



Financial Statements

Marten Falls First Nation

March 31, 2019

# Contents

	Page
Independent Auditor's Report	1 - 3
Management's Report	4
Statement of Financial Position	5
Statement of Operations and Surplus	6
Statement of Changes in Net Debt	7
Statement of Changes in Fund Balances	8 - 12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 30
Schedules	31 - 102



## Independent Auditor's Report

---

**Grant Thornton LLP**  
Suite 300  
979 Alloy Drive  
Thunder Bay, ON  
P7B 5Z8  
T +1 807 345 6571  
F +1 807 345 0032

To the Chief, Council and Members of  
Marten Falls First Nation

We have audited the accompanying financial statements of Marten Falls First Nation which comprise the statement of financial position as at March 31, 2019, and the statements of operations and surplus, changes in net debt, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for qualified opinion**

Due to the inability of the First Nation to locate certain invoices or other supporting documentation we were unable to verify the existence and accuracy of certain amounts included in expenses. Additionally, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and conversely payables at year-end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

During our audit engagement, we were unable to obtain sufficient audit evidence supporting expenses being distributed accurately for the year ended March 31, 2019. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

During our audit engagement, we were unable to obtain sufficient audit evidence supporting payroll expenses being distributed accurately for the year ended March 31, 2019. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

Canadian Public Sector Accounting Standards require that entities present information about the complete stock of their tangible capital assets and amortization in the financial statements. As described in note 15, the First Nation has not recorded tangible capital assets acquired prior to April 1, 1997, and we have been unable to determine whether any adjustments might be necessary in respect to unrecorded tangible capital assets and the elements making up the statements of operations and surplus, changes in fund balances and cash flows. As a result, we have been unable to obtain satisfactory evidence as to the completeness of the tangible capital assets owned by the First Nation.

Canadian Public Sector Accounting Standards require that the First Nation present a comparison of the actual results for the accounting period with those originally planned in both the statement of operations and surplus (deficit) and the statement of changes in net debt. As no budget figures have been presented, the First Nation has not met this requirement.

### **Qualified opinion**

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Marten Falls First Nation as at March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matters**

Our audit of Marten Falls First Nation for the year ended March 31, 2019 was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules to the financial statements are presented for the purposes of additional information and are not a required part of the audited financial statements. The schedules have been prepared to assist various funding agencies/government departments. Such information has been subjected to the auditing procedures only to the extent necessary to express an opinion on the financial statements of Marten Falls First Nation for the year ended March 31, 2019. Our opinion, dated May 28, 2021, was qualified as a result of the inability to satisfy ourselves as to the completeness of tangible capital assets. In our opinion, except for the effects of the matter described above, the schedules are fairly presented in all material respects in relation to the audited financial statements taken as a whole.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten font.

Thunder Bay, Canada

May 28, 2021

Chartered Professional Accountants  
Licensed Public Accountants

## MARTEN FALLS FIRST NATION

### MANAGEMENT'S REPORT

The accompanying financial statements of Marten Falls First Nation are the responsibility of management and have been approved by the Chief and Council of the First Nation.

These 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 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 are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the 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 financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Marten Falls First Nation and meet when required.

On behalf of the Marten Falls First Nations:

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
May 28/21  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Councillor  
\_\_\_\_\_  
May 28/21  
\_\_\_\_\_  
Date

## MARTEN FALLS FIRST NATION

### Statement of Financial Position

As at March 31

	<u>2019</u>	<u>2018</u>
<b>Financial Assets</b>		
Cash (Note 3)	\$ 3,631,125	\$ 3,884,349
Accounts receivable (Note 4)	1,218,944	485,820
Trust funds held by federal government (Note 5)	3,897	3,809
Due from government and other government organizations (Note 6)	<u>5,012,610</u>	<u>2,847,000</u>
	<u>9,866,576</u>	<u>7,220,978</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	8,647,078	7,598,001
Due to government and other government organizations (Note 8)	1,230,542	1,483,773
Deferred revenue (Note 9)	1,411,124	2,057,044
Long-term debt (Notes 10 and 11)	<u>3,148,879</u>	<u>3,732,956</u>
	<u>14,437,623</u>	<u>14,871,774</u>
<b>Net Debt</b>	<u>(4,571,047)</u>	<u>(7,650,796)</u>
<b>Non-Financial Assets</b>		
Prepaid expenses (Note 14)	40,727	41,227
Tangible capital assets (Note 15)	<u>32,994,954</u>	<u>28,481,866</u>
	<u>33,035,681</u>	<u>28,523,093</u>
<b>Accumulated Surplus</b>	<u>\$ 28,464,634</u>	<u>\$ 20,872,297</u>
Contingencies (Note 18)		
Contractual Obligations (Note 19)		

Approved on Behalf of Chief and Council

  
**Chief**  
 May 28/21  
**Date**

  
**Councillor**  
 May 28/21  
**Date**

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

### Statement of Operations and Surplus

Year ended March 31

	<u>2019</u> Actual	<u>2018</u> Actual
<b>Revenue</b>		
Deferred revenue, beginning of year (Note 9)	\$ 2,057,044	\$ 2,080,261
Federal Government:		
Indigenous and Northern Affairs Canada	9,902,827	11,925,562
Health Canada	2,029,756	1,517,117
Fednor / Industry Canada	-	9,000
Canada Mortgage and Housing Corporation	474,050	294,497
Provincial Government:		
Ministry of Health and Long-Term Care	77,150	53,605
Ministry of Indigenous Relations and Reconciliation	-	90,000
Ministry of Community Family and Children Services	850,175	1,070,755
Ministry of Northern Development and Mines	7,467,326	1,530,099
Ministry of Natural Resources and Forestry	137,955	76,568
Ministry of Education	3,918	6,734
Interest		
Trust funds held by federal government (Note 5)	88	79
Rent		
Nishnawbe Aski Nation	76,547	62,400
Ontario First Nations Limited Partnership	340,663	298,445
Matawa First Nations		
Ontario Power Generation (Note 11)	1,278,492	1,007,569
Other (Note 26)		
Less: deferred revenue, end of year (Note 9)	<u>(830,934)</u>	<u>(2,057,044)</u>
	<u>25,072,102</u>	<u>19,795,757</u>
<b>Expenditures</b>		
Education programs	2,611,851	2,883,957
Health programs	1,717,527	1,801,057
Economic Development programs	1,033,804	1,761,820
Housing Fund	1,883,445	2,961,932
Community Services programs	519,166	281,195
Social Services programs	845,802	1,228,039
Band government	1,636,789	2,169,012
Employment programs	133,949	69,838
Public works	11,482,391	6,197,740
Amortization	849,617	898,267
Interest	<u>126,926</u>	<u>144,378</u>
	<u>22,841,267</u>	<u>20,397,235</u>
<b>Annual surplus (deficit)</b>	2,230,835	(601,478)
Less: net recovery (repayment) of surpluses (Note 24)	-	(6,107)
Inter-fund transfers (Note 13)	<u>5,361,502</u>	<u>8,103,394</u>
<b>Annual surplus</b>	<u>7,592,337</u>	<u>7,495,809</u>
<b>Accumulated surplus, beginning of year</b>	<u>20,872,297</u>	<u>13,376,488</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 28,464,634</u>	<u>\$ 20,872,297</u>

Segment Disclosure (Note 25)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

### Statement of Changes in Net Debt

Year ended March 31

	<u>2019</u>	<u>2018</u>
<b>Annual Surplus (Deficit), including capital assets</b>	<b>2,230,835</b>	(601,478)
Less: capital assets included in Annual Surplus (Deficit)	<u>5,361,502</u>	<u>6,680,813</u>
<b>Annual Surplus (Deficit)</b>	<b><u>7,592,337</u></b>	<b><u>6,079,335</u></b>
Tangible capital assets:		
Acquisition of tangible capital assets	(5,362,705)	(6,682,390)
Amortization of tangible capital assets	<u>849,617</u>	<u>898,267</u>
	<u>(4,513,088)</u>	<u>(5,784,123)</u>
Acquisition of prepaid expenses	(40,727)	(41,227)
Use of prepaid expenses	<u>41,227</u>	<u>38,072</u>
	<u>500</u>	<u>(3,155)</u>
Recovery (repayment) of prior year surpluses	-	(6,107)
<b>Increase in net debt</b>	<b><u>3,079,749</u></b>	<b><u>285,950</u></b>
<b>Net debt, beginning of year</b>	<b><u>(7,650,796)</u></b>	<b><u>(7,936,745)</u></b>
<b>Net debt, end of year</b>	<b><u>\$ (4,571,047)</u></b>	<b><u>\$ (7,650,796)</u></b>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

### Statement of Changes in Fund Balances

For the year ended March 31, 2019

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
<b>Education</b>								
1 Education	\$ 1,011,438	\$ 1,070,461	\$ 73,591	\$ 1,144,052	\$ 782,832	\$ 361,220	\$ -	\$ 1,372,658
2 Parental Engagement Strategy	-	60,500	(60,500)	-	-	-	-	-
3 Secondary Education	309,013	694,300	-	694,300	659,034	35,266	150,000	494,279
4 Post Secondary Education	433,048	262,121	-	262,121	283,007	(20,886)	-	412,162
5 Teacher Retention and Recruitment	-	16,500	-	16,500	1,942	14,558	-	14,558
6 Local Transportation and Student Accommodation	432,967	810,436	-	810,436	381,982	428,454	-	861,421
7 Enhanced Teacher Salaries	-	-	-	-	-	-	-	-
8 Band Operated School - Direct Services	(73,399)	931,929	4,000	935,929	493,963	441,966	-	368,567
9 Improving School Effectiveness	6,971	25,300	(20,080)	5,220	5,220	-	-	6,971
10 First Nation Education Management and Governance Capacity	<u>(2,070)</u>	<u>6,050</u>	<u>-</u>	<u>6,050</u>	<u>37,674</u>	<u>(31,624)</u>	<u>-</u>	<u>(33,694)</u>
	<u>2,117,968</u>	<u>3,877,597</u>	<u>(2,989)</u>	<u>3,874,608</u>	<u>2,645,654</u>	<u>1,228,954</u>	<u>150,000</u>	<u>3,496,922</u>
<b>Health</b>								
11 Brighter Futures	(89,755)	-	223,330	223,330	396,867	(173,537)	-	(263,292)
12 A - Suicide Prevention	309,193	-	789,344	789,344	885	788,459	-	1,097,652
12 B - Building Healthier Communities	(159,359)	-	111,662	111,662	216,446	(104,784)	-	(264,143)
13 Diabetes Initiative	15,955	-	49,937	49,937	9,626	40,311	-	56,266
14 Medical Services	(196,012)	-	354,895	354,895	363,375	(8,480)	-	(204,492)
15 Patient Transportation	(7,513)	-	62,744	62,744	70,931	(8,187)	-	(15,700)
16 FAS/FAE Project	11,325	-	11,111	11,111	12,279	(1,168)	-	10,157
17 Home and Community Care	(80,649)	-	109,257	109,257	136,167	(26,910)	-	(107,559)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

**MARTEN FALLS FIRST NATION**
**Statement of Changes in Fund Balances**

For the year ended March 31, 2019

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
<b>Health (cont'd)</b>								
18 Aboriginal Healing & Wellness								
- Crisis Intervention	(10,394)	-	44,740	44,740	29,829	14,911	-	4,517
19 Healthy Babies								
Healthy Children	(3,755)	-	31,557	31,557	29,266	2,291	-	(1,464)
20 Family Violence Program	16,948	-	40,537	40,537	36,847	3,690	-	20,638
21 Health Administration	(79,582)	-	235,377	235,377	138,357	97,020	-	17,438
22 Early Childhood Development	8,043	-	72,111	72,111	26,629	45,482	-	53,525
23 Community Health Prevention and Promotion	37,215	-	134,786	134,786	69,996	64,790	-	102,005
24 NNADAP	(81,193)	-	135,200	135,200	126,831	8,369	-	(72,824)
25 Homemakers	(159,821)	8,300	77,150	85,450	77,352	8,098	-	(151,723)
26 Drug and Lab Box Ground Delivery	(49,873)	-	27,774	27,774	-	27,774	-	(22,099)
27 Health Clinic	-	-	-	-	-	-	-	-
	<u>(519,227)</u>	<u>8,300</u>	<u>2,511,512</u>	<u>2,519,812</u>	<u>1,741,683</u>	<u>778,129</u>	<u>-</u>	<u>258,902</u>
<b>Economic Development Fund</b>								
28 Employment Development Office	27,554	50,000	-	50,000	26,391	23,609	-	51,163
29 Summer Student Program	-	-	-	-	712	(712)	-	(712)
30 Mining Resources Project	(182,206)	-	-	-	124,964	(124,964)	-	(307,170)
31 CCLO Project	(27,733)	-	50,830	50,830	87,211	(36,381)	-	(64,114)
32 Mining - S.P.I.	25,352	-	-	-	52,403	(52,403)	-	(27,051)
33 Negotiations	173,200	-	-	-	-	-	-	173,200

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

## Statement of Changes in Fund Balances

For the year ended March 31, 2019

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
<b>Economic Development Fund (cont'd)</b>								
34 Regional Framework	(188,364)	-	150,762	150,762	198,610	(47,848)	-	(236,212)
35 MNDM Skills/Training Demonstrations Project	-	-	-	-	-	-	-	-
36 MNDM - Well-Being Study	(51,285)	-	-	-	-	-	-	(51,285)
37 MOU project	(430,911)	-	586,416	586,416	557,464	28,952	-	(401,959)
	<u>(654,393)</u>	<u>50,000</u>	<u>788,008</u>	<u>838,008</u>	<u>1,047,755</u>	<u>(209,747)</u>	<u>-</u>	<u>(864,140)</u>
<b>Housing Fund</b>								
38 MisAmik Housing	(2,466,483)	-	77,270	77,270	192,703	(115,433)	51,600	(2,530,316)
39 CMHC 2000/01 Five-Unit Housing	(82,464)	-	29,750	29,750	29,049	701	23,100	(58,663)
40 CMHC 2001/02 Three-Unit Housing	82,375	-	21,087	21,087	22,514	(1,427)	13,860	94,808
41 CMHC 2002/03 Five-Unit Housing	(519,093)	-	39,775	39,775	37,371	2,404	23,100	(493,589)
42 CMHC 2003/04 Three-Unit Housing	1,446,457	-	23,233	23,233	28,157	(4,924)	13,860	1,455,393
43 CMHC 2006/07 Four-Unit Housing	431,479	-	31,528	31,528	50,078	(18,550)	18,480	431,409
44 Replacement reserve	515,350	-	31,150	31,150	-	31,150	-	546,500
45 Housing Renovations	178,344	158,736	-	158,736	75,325	83,411	-	261,755
46 Housing Pilot project	<u>4,412,229</u>	<u>440,000</u>	<u>1,027,741</u>	<u>1,467,741</u>	<u>1,673,854</u>	<u>(206,113)</u>	<u>-</u>	<u>4,206,116</u>
	<u>3,998,194</u>	<u>598,736</u>	<u>1,281,534</u>	<u>1,880,270</u>	<u>2,109,051</u>	<u>(228,781)</u>	<u>144,000</u>	<u>3,913,413</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

## Statement of Changes in Fund Balances

For the year ended March 31, 2019

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
<b>Community Services Funds</b>								
47 Right to Play Project	-	-	-	-	-	-	-	-
48 Community Activity Centre	<u>3,012,985</u>	<u>50,000</u>	<u>195,000</u>	<u>245,000</u>	<u>230,176</u>	<u>14,824</u>	-	<u>3,027,809</u>
49 Casino Rama	-	-	<u>1,281,613</u>	<u>1,281,613</u>	<u>465,055</u>	<u>816,558</u>	<u>(816,558)</u>	-
	<u><u>3,012,985</u></u>	<u><u>50,000</u></u>	<u><u>1,476,613</u></u>	<u><u>1,526,613</u></u>	<u><u>695,231</u></u>	<u><u>831,382</u></u>	<u><u>(816,558)</u></u>	<u><u>3,027,809</u></u>
<b>Social Services</b>								
50 Social Assistance - Administration	(23,313)	87,000	257,700	344,700	227,069	117,631	-	94,318
51 Social Assistance - Basic Needs	(259,618)	-	592,475	592,475	618,733	(26,258)	-	(285,876)
52 Social Assistance - Special Needs	4,378	-	-	-	-	-	-	4,378
53 National Child Benefit Reinvestment	-	-	<u>3,918</u>	<u>3,918</u>	-	<u>3,918</u>	-	<u>3,918</u>
	<u><u>(278,553)</u></u>	<u><u>87,000</u></u>	<u><u>854,093</u></u>	<u><u>941,093</u></u>	<u><u>845,802</u></u>	<u><u>95,291</u></u>	<u><u>-</u></u>	<u><u>(183,262)</u></u>
<b>Band Government</b>								
54 Band Support	<u>(4,058,225)</u>	<u>738,330</u>	<u>650,871</u>	<u>1,389,201</u>	<u>1,686,224</u>	<u>(297,023)</u>	<u>522,558</u>	<u>(3,832,690)</u>
<b>Employment Programs Fund</b>								
55 Employment and Training	<u>(29,798)</u>	-	<u>40,040</u>	<u>40,040</u>	<u>133,949</u>	<u>(93,909)</u>	-	<u>(123,707)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

## Statement of Changes in Fund Balances

For the year ended March 31, 2019

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
<b>Public Works</b>								
56 Infrastructure	4,373,487	56,584	-	56,584	258,003	(201,419)	-	4,172,068
57 Community Buildings	6,801,816	61,070	81,347	142,417	481,305	(338,888)	-	6,462,928
58 Remediation Project	-	12,480	-	12,480	7,052	5,428	-	5,428
59 Minor Capital	1,536,874	154,030	-	154,030	-	154,030	-	1,690,904
60 Water Treatability Study	-	-	-	-	-	-	-	-
61 Four Units and Training Centre	-	-	-	-	-	-	-	-
62 Land Use Planning Project	(245,608)	-	137,955	137,955	197,389	(59,434)	-	(305,042)
63 Winter Roads	(69,744)	202,726	505,212	707,938	27,951	679,987	-	610,243
64 Bottled Water Program	(20,800)	325,576	-	325,576	257,124	68,452	-	47,652
65 Water & Sewer O&M project	945,569	601,649	-	601,649	510,311	91,338	-	1,036,907
66 Water O&M	-	-	-	-	-	-	-	-
67 Waste Water O&M	-	-	-	-	-	-	-	-
68 Water Treatment Plant Upgrade	3,691,165	3,048,749	638,899	3,687,648	3,687,648	-	-	3,691,165
69 All season Road Program	(56,204)	-	6,333,440	6,333,440	6,606,483	(273,043)	-	(329,247)
	<u>16,956,555</u>	<u>4,462,864</u>	<u>7,696,853</u>	<u>12,159,717</u>	<u>12,033,266</u>	<u>126,451</u>	<u>-</u>	<u>17,083,006</u>
<b>Other Funds</b>								
70 Trust Fund	<u>3,809</u>	<u>-</u>	<u>88</u>	<u>88</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>3,897</u>
<b>Closed Programs</b>								
Add: capital assets (Note 13)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,361,502</u>	<u>5,361,502</u>
	<u>\$ 20,872,297</u>	<u>\$ 9,872,827</u>	<u>\$ 15,296,623</u>	<u>\$ 25,169,450</u>	<u>\$ 22,938,615</u>	<u>\$ 2,230,835</u>	<u>\$ 5,361,502</u>	<u>\$ 28,464,634</u>
<b>Capital Additions</b>								
Funding recoveries (Note 24)							<u>\$ 5,361,502</u>	<u>-</u>
							<u>\$ 5,361,502</u>	

The accompanying notes and supplementary schedules are an integral part of these financial statements.

## MARTEN FALLS FIRST NATION

### Statement of Cash Flows

For the year ended March 31

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ 7,592,337	\$ 7,495,809
Items not affecting cash:		
Amortization of tangible capital assets	<u>849,617</u>	<u>898,267</u>
	<u>8,441,954</u>	<u>8,394,076</u>
Changes in non-cash items on Statement of Financial Position		
(Increase) decrease in accounts receivable and due from government	(2,898,734)	(335,440)
Increase in trust funds held by federal government	(88)	(79)
(Increase) decrease in prepaid expenses	500	(3,155)
Increase (decrease) in accounts payable and accrued liabilities and due to government	795,846	3,886,544
Increase (decrease) in deferred revenue	<u>(645,920)</u>	<u>(23,217)</u>
	<u>5,693,558</u>	<u>11,918,729</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	<u>(5,362,705)</u>	<u>(8,104,972)</u>
<b>Financing activities</b>		
Payment of long-term debt	<u>(584,077)</u>	<u>(657,539)</u>
	<u>(584,077)</u>	<u>(657,539)</u>
<b>Increase (decrease) in cash for the year</b>	<b>(253,224)</b>	<b>3,156,218</b>
Bank indebtedness, beginning of year	<u>3,884,349</u>	<u>728,131</u>
<b>Cash (bank indebtedness), end of year</b>	<b><u>\$ 3,631,125</u></b>	<b><u>\$ 3,884,349</u></b>

**Notes to the Financial Statements**

March 31, 2019

**General**

Marten Falls First Nation ("the First Nation"), a "band" as defined in the Indian Act, is located north-east of Nakina, Ontario. It conducts its operations guided by the provisions of federal and provincial statutes.

**1. Significant Accounting Policies****(a) Basis of Accounting:**

These financial statements have been prepared in accordance with accounting policies generally accepted for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

**(b) Reporting Entity:**

Marten Falls First Nation reporting entity includes the Marten Falls First Nation government only since there are no other related entities that are controlled by the First Nation. Consolidated financial statements are therefore not applicable.

**(c) Asset Classification:**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

**(d) Cash:**

Cash includes cash on hand and balances with banks net of bank overdrafts.

**(e) Net Debt:**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

**Notes to the Financial Statements**

March 31, 2019

**1. Significant Accounting Policies (continued)****(f) Tangible Capital Assets:**

Tangible capital assets acquired after April 1, 1997 (see note 15), 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.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations and Surplus. Tangible capital assets are amortized over their expected useful lives using the declining balance method at the following rates.

CMHC Housing	4%
Seniors' Complex	4%
Activity Centre	4%
Map and Conference Centre	4%
Nurses duplex	4%
Police Station	4%
School Upgrade	4%
Modular homes	4%
Warehouse	4%
Water Treatment Plant	4%
Fuel tanks	10%
Furnaces	20%
Furniture and equipment	20%
Heavy equipment	20%
Automotive	20%
School bus	30%
Computers	30%
Diesel Generating Station Upgrade	4%
Health Clinic	4%

Tangible capital assets are written-down when conditions indicate that they no longer contribute to Marten Falls First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations and Surplus.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

**Notes to the Financial Statements**

March 31, 2019

**1. Significant Accounting Policies (continued)****(g) Revenue:**

Revenue is recognized in the period in which the transactions or events occur that give rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when collectability is not reasonably assured.

Government transfers are recognized as revenue 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 and Surplus 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.

**(h) Measurement Uncertainty:**

In preparing the financial statements for the government of Marten Falls First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The main estimates used in preparing these financial statements include allowance for doubtful accounts, due to/from government and government organizations and asset useful lives. Actual results could differ from these estimates.

**(i) Expense Allocation:**

Certain expenses which pertain to the operations as a whole have been allocated to various projects at the discretion of Chief and Council.

**(j) Casino Rama Fund:**

Under terms of the agreement with the Ontario First Nations Limited Partnership, all income distributions from Casino Rama are designated for community development, health programs, education programs, economic development and/or cultural development. The First Nation has therefore designated an externally restricted fund to allocate all funds distributed from Casino Rama, but unspent at year-end.

**(k) Administration Fees:**

It is the First Nation's policy to allocate certain administrative costs to the various programs. Such allocations are recorded as administration fee revenue or administration fee expense on the applicable program Schedules on the Statements of Operations and Surplus.

**Notes to the Financial Statements**

March 31, 2019

**2. Financial Instruments**

The First Nation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to/from government and other government organizations and long-term debt which may be subject to certain types of risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The First Nation has no foreign exchange and is not subject to currency risk.

Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The First Nation has interest bearing debt, therefore, the First Nation is subject to interest risk. Given the current composition of long-term debt, fixed rate instruments subject the First Nation to a fair value risk while floating rate instruments subject it to a cash flow risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. It is management's opinion that the First Nation is not exposed to significant credit risks.

**3. Cash (Bank Indebtedness)**

All bank overdrafts are due on demand and bear interest at the bank's prime lending rate plus 5% (8.95% at year-end), (2018 - 8.45%).

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Marten Falls 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 Apartment Replacement and Subsidy Fund.

	<u>2019</u>	<u>2018</u>
<b>Externally Restricted</b>		
All Season Road Project (held in trust by BDO)	\$ 761,095	\$ 23,899
Education (held in trust by BDO)	788,348	(9,607)
Housing Pilot Project (held in trust by BDO)	37,572	(28,351)
MOU Project (held in trust by BDO)	113,285	83,168
Regional Framework (held in trust by BDO)	13,203	9,510
Soil Remediation Project (held in trust by BDO)	18	1,360
Water Treatment Upgrade (held in trust by BDO)	<u>458,601</u>	<u>3,217,797</u>
	<u><b>2,172,122</b></u>	<u><b>3,297,776</b></u>

**Notes to the Financial Statements**  
March 31, 2019

**3. Cash (Bank Indebtedness) (continued)**

	<u>2019</u>	<u>2018</u>
<b><u>Internally Restricted</u></b>		
<b><u>Operating Fund</u></b>		
Arena Project account	\$ 89	\$ 49
INAC Co-management	78	78
Education	14	(49,838)
Health and Social Services	<b>458,051</b>	(187,685)
MisAmik Housing Authority	634	384
Social Assistance	<b>125,958</b>	66,973
	<b>584,824</b>	(170,039)
<b><u>Casino Rama Fund</u></b>		
Casino Rama	<b>328,475</b>	161,230
	<b>913,299</b>	(8,809)
<b><u>Unrestricted</u></b>		
Operations and maintenance	(179,017)	595,376
Power Authority	<b>724,721</b>	6
	<b>545,704</b>	595,382
	<b>\$ 3,631,125</b>	\$ 3,884,349

**Notes to the Financial Statements**  
March 31, 2019

**4. Accounts Receivable**

	<u>2019</u>	<u>2018</u>
<b><u>Operating Fund</u></b>		
<b>Due from members:</b>		
Social Housing	\$ 420,098	\$ 420,098
Loans	9,239	9,239
Marten Falls Power Authority - Client Services	804,204	804,204
Overpayment of welfare	17,633	17,633
Miscellaneous	-	-
	<b>1,251,174</b>	1,251,174
Allowance for doubtful accounts	<b>(1,251,174)</b>	<b>(1,251,174)</b>
	-	-
<b>Due from others:</b>		
Burmet Northern - Winter Road Usage	80,000	80,000
KKETS	30,030	55,132
Matawa First Nations Management	212,144	224,655
Nishnawbe Aski Nation	102,861	86,923
Other amounts owing (net of allowance for doubtful accounts)	<b>793,909</b>	<b>39,110</b>
	<b>1,218,944</b>	<b>485,820</b>
<b>Casino Rama Fund</b>		
Miscellaneous	-	-
<b>Total Accounts Receivable</b>	<b>\$ 1,218,944</b>	<b>\$ 485,820</b>

**5. First Nation Trust Funds**

Trust fund accounts 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.

	Opening Balance	Additions	Withdrawals	Closing Balance	2019 Total	2018 Total
Revenue	\$ 3,410	\$ 88	\$ -	\$ 3,498	\$ 3,498	\$ 3,410
Capital	<u>399</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>399</u>	<u>399</u>
<b>Fund Total</b>	<b><u>3,809</u></b>	<b><u>88</u></b>	<b><u>-</u></b>	<b><u>3,897</u></b>	<b><u>3,897</u></b>	<b><u>3,809</u></b>

**Notes to the Financial Statements**  
March 31, 2019

**6. Due from Government and Other Government Organizations**

	<u>2019</u>	<u>2018</u>
<b>Federal Government</b>		
Indigenous and Northern Affairs Canada	\$ 365,331	\$ 1,683,852
Health Canada	483,145	347,702
Canada Mortgage and Housing Corporation	<u>129,956</u>	<u>18,426</u>
	<u>978,432</u>	<u>2,049,980</u>
<b>Provincial Government</b>		
Ministry of Natural Resources and Forestry	18,822	69,867
Ministry of Northern Development and Mines	<u>3,856,109</u>	<u>437,978</u>
	<u>3,874,931</u>	<u>507,845</u>
<b>Other Government Organizations</b>		
HST receivable	<u>159,247</u>	<u>289,175</u>
	<u>\$ 5,012,610</u>	<u>\$ 2,847,000</u>

**7. Accounts Payable and Accrued Liabilities**

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 8,253,047	\$ 7,186,545
Accrued salaries and employee benefits payable	295,043	303,292
WSIB payable	27,426	26,784
Other accrued liabilities	<u>71,562</u>	<u>81,380</u>
	<u>\$ 8,647,078</u>	<u>\$ 7,598,001</u>

**8. Due to Government and Other Government Organizations**

	<u>2019</u>	<u>2018</u>
Federal Government	\$ 291,889	\$ 291,889
Provincial Government	129,935	285,687
Other Government organizations	<u>808,718</u>	<u>906,197</u>
	<u>\$ 1,230,542</u>	<u>\$ 1,483,773</u>

**Notes to the Financial Statements**  
March 31, 2019

**9. Deferred Revenue**

	<u>Balance</u> <u>March 31, 2018</u>	<u>Funding</u> <u>Received</u>	<u>Revenue</u> <u>Recognized</u>	<u>Revenue</u> <u>Repayable</u>	<u>Balance</u> <u>March 31, 2019</u>
<b>Federal Government</b>					
<u>Aboriginal Affairs and Northern Development Canada</u>					
Water Treatability Study	\$ 2,925	\$ -	\$ -	\$ -	\$ 2,925
Water Treatment Plant Upgrade	1,190,566	3,048,749	3,687,648	-	551,667
Remediation project	16,876	12,480	12,480	-	16,876
Improving School Effectiveness	6,205	25,300	5,220	-	26,285
Parental Engagement Strategy	44,947	60,500	-	-	105,447
First Nation Education Management and Governance Capacity	-	6,050	6,050	-	-
Community-Based Prevention	-	157,700	-	-	157,700
Solid waste Management Planning	-	150,000	-	-	150,000
Community Well-Being and Jurisdiction Initiatives	-	139,400	-	-	139,400
Child and Family Services Prevention Services	-	133,090	-	-	133,090
Housing Pilot Project	667,791	440,000	1,107,791	-	-
	<u>1,929,310</u>	<u>4,173,269</u>	<u>4,819,189</u>	<u>-</u>	<u>1,283,390</u>
<u>Health Canada</u>					
Health Clinic - Health Canada	119,113	-	-	-	119,113
	<u>2,048,423</u>	<u>4,173,269</u>	<u>4,819,189</u>	<u>-</u>	<u>1,402,503</u>
<b>Provincial Government</b>					
<u>Ministry of Northern Development</u>					
<u>Development and Mines</u>					
All Season Road Project	-	6,333,440	6,333,440	-	-
CCLO Project	8,621	48,330	48,330	-	8,621
	<u>8,621</u>	<u>6,381,770</u>	<u>6,381,770</u>	<u>-</u>	<u>8,621</u>
<b>Total Deferred Revenue</b>	<b>\$ 2,057,044</b>	<b>\$ 10,555,039</b>	<b>\$ 11,200,959</b>	<b>\$ -</b>	<b>\$ 1,411,124</b>

## Notes to the Financial Statements

March 31, 2019

## 10. Long-Term Debt

	<u>2019</u>	<u>2018</u>
Royal Bank of Canada		
Term loan repayable in annual instalments of \$195,000 plus interest at prime plus 2.0%, due December, 2018, secured by general security agreement.	\$ 293,562	\$ 462,899
Term loan repaid in year.	-	4,585
Term loan repayable in monthly instalments of \$5,390 including interest at 5.73% due October, 2020.	208,888	260,567
Term loan repayable in monthly instalments of \$6,716 including interest at 4.28% due October, 2021 secured by general security agreement.	632,214	684,507
Guaranteed loan repayable in monthly instalments of \$6,854 including interest at 2.33% due November, 2021 guaranteed by INAC.	211,995	288,128
Guaranteed loan repayable in monthly instalments of \$3,879 including interest at 2.94% due April, 2019, guaranteed by INAC.	219,771	259,021
Guaranteed loan repayable in monthly instalments of \$3,921 including interest at 3.60% due February, 2024 guaranteed by INAC.	211,597	250,577
Caterpillar Financial Services Limited		
Capital lease repayable in monthly lease payments of \$2,706 including interest at 5.363% with an option price of \$55,200 due March 25, 2020. Secured by a 2014 Caterpillar D5K2LGP Track Type Tractor.	83,867	111,041

**Notes to the Financial Statements**  
March 31, 2019

**10. Long-Term Debt (continued)**

	<u>2019</u>	<u>2018</u>
Canada Mortgage and Housing Corporation		
Guaranteed loan repayable in monthly instalments of \$2,584 including interest at 1.14% due June, 2021, guaranteed by INAC.	208,547	237,008
Guaranteed loan repayable in monthly instalments of \$3,292 including interest at 1.62% due May, 2018, guaranteed by INAC.	331,857	364,615
Guaranteed loan repayable in monthly instalments of \$1,851 including interest at 1.30% due June, 2022, guaranteed by INAC.	165,896	185,449
Guaranteed loan repayable in monthly instalments of \$1,861 including interest at 2.01% due October, 2019, guaranteed by INAC.	206,887	224,892
Guaranteed loan repayable in monthly instalments of \$2,640 including interest at 1.30% due June, 2022, guaranteed by INAC.	<u>373,798</u>	<u>399,667</u>
	<u><u>\$ 3,148,879</u></u>	<u><u>\$ 3,732,956</u></u>

Anticipated repayments over the next five years and thereafter, assuming renewal on similar terms and conditions, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 660,414	\$ 89,748	\$ 750,162
2021	514,420	65,641	580,061
2022	390,651	47,843	438,494
2023	320,564	37,065	357,629
2024	320,564	37,065	357,629
Thereafter	<u>942,266</u>	<u>93,392</u>	<u>1,035,658</u>
	<u><u>\$ 3,148,879</u></u>	<u><u>\$ 370,754</u></u>	<u><u>\$ 3,519,633</u></u>

**11. Ontario Power Generation Agreement**

In accordance with the terms of an agreement in a prior year with Ontario Power Generation, the First Nation is entitled to receive \$195,000 annually until the year 2027 as a contribution toward the Arena project.

Under a letter of direction agreed to by the First Nation, that amount is applied annually against certain outstanding debt related to the arena project included in Note 10 above.

**Notes to the Financial Statements**

March 31, 2019

**12. Replacement Reserve**

	<u>2019</u>	<u>2018</u>
<b>Balance, beginning of year</b>	\$ 515,350	\$ 484,200
Replacement reserve allocation	<u>31,150</u>	<u>31,150</u>
<b>Balance, end of year</b>	<u><u>\$ 546,500</u></u>	<u><u>\$ 515,350</u></u>

Under the terms of housing funding agreements with Canada Mortgage and Housing Corporation ("CMHC"), this reserve, calculated as a stipulated amount (\$350 - \$1,100) per unit, is to be held in a separate bank account and used only with CMHC approval. As at the year-end, a separate bank account has not been established. Schedule 44 shows the transfers from each housing program.

**13. Interfund Transfers**

During the year, an amount of \$5,361,502 (2018 - \$8,103,394 including \$1,442,581 from 2017) was transferred from Capital Funds to the Operating Funds which represent tangible capital assets purchased and capital asset projects that were developed by the First Nation during the year from various capital projects.

**14. Prepaid Expenses**

	<u>2019</u>	<u>2018</u>
Honorariums	\$ 4,750	\$ 4,750
Student tuition, room and board, transportation and allowances	35,977	35,977
Other	-	500
<b>Total prepaid expenses</b>	<u><u>\$ 40,727</u></u>	<u><u>\$ 41,227</u></u>

**15. Tangible Capital Assets**

The Tangible Capital Assets detailed in this note presents all balances and changes in the year relating to tangible capital assets owned by the First Nation acquired after March 31, 1997. Tangible capital assets acquired previous to April 1, 1997 are not reflected in the Tangible Capital Assets balance.

In April, 2009, the First Nation adopted Public Sector Accounting Handbook Section 3150 - Tangible Capital Assets which requires all tangible capital assets in use to be included in the Statement of Financial Position. The First Nation is in the process of preparing a complete listing of tangible capital assets and valuing the assets which have not been previously recorded, but this list has not yet been completed.

## MARTEN FALLS FIRST NATION

## Notes to Financial Statements

March 31, 2019

## 15. Tangible Capital Assets (continued)

	Cost			Amortization			Net Book Value		Increase (decrease) in Net Book Value
	Opening Balance	Additions (disposals)	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2019	Total 2018	
<b>Tangible Capital Assets</b>									
CMHC Housing	\$ 6,685,286	\$ -	\$ 6,685,286	\$ 3,183,355	\$ 140,079	\$ 3,323,434	\$ 3,361,852	\$ 3,501,931	\$ (140,079)
Seniors' complex	665,814	-	665,814	365,392	12,017	377,409	288,405	300,422	(12,017)
Activity Centre	5,358,129	-	5,358,129	1,598,074	150,404	1,748,478	3,609,651	3,760,055	(150,404)
Map and Conference Centre	117,555	-	117,555	37,195	3,214	40,409	77,146	80,360	(3,214)
Nurses duplex	419,583	-	419,583	187,395	9,287	196,682	222,901	232,188	(9,287)
Police Station	183,619	-	183,619	84,066	3,982	88,048	95,571	99,553	(3,982)
School Upgrade	1,332,283	-	1,332,283	400,336	37,278	437,614	894,669	931,947	(37,278)
Modular Homes	1,296,534	-	1,296,534	230,888	42,624	273,512	1,023,022	1,065,646	(42,624)
Warehouse	187,495	-	187,495	93,571	3,757	97,328	90,167	93,924	(3,757)
Water Treatment Plant	466,793	-	466,793	147,079	12,788	159,867	306,926	319,714	(12,788)
Fuel tanks	422,063	-	422,063	407,586	4,342	411,928	10,135	14,477	(4,342)
Furnaces	96,917	-	96,917	94,022	579	94,601	2,316	2,895	(579)
Furniture and equipment	599,787	-	599,787	519,805	16,026	535,831	63,956	79,982	(16,026)
Heavy equipment	1,134,594	-	1,134,594	959,021	35,113	994,134	140,460	175,573	(35,113)
Automotive	9,295	-	9,295	8,696	180	8,876	419	599	(180)
School bus	148,235	-	148,235	141,012	2,167	143,179	5,056	7,223	(2,167)
Computers	60,813	1,203	62,016	58,167	974	59,141	2,875	2,646	229
Diesel Generating Station Upgrade	5,547,066	-	5,547,066	1,486,740	162,413	1,649,153	3,897,913	4,060,326	(162,413)
Health Clinic	6,293,752	-	6,293,752	983,936	212,393	1,196,329	5,097,423	5,309,816	(212,393)
	31,025,613	1,203	31,026,816	10,986,336	849,617	11,835,953	19,190,863	20,039,277	(848,414)
<b>Assets Under Construction</b>									
Housing	4,751,424	1,673,854	6,425,278	-	-	-	6,425,278	4,751,424	1,673,854
Water treatment plant	3,691,165	3,687,648	7,378,813	-	-	-	7,378,813	3,691,165	3,687,648
<b>Total</b>	<b>\$ 39,468,202</b>	<b>\$ 5,362,705</b>	<b>\$ 44,830,907</b>	<b>\$ 10,986,336</b>	<b>\$ 849,617</b>	<b>\$ 11,835,953</b>	<b>\$ 32,994,954</b>	<b>\$ 28,481,866</b>	<b>\$ 4,513,088</b>

**Notes to the Financial Statements**

March 31, 2019

**16. Operating Agreement with Hydro One Remote Communities Inc.**

On May 11, 2009, Marten Falls First Nation entered into an operating agreement with Hydro One Remote Communities Inc. (Hydro One). Under this agreement, the First Nation maintains ownership of the assets used with Hydro One operating and maintaining the assets, as well as collecting all revenue from the operations.

**17. Economic Dependence**

The government of Marten Falls First Nation receives a major portion of its revenue from Indigenous and Northern Affairs Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**18. Contingencies**

Marten Falls 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.

For Canada Mortgage and Housing Corporation, the First Nation is contingently liable for subsidy surpluses as assessed by CMHC for prior periods. The settlement of amounts receivable or payable, if any, will be determined in a future period and recorded at that time.

In addition, in the normal course of its operations, Marten Falls First Nation has become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Marten Falls First Nation's financial statements.

**19. Contractual Obligations**

The nature of Marten Falls First Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated at year-end are summarized as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024 and thereafter</u>	Total
Photocopier lease - education	-	-	-	-	-	-
CAT Financing (Dozer) - administration	<u>32,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,468</u>
Total	<u>\$ 32,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,468</u>

**20. Comparative Figures**

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

**Notes to the Financial Statements**

March 31, 2019

**21. Budgeted Figures**

The budgeted figures are presented for comparative purposes and are unaudited. The operating budget has been approved by Chief and Council and is reflected in the Statement of Operations and Surplus and in note 25 Segment Disclosure. The First Nation does not budget activity for reserve funds or for capital projects. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

**22. Capital Disclosure**

The First Nation considers its capital to be the balance retained in its fund balances, generally the difference between its assets and its liabilities as reported on the Statement of Financial Position.

The First Nation's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its services to the members.

Management maintains its capital by ensuring that annual operating and capital budgets are developed (and approved by the Chief and Council) based on known or estimated sources of funding available each year.

**23. Expenses by Object**

The following is a summary of expenses by object:

	<u>2019</u>	<u>2018</u>
Salaries and wages	\$ 4,031,997	\$ 4,834,703
Employee benefits	101,474	153,730
Staff development	20,666	32,973
Supplies and services	3,950,781	4,310,664
Interest	127,100	166,926
Professional services	1,228,191	804,487
Rental expenditures	490,284	563,277
Fees and contract services	10,764,112	7,028,888
Other	1,277,045	1,603,320
Amortization	849,617	898,267
	<u>\$ 22,841,267</u>	<u>\$ 20,397,235</u>

**Notes to the Financial Statements**  
March 31, 2019

**24. Repayment of surpluses**

Repayment (recovery) of program surpluses are identified by program as follows:

	<u>2019</u>	<u>2018</u>
Indigenous and Northern Affairs Canada		
Schedule 3 - Tuition Agreements - prior years	\$ -	\$ -
Schedule 3 - Tuition Agreements - current year	- -	- -
Schedule 8 - Band Operated School - Direct Services	- -	- -
Schedule 25 - Homemakers - prior years	- -	- -
Schedule 25 - Homemakers - current year	- -	- -
Schedule 51 - Social Assistance - Basic Needs	- -	- -
Schedule 52 - Social Assistance - Special Needs	- -	- -
Nishnawbe Aski Nation		
Schedule 18 - Aboriginal Healing & Wellness - Crisis Intervention	- -	- -
Ministry of Northern Development and Mines		
Schedule 34 - Regional Framework	<u>-</u>	<u>6,107</u>
	<u>\$ -</u>	<u>\$ 6,107</u>

## MARTEN FALLS FIRST NATION

### Notes to the Financial Statements

March 31, 2019

### 25. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Health			Economic Development			Housing			Community Services		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
<b>Revenues</b>															
Federal Government	-	3,797,017	2,885,434	-	2,038,056	1,525,417	-	50,000	78,050	-	1,610,620	3,444,086	-	50,000	50,000
Provincial Government	-	-	-	-	233,066	162,150	-	698,435	1,241,060	-	-	-	-	1,473,492	1,202,569
Economic activities	-	-	-	-	2,358	22	-	-	173,200	-	-	-	-	3,121	17
Other revenue	-	77,591	108,149	-	246,332	191,901	-	89,573	35,112	-	269,650	31,150	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>3,874,608</b>	<b>2,993,583</b>	<b>-</b>	<b>2,519,812</b>	<b>1,879,490</b>	<b>-</b>	<b>838,008</b>	<b>1,527,422</b>	<b>-</b>	<b>1,880,270</b>	<b>3,475,236</b>	<b>-</b>	<b>1,526,613</b>	<b>1,252,586</b>
<b>Expenses</b>															
Salaries and benefits	-	770,975	1,031,313	-	1,011,924	1,065,140	-	465,071	539,445	-	115,888	399,249	-	34,304	44,562
Amortization	-	5,455	6,849	-	56	71	-	201	287	-	152,094	158,431	-	150,402	156,669
Debt servicing	-	-	-	-	-	-	-	-	-	-	42,362	45,820	-	25,663	28,090
Other expenses	-	1,869,224	1,880,992	-	729,703	760,017	-	582,483	1,318,375	-	1,798,707	2,834,133	-	484,862	236,633
<b>Total Expenses</b>	<b>-</b>	<b>2,645,654</b>	<b>2,919,154</b>	<b>-</b>	<b>1,741,683</b>	<b>1,825,228</b>	<b>-</b>	<b>1,047,755</b>	<b>1,858,107</b>	<b>-</b>	<b>2,109,051</b>	<b>3,437,633</b>	<b>-</b>	<b>695,231</b>	<b>465,954</b>
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>1,228,954</b>	<b>74,429</b>	<b>-</b>	<b>778,129</b>	<b>54,262</b>	<b>-</b>	<b>(209,747)</b>	<b>(330,685)</b>	<b>-</b>	<b>(228,781)</b>	<b>37,603</b>	<b>-</b>	<b>831,382</b>	<b>786,632</b>

## MARTEN FALLS FIRST NATION

### Notes to the Financial Statements

March 31, 2019

### 25. Segment Disclosure (continued)

	Social Services			Band Government			Other			Inter-segment Eliminations			Consolidated Totals		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
	Revenues														
Federal Government	-	87,000	95,900	-	898,287	597,162	-	5,101,763	5,089,042	-	-	-	-	13,632,743	13,765,091
Provincial Government	-	854,093	1,077,489	-	265,748	248,359	-	6,976,607	972,003	-	-	-	-	10,501,441	4,903,630
Economic activities	-	-	-	-	40	14	-	81,435	62,479	-	-	-	-	86,954	235,732
Other revenue	-	-	-	-	225,126	853,130	-	40,040	91,760	-	(97,348)	(419,898)	-	850,964	891,304
<b>Total Revenue</b>	<b>-</b>	<b>941,093</b>	<b>1,173,389</b>	<b>-</b>	<b>1,389,201</b>	<b>1,698,665</b>	<b>-</b>	<b>12,199,845</b>	<b>6,215,284</b>	<b>-</b>	<b>(97,348)</b>	<b>(419,898)</b>	<b>-</b>	<b>25,072,102</b>	<b>19,795,757</b>
Expenses															
Salaries and benefits	-	80,327	95,969	-	615,071	771,000	-	472,004	654,459	-	-	-	-	3,565,564	4,601,137
Amortization	-	-	-	-	36,477	45,628	-	504,932	530,332	-	-	-	-	849,617	898,267
Debt servicing	-	-	-	-	12,958	19,578	-	45,943	50,890	-	-	-	-	126,926	144,378
Other expenses	-	765,475	1,132,070	-	1,021,718	1,398,012	-	11,144,336	5,613,119	-	(97,348)	(419,898)	-	18,299,160	14,753,453
<b>Total Expenses</b>	<b>-</b>	<b>845,802</b>	<b>1,228,039</b>	<b>-</b>	<b>1,686,224</b>	<b>2,234,218</b>	<b>-</b>	<b>12,167,215</b>	<b>6,848,800</b>	<b>-</b>	<b>(97,348)</b>	<b>(419,898)</b>	<b>-</b>	<b>22,841,267</b>	<b>20,397,235</b>
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>95,291</b>	<b>(54,650)</b>	<b>-</b>	<b>(297,023)</b>	<b>(535,553)</b>	<b>-</b>	<b>32,630</b>	<b>(633,516)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,230,835</b>	<b>(601,478)</b>

### 26. Other revenue

Included in other revenue is the following amounts:

	<u>2019</u>	<u>2018</u>
Harmonized sales tax	\$ 139,711	\$ 173,111
Equipment and delivery charge	-	316,000
Mining and other payments	89,573	173,200
Other funding	453,467	150,661
	<b>\$ 682,751</b>	<b>\$ 812,972</b>