550	94,301	21,306	47,488	85,295	-	9,228,112
Amortization	-	168,756	146,878	65,325	285,122	19,180	10,766	18,525	25,201	8,745	1,979	9,056	-	759,533
Transfer of CMHC units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	1,218,386	729,685	512,804	6,220,645	506,569	138,110	368,075	119,502	30,051	49,467	94,351	-	9,987,645
Net carrying amount, end of year	\$ 117,831	\$ 1,103,217	\$ 2,207,869	\$ 1,120,314	\$ 5,184,278	\$ 139,555	\$ 77,205	\$ 137,911	\$ 177,340	\$ 7,154	\$ 29,677	\$ (3,788)	\$ -	\$ 10,298,563

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

9. Accounts Payable and Accrued Liabilities

	2023	2022
Accounts payable	\$ 636,505	\$ 433,802
Repayable to funders	1,360,496	1,297,715
Accrued liabilities	609,892	280,044
Due to CMHC Reserve	78,900	-
	<u>\$ 2,685,793</u>	<u>\$ 2,011,561</u>

10. Accumulated Surplus

	2023	2022
Operating reserves		
Investment in tangible capital assets	\$ 9,289,596	\$ 9,181,854
Unrestricted accumulated surplus - Nation	1,251,886	1,262,383
Unrestricted accumulated surplus - Bingo	(130,848)	(184,017)
Unrestricted accumulated surplus - Charity	786,039	111,368
Restricted reserves		
Trust Funds in Ottawa	90,768	88,537
CMHC	153,251	134,615
OFNLP - Gaming	3,712,782	3,351,111
	<u>\$ 15,153,474</u>	<u>\$ 13,945,851</u>

11. Defined Contribution Plan

During the year, the Nation made contributions of \$16,627 (2022 - \$17,931) to a defined contribution pension plan. The contributions matched contributions made by the employee during the same period up to a maximum of 3.5% (2022 3.5%).

12. Comparative Figures

Certain of the prior period's figures have been reclassified to conform to the presentation of the current period.

Munsee-Delaware Nation Notes to Consolidated Financial Statements

March 31, 2023

13. Classification of Expenditure by Object (Type of Expense)

The consolidated statement of operations presents the expenditures by function. The following classifies the same expenditures by object.

	2023	2022
	<u>2023</u>	<u>2022</u>
Housing Replacement reserve	\$ 14,160	\$ 12,960
Amortization	692,465	759,533
Bad Debts (recovered)	(90,082)	(50,838)
Bank Charges and interest	43,698	28,827
Other	998,644	402,312
COVID-19 Relief	397	75
Employee benefits	224,535	202,549
Equipment	3,405	7,600
Garbage collection and recycling	15,044	10,048
Honoraria		
Council	100,809	71,088
Staff	16,762	59,800
Infrastructure services	5,080	5,080
Insurance	122,431	109,683
Office administration	323,511	256,125
Purchased Services - Daycare	764,337	-
Professional services	535,006	366,236
Program Resources	1,281,075	654,607
Rent	7,777	26,616
Repairs and maintenance		
Buildings	344,596	205,837
Vehicles and equipment	310,193	183,989
CMHC enhanced	-	40,237
Salaries and wages	1,630,258	1,305,382
Social Assistance benefits	952,102	644,148
Student transportation	145,367	106,675
Training and professional development	1,729	2,810
Travel		
Community	17,692	6,650
Council	79,886	1,050
Staff	116,927	27,086
Tuition fees	846,137	659,156
Utilities	149,686	137,841
Program administration	21,050	14,152
	<u>21,050</u>	<u>14,152</u>
Total expenses by object	<u>\$ 9,674,677</u>	<u>\$ 6,257,314</u>

Munsee-Delaware Nation

Notes to Consolidated Financial Statements

March 31, 2023

14. Budget

The budget adopted by the Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while the Public Sector Accounting Standards now require full accrual basis. The budget figures did not include amortization expenses.

15. Segmented Information

Munsee-Delaware Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

For each reported segment, revenues and expenses include 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, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Administration and Governance

The administration segment manages the administrative operations of the Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment. This segment also manages the repairs and maintenance for the roads, bridges and community buildings and also manages infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities. This segment also provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

Education

The education segment provides elementary and secondary education instructional services and provides financial support to post-secondary students. It also manages the activities of the Nation's daycare program.

Health and Social Services

The health and social services segment provides a variety of health care programs and support to Nation members as well as administers the provision of social assistance to qualifying members.

Munsee-Delaware Nation Notes to Consolidated Financial Statements

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16. Change in Accounting Policy - Asset Retirement Obligations

Effective April 1, 2022, the Nation adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires an obligation to be recognized related to legal obligations associated with the retirement of tangible capital assets. This change in accounting policy has been applied retroactively with restatement of prior periods, using the modified retroactive application method. Under this method, the asset retirement obligation on transition is recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus.

The Nation has not recognized an asset retirement obligation for legal obligations associated with the retirement of its buildings, primarily expected to be the removal of asbestos. Although there is potentially asbestos in some of the buildings, no asset retirement obligation has been recorded because a reasonable estimate of the amount of the liability cannot be made at this time, as the appropriate experts have not yet been engaged.

17. Subsequent Event

On April 1, 2023, the Nation signed a Community Benefits Agreement with the City of Toronto. The purpose of the agreement is to foster a reconciliation between the City and the Nation with respect to the Greenlane Landfill site that neighbours Munsee-Delaware Nation's lands. The total amount to be provided to the Nation is \$2.5 million. The Nation will receive a lump sum payment of \$1.25 million by May 30, 2023 and will receive the remaining amount over a period of 13 years.
