

Deer Lake First Nation
Consolidated Financial Statements
March 31, 2020

Deer Lake First Nation
Consolidated Financial Statements - Table of Contents
For the year ended March 31, 2020

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Management's Responsibility

To the Members of Deer Lake First Nation:

The accompanying financial statements of Deer Lake First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of the First Nation.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies 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 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 financial statements.

The Deer Lake First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members, to audit the 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.

December 9, 2020



Band Administrator

To the Members of Deer Lake First Nation:

Opinion

We have audited the financial statements of Deer Lake First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and presentation of the 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.

In preparing the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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 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.

Winnipeg, Manitoba

MNP LLP

December 9, 2020

Chartered Professional Accountants

Deer Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash	6,020,727	2,716,022
Accounts receivable (Note 3)	1,021,633	1,274,611
Portfolio investments (Note 4)	338,748	451,728
Restricted cash (Note 5)	529,895	417,675
	7,911,003	4,860,036
Liabilities		
Accounts payable and accruals (Note 6)	1,852,153	2,007,009
Deferred revenue (Note 7)	3,043,581	979,597
Long-term debt (Note 8)	2,778,404	2,921,966
	7,674,138	5,908,572
Net financial assets (net debt)	236,865	(1,048,536)
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	20,669,077	23,603,834
Inventories held for use (Note 10)	1,015,748	1,853,779
Prepaid expenses	474,392	199,532
	22,159,217	25,657,145
Accumulated surplus (Note 11)	22,396,082	24,608,609

Approved on behalf of Chief and Councillor

	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor
			

Deer Lake First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada (Note 12)		9,753,373	16,709,361	13,304,529
Ministry of Community and Social Services		1,601,596	2,507,102	2,586,539
Ontario First Nations Limited Partnership (Note 13)		1,276,620	1,334,491	1,542,636
Canada Mortgage and Housing Corporation		428,338	457,451	318,344
Sioux Lookout Area Aboriginal Management Board		-	227,561	279,776
Ministry of Health and Long Term Care		134,663	310,696	285,989
Rent		347,302	572,450	500,950
Other revenue		7,332,842	2,349,414	2,897,774
Revenue deferred from prior year (Note 7)		-	979,597	1,685,578
Revenue deferred to subsequent year (Note 7)		-	(3,043,581)	(979,597)
		20,874,734	22,404,542	22,422,518
Segment expenses				
Arena	4	116,851	74,744	71,651
Band Housing	5	2,992,539	1,279,545	1,026,245
Capital	6	303,900	-	(9,724)
CMHC Housing	7	279,324	353,882	385,556
Deer Cable	8	221,510	227,806	309,341
Educational Services	9	5,859,438	4,897,374	5,331,957
Economic Development	10	74,003	66,596	121,168
First Nations Management	11	7,620,011	6,809,733	6,688,317
Health Services	12	2,658,295	3,302,156	3,426,338
Ontario First Nations Limited Partnership	13	1,207,150	1,251,491	1,028,090
Operating Programs	14	262,729	987,884	375,718
Public Works	15	2,682,771	2,053,486	2,292,808
Social Services	16	2,231,492	3,312,372	3,415,962
Total segment expenses (Schedule 2)		26,510,013	24,617,069	24,463,427
Deficit		(5,635,279)	(2,212,527)	(2,040,909)
Accumulated surplus, beginning of year		26,608,609	24,608,609	26,649,518
Accumulated surplus, end of year		20,973,330	22,396,082	24,608,609

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

Deer Lake First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Annual deficit	(5,635,279)	(2,212,527)	(2,040,909)
Purchases of tangible capital assets	-	(2,507,626)	(1,454,924)
Amortization	-	5,442,383	4,993,099
Change in inventories held for use	-	838,031	(1,104,064)
Change in prepaid expenses	-	(274,860)	(12,032)
Increase (decrease) in net debt	(5,635,279)	1,285,401	381,170
Net debt, beginning of year	(1,048,356)	(1,048,536)	(1,429,706)
Net financial assets, end of year	(6,683,635)	236,865	(1,048,536)

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

Deer Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(2,212,527)	(2,040,909)
Non-cash items		
Amortization	5,442,383	4,993,099
	3,229,856	2,952,190
Changes in working capital accounts		
Accounts receivable	252,978	113,380
Accounts payable and accruals	(154,856)	569,674
Deferred revenue	2,063,984	(705,981)
Inventories held for use	838,031	(1,104,064)
Prepaid expenses	(274,860)	(12,032)
	5,955,133	1,813,167
Financing activities		
Advances of long-term debt	83,600	198,166
Repayment of long-term debt	(227,162)	(718,769)
	(143,562)	(520,603)
Capital activity		
Purchases of tangible capital assets	(2,507,626)	(1,454,924)
Investing activities		
Change in investments	112,980	48,665
Change in restricted cash	(112,220)	(906)
	760	47,759
Increase (decrease) in cash	3,304,705	(114,601)
Cash, beginning of year	2,716,022	2,830,623
Cash, end of year	6,020,727	2,716,022

1. Operations

Deer Lake First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Deer Lake First Nation includes the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation. The First Nation is exempt from Income Tax.

2. Significant accounting policies

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

Reporting entity

The Deer Lake First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following departments:

- | | |
|--------------------------------|---|
| • First Nation Management | • Deer Lake Ontario First Nations Limited Partnership |
| • Deer Lake Arena | • Deer Lake CMHC Housing |
| • Deer Lake Cable | • Deer Lake Health Services |
| • Deer Lake Capital | • Deer Lake Education Services |
| • Deer Lake Band Housing | • Economic Development |
| • Deer Lake Public Works | • Deer Lake Social Services |
| • Deer Lake Operating Programs | |

All inter-entity balances have been eliminated on consolidation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories held for use.

Cash

Cash 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.

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

Investments

Portfolio investments

Portfolio investments which are owned by Deer Lake First Nation but not controlled by the First Nation are accounted for using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported. The First Nation includes investments in First Nations Limited Partnership, 2472881 Ontario Inc., NCC Development Limited Partnership, NCC Development Corporation, Ontario First Nations Limited Partnership, Ontario First Nation Sovereign Wealth Limited Partnership and OFN Asset Management GP Corporation as portfolio investments.

Other investments

Other investments include investments in Guaranteed Investment Certificates held with the First Nation's financial institution.

Funds held in trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position as part of restricted cash.

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Amortization

Tangible capital assets are amortized annually using the straight-line method at the following rates which are intended to amortize the cost of the assets over their estimated useful lives

	Years
Automotive	5
Equipment	4
Housing	5 - 15
Infrastructure	15 - 25
CMHC housing	25

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. 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.

Inventories held for use

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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

Net debt

The First Nation's consolidated 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 assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Revenue recognition

Government Transfers

Government transfer revenue, including, but not limited to, Indigenous Services Canada and Canada Mortgage and Housing Corporation funding, is recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Ontario First Nations Limited Partnership

Revenue from Ontario First Nations Limited Partnership is recognized in the period in which the revenue was earned.

Other revenue

Rent and resident fees is recorded in the year it is earned.

Investment and interest revenue is recognized on an accrual basis in the year that it is earned, and included in other revenue.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collectability is reasonably assured.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses 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. Provisions are made for slow moving and obsolete inventory. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

Segments

The First Nation conducts its business through thirteen reportable segments listed below. 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 expenses represent amounts that are directly attributable to the segment. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

Arena - activities include providing sporting programs for youth and adults in the area.

Band Housing - activities include the management and maintenance of non-CMHC houses for community members.

Capital - activities include the planning, managing and delivery of large scale infrastructure projects to the community.

CMHC Housing - activities include the management and maintenance of CMHC houses for community members.

Deer Cable - provides cable, phone and internet services to the community.

Education Services - activities include overseeing many aspects of educational opportunities for its members at all levels of learning both within the community and externally.

Economic Development - activities to increase economic opportunities for the community.

First Nation Management - activities include the governance function relating to decisions that define expectations, grant power or verify performance.

Health Services - activities include the delivery of health services to the community.

Ontario First Nations Limited Partnership - activities include providing a form of gaming entertainment for community members which generate revenue for the discretionary needs of community members.

Operating Programs - activities include planning, managing and delivery of various projects/programs involving various programs such as employment, infrastructure, repairs and maintenance, and training.

Public Works - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

Social Services - activities include satisfying the economic, social or health related needs of members of the community who require assistance.

3. Accounts receivable

	2020	2019
Trade and other receivable	962,285	735,974
Members	528,097	511,529
Ontario Works	33,014	41,125
Ministry of Northern Development and Mines	33,674	33,341
Indigenous Services Canada	56,812	470,669
Canada Mortgage and Housing Corporation	174,337	24,728
Harmonized Sales Tax receivable	7,637	199,817
Ministry of Health	23,336	21,679
Nishnawbe Aski Nation	-	119,955
	1,819,192	2,158,817
Less: Allowance for doubtful accounts	797,559	884,206
	1,021,633	1,274,611

The allowance for doubtful accounts pertains to trade and other receivables and members.

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

4. Investments

	2020	2019
Guaranteed Investment Certificates		
Matures April 23, 2021, interest bearing at 1.60% per annum	206,028	204,800
Matures April 29, 2021, interest bearing at 1.60% per annum	121,327	120,603
Matures April 30, 2021, interest bearing at 1.60% per annum	9,911	9,852
Matures May 26, 2021, interest bearing at 1.60% per annum	1,457	1,448
Redeemed during the year	-	115,000
	338,723	451,703
Portfolio investments - measured at cost		
First Nations Limited Partnership - 1 unit constituting 4.55% interest	10	10
2472881 Ontario Inc. - 1 share, 4.55% interest	10	10
NCC Development Limited Partnership - 1 unit, 16.67% interest	1	1
NCC Development Corporation - 1 share, 16.67% interest	1	1
OFN Asset Management GP Corporation - 1 share, 0.77% interest	1	1
Ontario First Nations Sovereign Wealth Limited Partnership - 1 unit, 0.77% interest	1	1
Ontario First Nations Limited Partnership - 1 unit constituting 0.77% interest	1	1
	25	25
	338,748	451,728

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

5. Restricted cash

	2020	2019
Ottawa Trust Funds	46,799	45,872
CMHC replacement reserve	483,096	371,803
	529,895	417,675

Ottawa Trust Fund

The Ottawa Trust Fund arises 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council.

Capital trust	\$1,884 (2019 - \$1,884); interest revenue - \$nil (2019 - \$nil)
Revenue trust	\$44,915 (2019 - \$43,988); interest revenue - \$927 (2019 - \$1,044)

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2020, the replacement reserve bank account was fully funded (2019 - under funded by \$75,943).

CMHC operating surplus reserve

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in an operating surplus reserve. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants. The reserve has not been funded in a separate interest bearing account at March 31, 2020 or 2019.

6. Accounts payable and accruals

	2020	2019
Trade accounts payable	1,597,322	1,828,481
Accrued salaries and benefits	254,610	178,307
Indigenous Services Canada	221	221
	1,852,153	2,007,009

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. 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>Revenue Recognized</i>	<i>Balance, end of year</i>
Public Works - Water	-	230,983	-	230,983
Public Works - Wastewater Operations and Maintenance	-	35,898	-	35,898
Public Works - Water and Sewer Extension	-	1,493	-	1,493
Health - Headstart	-	21,047	-	21,047
Health - Operation and Maintenance	-	4,048	-	4,048
Health - Building Healthy Communities	-	3,420	-	3,420
Health - Aboriginal Diabetes Initiatives	-	7,387	-	7,387
Health - Brighter Futures	-	5,847	-	5,847
Health - Community Health Promotion	-	5,992	-	5,992
Health - Canada Prenatal Nutrition	-	3,562	-	3,562
Health - Youth Suicide	-	5,465	-	5,465
Health - Healthy Child Development	5,294	18,013	5,294	18,013
Health - Maternal Child Health	-	1,764	-	1,764
Health - Management and Support	-	27,333	-	27,333
Health - National Native Alcohol and Drug Abuse Program	34,006	28,597	34,006	28,597
Health - Dental	-	974	-	974
Health - Medical Transportation	-	30,335	-	30,335
Health - Security	-	7,680	-	7,680
Health - Mental Wellness	10,619	14,209	10,619	14,209
Health - Healthy Living	10,146	32,392	10,146	32,392
Health - Communicable Disease Control	-	376	-	376
Health - Nutrition North Canada	-	51	-	51
Health - Jordan's Principle	-	76,815	-	76,815
Health - Jordan's Principle Choice	-	117,872	-	117,872
Health - Ministry of Health and Long-Term Care	-	18,219	-	18,219
Health - Opioid Agonist Treatment	13,199	10,301	13,199	10,301
Health - Clinical Support Worker	-	51,170	-	51,170
Administration - Governance - Capacity Development	42,650	16,823	42,650	16,823
Administration - CFS Band Rep Reimbursement	-	414,924	-	414,924
Social - Prevention Services	97,334	45,022	97,334	45,022
Social - SAPD - COVID -19	-	63,502	-	63,502
Education - Special Education - High Cost	19,004	-	19,004	-
Education - Counselling	212,555	-	212,555	-
Education - New Path	34,340	-	34,340	-
Education - Jordan's Principal - Suicide Prevention	-	124,680	-	124,680
Education - Youth Life Promotion Initiatives	59,046	-	59,046	-
Education - Funding Flow Through	-	1,617,387	-	1,617,387
Education - First Nation Student Success Program	88,404	-	88,404	-
Band Housing - Insurance replacement proceeds	353,000	-	353,000	-
	979,597	3,043,581	979,597	3,043,581

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. Long-term debt

	2020	2019
Phase 1 - Mortgage payable to CMHC in monthly payments of \$3,152 including interest at 1.12% per annum, renewal date of May 2020, maturity date of December 2024, secured by a Ministerial guarantee and assignment of fire insurance.	174,865	210,509
Phase 2 - Mortgage payable to CMHC in monthly payments of \$3,629 including interest at 2.35% per annum, renewal date of July 2023, maturity date of April 2028, secured by a Ministerial guarantee and assignment of fire insurance.	320,483	356,066
Phase 3 - Mortgage payable to CMHC in monthly payments of \$5,375 including interest at 1.12% per annum, renewal date of May 2020, maturity date of February 2030, secured by a Ministerial guarantee and assignment of fire insurance.	605,127	662,497
Phase 4 - Mortgage payable to CMHC in monthly payments of \$2,459 including interest at 1.98% per annum, renewal date of May 2020, maturity date of April 2034, secured by a Ministerial guarantee and assignment of fire insurance.	362,677	384,784
Phase 5 - Mortgage payable to CMHC in monthly payments of \$1,181 including interest at 1.04% per annum, renewal date of October 2020, maturity date of July 2035, secured by a Ministerial guarantee and assignment of fire insurance.	200,795	212,809
Phase 6 - Mortgage payable to CMHC in monthly payments of \$4,650 including interest at 2.49% per annum, renewal date of May 2022, maturity date of February 2038, secured by a Ministerial guarantee and assignment of fire insurance.	806,785	842,077
Equipment loan payable in two annual installments of \$99,083 plus interest of 1.50% per annum, maturity date of April 2022. Secured by equipment with a net book value of \$156,175 (2019 - \$234,262).	198,166	198,166
Equipment loan payable in monthly installments of \$2,402 including interest of 5.00% per annum, maturity date of June 2020. Secured by equipment with a net book value of \$27,500 (2019 - \$55,000).	28,060	54,772
Equipment loan payable in monthly installments of \$2,517 including interest of 5.30% per annum, maturity date of February 2023. Secured by equipment with a net book value of \$85,200 (2019 - \$nil).	81,446	-
Loan repaid during the year	-	286
	2,778,404	2,921,966

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:

2021	354,932
2022	331,716
2023	235,110
2024	211,693
2025	205,846

Deer Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. Long-term debt *(Continued from previous page)*

Subsequent to year-end, 4 mortgages with CMHC were subject to renewed loan terms, as follows:

- Phase 1 was renewed with required monthly payments of \$3,123 including interest at 0.69% per annum, maturing December 2024, with a scheduled renewal date of December, 2024.

- Phase 3 was renewed with required monthly payments of \$5,270 including interest at 0.70% per annum, maturing February 2030, with a scheduled renewal date of September 2025.

- Phase 4 was renewed with required monthly payments of \$2,263 including interest at 0.73% per annum, maturing April 2034, with a scheduled renewal date of July 2025.

- Phase 5 was renewed with required monthly payments of \$1,151 including interest at 0.68% per annum, maturing July 2035, with a scheduled renewal date of October 2025.

9. Contingencies

The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. As at March 31, 2020 the First Nation management believes they are in compliance with the terms and conditions of the agreements.

10. Inventories held for use

	2020	2019
Materials	564,353	1,244,927
Fuels	451,395	608,852
	1,015,748	1,853,779

11. Accumulated surplus

	2020	2019
Ottawa Trust Funds	46,799	45,872
Investment in tangible capital assets	17,890,673	20,681,868
CMHC replacement reserve	483,096	447,746
CMHC operating fund reserve	228,982	235,289
Equipment replacement reserves	83,680	83,680
Internally restricted for capital construction	642,874	-
Operating surplus	3,019,978	3,114,154
	22,396,082	24,608,609

During the year an amount of \$642,874 (2019 - \$nil) was included in accumulated surplus which has been internally restricted for future capital construction purposes.

12. Reconciliation of funding from Indigenous Services Canada

The Indigenous Services Canada ("ISC") revenue of \$16,709,361 (2019 – \$13,304,529) on the consolidated statement of operations and accumulated surplus agrees to the ISC confirmation.

13. Ontario First Nations Limited Partnership

Based on the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP twelve monthly payments equal to one-twelfth of 1.70% of the aggregate provincial gross gaming revenue. The use of these funds, according to agreements, is restricted to expenditures supporting community development, health, education, cultural development and economic development.

14. Operating facility

The First Nation has available total credit facilities of \$230,000 by way of revolving lines of credit bearing interest at prime plus 1.50% per annum, repayable on demand. The facilities are secured by first interest in all present and future acquired personal property of the First Nation, Band Council Resolutions ("BCRs") supporting the facilities, and BCRs directing all present and future Indigenous Services Canada funding directly to the CIBC branch in Sioux Lookout, Ontario, for deposit to the First Nation's bank accounts. No amounts were outstanding on these facilities at March 31, 2020 and 2019.

The prime rate at March 31, 2020 was 2.95% (2019 - 3.95%).

15. Economic dependence

Deer Lake First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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.

16. Budget information

The disclosed budget information has been approved by the Chief and Council of Deer Lake First Nation.

17. Compliance with laws and regulations

First Nations Financial Transparency Act

The First Nation was required to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2020. Since the audit report date is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined. The First Nation fully intends to post its consolidated financial statements on a website upon release of these consolidated financial statements.

Provision for site rehabilitation

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance. As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of The Ontario Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

18. Comparative figures

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

Deer Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Automotive</i>	<i>Equipment</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>CMHC Housing</i>	<i>2020</i>	<i>2019</i>
Cost							
Balance, beginning of year	2,179,941	3,359,490	31,207,414	89,138,165	4,703,671	130,588,681	129,133,757
Acquisition of tangible capital assets	545,240	527,308	1,269,000	166,078	-	2,507,626	1,454,924
Balance, end of year	2,725,181	3,886,798	32,476,414	89,304,243	4,703,671	133,096,307	130,588,681
Accumulated amortization							
Balance, beginning of year	1,640,472	2,895,366	29,883,278	70,188,961	2,376,770	106,984,847	101,991,748
Annual amortization	393,167	302,664	176,642	4,381,763	188,147	5,442,383	4,993,099
Balance, end of year	2,033,639	3,198,030	30,059,920	74,570,724	2,564,917	112,427,230	106,984,847
Net book value of tangible capital assets	691,542	688,768	2,416,494	14,733,519	2,138,754	20,669,077	23,603,834
2019 Net book value of tangible capital assets	539,469	464,124	1,324,136	18,949,204	2,326,901	23,603,834	

Deer Lake First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Amortization	5,442,383	4,993,099
Bad debts (recovery)	(65,113)	95,375
Bank charges and interest	26,887	33,906
Fuel	548,298	401,928
Honouraria	811,245	804,016
Insurance	574,069	487,078
Interest on long-term debt	60,316	99,761
Other	150,475	404,883
Professional development	220,234	309,859
Professional fees	464,395	498,577
Program expense	1,427,602	1,640,595
Repairs and maintenance	1,825,276	1,298,059
Salaries and benefits	7,383,847	7,433,809
Social assistance	3,039,598	2,771,314
Supplies	298,831	493,574
Telephone	106,119	120,731
Training	460,521	340,616
Travel	665,600	1,015,421
Utilities	818,676	970,802
Youth activities	357,810	250,024
	24,617,069	24,463,427

Deer Lake First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2020

	<i>Schedule Number</i>	<i>Revenue</i>	<i>Expenses</i>	<i>Transfers From (To)</i>	<i>2020 Surplus (Deficit)</i>	<i>2019 Year Surplus (Deficit)</i>
Segments						
Arena	4	-	74,744	-	(74,744)	(71,651)
Band Housing	5	2,279,517	1,279,545	(101,730)	898,242	270,749
Capital	6	586	-	-	586	10,184
CMHC Housing	7	259,291	353,882	-	(94,591)	(124,767)
Deer Cable	8	185,564	227,806	-	(42,242)	(32,772)
Educational Services	9	6,530,824	4,897,374	(86,774)	1,546,676	1,091,777
Economic Development	10	74,000	66,596	-	7,404	12,832
First Nations Management	11	1,033,414	6,809,733	393,515	(5,382,804)	(4,315,714)
Health Services	12	3,628,018	3,302,156	(22,042)	303,820	269,599
Ontario First Nations Limited Partnership	13	1,334,491	1,251,491	(83,000)	-	-
Operating Programs	14	1,381,744	987,884	(187,281)	206,579	331,546
Public Works	15	2,362,784	2,053,486	65,270	374,568	407,082
Social Services	16	3,158,276	3,312,372	22,042	(132,054)	(41,100)
Total		22,228,509	24,617,069	-	(2,388,560)	(2,192,235)

Deer Lake First Nation
Arena

Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Expenses		
Bank charges and interest	114	-
Insurance	53,018	40,248
Program expense	148	-
Repairs and maintenance	1,530	599
Utilities	19,934	30,804
	74,744	71,651
Deficit	(74,744)	(71,651)

Deer Lake First Nation
Band Housing
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	1,424,132	902,464
Sioux Lookout Area Aboriginal Management Board	227,561	279,776
Canada Mortgage and Housing Corporation	198,160	57,555
Other revenue	76,664	406,452
Revenue deferred from prior year	353,000	168,272
Revenue deferred to subsequent year	-	(353,000)
	2,279,517	1,461,519
Expenses		
Bad debts	1,403	15,274
Bank charges and interest	1,402	1,535
Insurance	213,345	114,837
Other	-	1,933
Professional fees	20,006	9,975
Program expense	5,030	-
Repairs and maintenance	515,829	266,396
Salaries and benefits	513,592	607,228
Telephone	1,398	1,398
Travel	5,751	7,019
Utilities	1,789	650
	1,279,545	1,026,245
Surplus before transfers	999,972	435,274
Transfers between segments	(101,730)	(164,525)
Surplus	898,242	270,749

Deer Lake First Nation
Capital

Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Other revenue	586	460
Expenses		
Recovery debts	-	(9,724)
Surplus	586	10,184

Deer Lake First Nation
CMHC Housing
Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Canada Mortgage and Housing Corporation	259,291	260,789
Expenses		
Amortization	198,010	195,773
Bank charges and interest	297	287
Insurance	86,028	85,374
Interest on long-term debt	47,051	49,022
Professional fees	18,800	18,800
Repairs and maintenance	3,696	21,450
Utilities	-	14,850
	353,882	385,556
Deficit	(94,591)	(124,767)

Deer Lake First Nation
Deer Cable
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Sales	185,564	261,569
Expenses		
Bad debts	672	540
Bank charges and interest	1,677	420
Other	5,136	1,706
Professional fees	826	2,065
Program expense	75,122	147,088
Repairs and maintenance	-	65,944
Salaries and benefits	53,365	51,093
Supplies	84,321	30,518
Telephone	1,784	2,468
Travel	-	5,889
Utilities	4,903	1,610
	227,806	309,341
Deficit before transfers	(42,242)	(47,772)
Transfers between programs	-	15,000
Deficit	(42,242)	(32,772)

Deer Lake First Nation
Educational Services
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	7,066,910	5,353,218
Other revenue	792,632	939,588
Revenue deferred from prior year	413,349	619,366
Revenue deferred to subsequent year	(1,742,067)	(413,349)
	6,530,824	6,498,823
Expenses		
Bank charges and interest	3,456	3,761
Honouraria	85,200	82,630
Insurance	119,341	79,766
Interest on long-term debt	2,479	32,274
Other	62,915	126,296
Professional development	220,234	309,859
Professional fees	77,535	179,754
Program expense	624,826	716,814
Repairs and maintenance	407,869	395,641
Salaries and benefits	2,643,753	2,721,744
Supplies	45,171	100,801
Telephone	12,055	26,379
Training	95,375	1,382
Travel	124,881	83,882
Utilities	372,284	470,974
	4,897,374	5,331,957
Surplus before transfers	1,633,450	1,166,866
Transfers between segments	(86,774)	(75,089)
Surplus	1,546,676	1,091,777

Deer Lake First Nation
Economic Development
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	74,000	122,000
Expenses		
Other	2,490	75,477
Salaries and benefits	42,239	24,252
Travel	21,867	21,439
	66,596	121,168
Surplus before transfers	7,404	832
Transfers between segments	-	12,000
Surplus	7,404	12,832

Deer Lake First Nation
First Nations Management
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	585,884	951,958
Rent	250,329	218,923
Other revenue	197,201	304,211
	1,033,414	1,475,092
Expenses		
Amortization	5,244,373	4,797,326
Bad debts (recovery)	(67,188)	26,484
Bank charges and interest	12,256	17,539
Fuel	57,600	57,600
Honouraria	664,423	670,316
Insurance	20,203	20,951
Other	21,179	12,766
Professional fees	145,707	156,189
Program expense	2,950	6,764
Salaries and benefits	320,128	314,697
Telephone	38,308	32,160
Training	111,309	114,299
Travel	238,485	461,226
	6,809,733	6,688,317
Deficit before transfers	(5,776,319)	(5,213,225)
Transfers between segments	393,515	897,511
Deficit	(5,382,804)	(4,315,714)

Deer Lake First Nation
Health Services
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	3,513,949	3,240,716
Ministry of Health and Long Term Care	134,663	134,663
Other revenue	399,011	340,152
Revenue deferred from prior year	73,264	300,200
Revenue deferred to subsequent year	(492,869)	(73,264)
	3,628,018	3,942,467
Expenses		
Bad debts (recovery)	-	270
Bank charges and interest	1,158	1,267
Honouraria	61,622	51,070
Insurance	26,714	20,392
Other	16,858	45,110
Professional fees	90,599	79,821
Program expense	421,445	431,494
Repairs and maintenance	135,814	113,241
Salaries and benefits	1,881,316	1,687,485
Supplies	158,604	318,118
Telephone	37,737	33,109
Training	225,320	194,476
Travel	135,070	336,266
Utilities	81,154	78,897
Youth activities	28,745	35,322
	3,302,156	3,426,338
Surplus before transfers	325,862	516,129
Transfers between segments	(22,042)	(246,530)
Surplus	303,820	269,599

Deer Lake First Nation
Ontario First Nations Limited Partnership
Schedule 13 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Ontario First Nations Limited Partnership	1,334,491	1,542,636
Expenses		
Bank charges and interest	501	249
Social assistance	890,910	772,885
Travel	36,533	42,254
Youth activities	323,547	212,702
	1,251,491	1,028,090
Surplus before transfers	83,000	514,546
Transfers between segments	(83,000)	(514,546)
Surplus	-	-

Deer Lake First Nation
Operating Programs
Schedule 14 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	1,026,298	50,000
Rent	322,121	282,027
Other revenue	422,422	415,887
Revenue deferred from prior year	42,650	-
Revenue deferred to subsequent year	(431,747)	(42,650)
	1,381,744	705,264
Expenses		
Bank charges and interest	115	255
Insurance	11,190	11,897
Interest on long-term debt	-	16,983
Other	11,669	26,829
Professional fees	46,827	10,500
Repairs and maintenance	526,622	243
Salaries and benefits	354,717	259,849
Telephone	1,896	2,925
Travel	9,011	12,504
Utilities	20,319	31,733
Youth activities	5,518	2,000
	987,884	375,718
Surplus before transfers	393,860	329,546
Transfers between segments	(187,281)	2,000
Surplus	206,579	331,546

Deer Lake First Nation
Public Works
Schedule 15 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	2,376,168	1,872,960
Other revenue	254,990	225,669
Revenue deferred from prior year	-	560,223
Revenue deferred to subsequent year	(268,374)	-
	2,362,784	2,658,852
Expenses		
Bad debts	-	62,531
Bank charges and interest	1,807	2,945
Fuel	490,698	344,328
Insurance	44,230	113,613
Interest on long-term debt	10,786	1,482
Other	15,732	61,838
Professional fees	38,020	16,300
Repairs and maintenance	233,916	434,545
Salaries and benefits	889,269	869,805
Supplies	10,735	44,137
Utilities	318,293	341,284
	2,053,486	2,292,808
Surplus before transfers	309,298	366,044
Transfers between segments	65,270	41,038
Surplus	374,568	407,082

Deer Lake First Nation
Social Services
Schedule 16 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	642,020	811,213
Ministry of Community and Social Services	2,507,102	2,586,539
Other revenue	20,344	3,786
Revenue deferred from prior year	97,334	37,517
Revenue deferred to subsequent year	(108,524)	(97,334)
	3,158,276	3,341,721
Expenses		
Bank charges and interest	4,104	5,648
Other	14,496	52,928
Professional fees	26,075	25,173
Program expense	298,081	338,435
Salaries and benefits	685,468	897,656
Social assistance	2,148,688	1,998,429
Telephone	12,941	22,292
Training	28,517	30,459
Travel	94,002	44,942
	3,312,372	3,415,962
Deficit before transfers	(154,096)	(74,241)
Transfers between segments	22,042	33,141
Deficit	(132,054)	(41,100)