

**PEGUIS FIRST NATION**

**Consolidated Financial Statements**  
**For the year ended March 31, 2021**

# **PEGUIS FIRST NATION**

## **Consolidated Financial Statements For the year ended March 31, 2021**

---

### **Contents**

<b>Management's Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Debt	9
Consolidated Statement of Cash Flows	10
Notes to Consolidated Financial Statements	11

---

## **Management's Responsibility for Financial Reporting**

---

The accompanying consolidated financial statements of Peguis First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Peguis First Nation. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depend on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The Peguis First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

BDO Canada LLP, Chartered Professional Accountants, as the First Nation's appointed external auditor, has audited the consolidated financial statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. The opinion is based upon an examination conducted in accordance with Canadian auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the First Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.

  
\_\_\_\_\_  
Chief Glenn Hudson

---

## Independent Auditor's Report

---

To the Members of Peguis First Nation

### Qualified Opinion

We have audited the accompanying consolidated financial statements of Peguis First Nation and its components ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of matters described in the Bases for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Peguis First Nation as at March 31, 2021 and the results of its operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Bases for Qualified Opinion

We were unable to obtain a third party confirmation to provide sufficient and appropriate evidence to support the existence and completeness of demand debt owing by the First Nation (Note 8). Therefore, we were not able to determine whether any adjustments might be necessary to interest expense, annual surplus, cash flows from operations for the year ended March 31, 2021, and demand debt, net debt and accumulated surplus as at March 31, 2021.

The First Nation submitted claims and has funding disputes for flood expenditures in the amount of \$4,415,502 (\$5,915,501 in 2020) (Note 6), the valuation and collectibility of which is not susceptible of satisfactory audit verification as at the year end. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the First Nation and claimed to the funders. Therefore, we were not able to determine whether any adjustments might be necessary to other revenues, annual deficit, and cash flows from operations for the years ended March 31, 2021 and 2020, financial assets as at March 31, 2021 and 2020, and accumulated surplus as at March 31, 2021 and 2020. Our audit opinion on the consolidated financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

During the past few years, the First Nation has debt financed and loaned funds for investments to its affiliates, Chief Peguis Investment Corporation, Peguis Development Corporation and Chief Peguis Investment Trust in the amount of \$24,462,550 (Note 5 and Note 7). We were unable to obtain sufficient appropriate audit evidence over the recoverable value or completeness of these loans. Therefore, we were not able to determine whether any adjustments might be necessary to valuation impairment expenses, annual surplus, and cash flows from operations for the year ended March 31, 2021, accounts receivable, investments and financial assets as at March 31, 2021, and accumulated surplus as at March 31, 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

The First Nation has affiliates and contractors who manage construction contracts for their interests. The account payables related to these construction projects is not susceptible to satisfactory audit verification. We were unable to obtain sufficient appropriate audit evidence over the completeness of accounts payable. Therefore, we were not able to determine whether any adjustments might be necessary to expenses, annual surplus, cash flows from operations for the year ended March 31, 2021, accounts payable, net debt and tangible capital assets and accumulated surplus as at March 31, 2021. Our opinion for the year ended March 31, 2020 was modified accordingly.

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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 3 to the financial statements which indicates that management has assessed that the First Nation's debt servicing requirements and level of third party debt indicate the existence of a material uncertainty that may cast doubt about the First Nation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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.

*BDO Canada LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
October 15, 2021

**PEGUIS FIRST NATION**  
**Consolidated Statement of Financial Position**

March 31	2021	2020
<b>Financial Assets</b>		
Cash and bank	\$ 6,322,621	\$ 7,020,877
Restricted cash (Note 4)	6,089,464	1,993,044
Accounts receivable (Notes 5)	28,565,869	21,062,283
Due from government and government organizations (Note 6)	5,669,513	12,194,281
Long-term investments (Note 7)	1,183,599	1,183,599
	<hr/> <b>47,831,066</b>	<hr/> 43,454,084
<b>Liabilities</b>		
Demand loans (Note 8)	136,398,142	122,727,910
Accounts payable (Note 9)	9,149,346	10,621,140
Accrued termination entitlement (Note 10)	2,427,921	2,486,851
Unexpended funding (Note 11)	11,393,508	8,819,969
Long-term debt (Note 12)	10,331,978	9,123,125
	<hr/> <b>169,700,895</b>	<hr/> 153,778,995
<b>Net debt</b>	<hr/> <b>(121,869,829)</b>	<hr/> (110,324,911)
<b>Non-financial Assets</b>		
Tangible capital assets (Note 13)	157,370,038	151,902,814
Inventories	17,258	41,732
Prepaid expenses	346,789	39,986
	<hr/> <b>157,734,085</b>	<hr/> 151,984,532
<b>Accumulated surplus (Note 14)</b>	<hr/> <b>\$ 35,864,256</b>	<hr/> \$ 41,659,621
<b>Commitments and contingencies (Note 16)</b>		

Approved by the First Nation:



Chief

Councillor



Councillor

Councillor



Councillor



Councillor



Councillor

**PEGUIS FIRST NATION**  
**Consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>		
First Peoples Development Inc.	\$ 1,553,466	\$ 2,307,514
Gaming revenue	3,580,000	805,641
Federal Government Transfers - Operating (Note 15)	48,322,926	72,020,872
Federal Government Transfers - Capital (Note 15)	10,638,502	5,907,180
Provincial Government Transfers		
- Operating (Note 15)	400,000	987,130
Rental and tuition recoveries	-	1,210,466
Other income (Note 17)	14,237,760	9,634,483
	<b>78,732,654</b>	<b>92,873,286</b>
	<b>78,732,654</b>	<b>95,228,241</b>
<b>Expenses</b>		
Social Services	6,869,396	7,882,951
School Operations	7,563,572	5,349,600
Band Administration	6,609,229	29,402,007
PHP, PS and Special Programs	3,768,102	5,327,100
VLT Operation o/a Peguis Gaming Commission	3,823,879	748,792
Medical Services Set Programs	4,901,669	4,287,092
Medical Services Flexible Funding Model	1,887,123	4,972,250
Set Funded Programs - Education	2,863,539	4,552,538
Capital Housing	2,619,097	2,090,528
Tobacco Tax	-	384,965
Treaty Committee	2,620,395	1,078,945
Training and Employment	1,553,466	2,920,291
Personal Care Home	2,683,712	2,469,275
AI-Care Treatment Centre	1,788,851	1,718,492
Roads and Public Works	3,044,700	1,731,050
Plant and Teacherages	1,750,490	1,391,330
Student Transportation	1,645,022	1,162,595
Emergency Operations Centre	-	539,050
TLE Office	420,054	859,795
Set Funded Programs - Band	1,179,938	681,368
Fisher Ambulance Service	645,895	701,964
Institutional Care - Type 1	-	108,363
CMHC Projects	562,030	1,585,212
Lands and Membership	314,927	289,078
Sump Pump	-	59,950
Elders Gathering	-	-
Fire Hall	-	89,161
Cultural	-	209,774
Community Services	83,280	1,526,028
Summer Work Experience	-	79,557
Skills Link	-	-
Radio Payroll	-	87,335
Policing and Security	-	75,764
Women's Project	-	-
Traditional Health - Trust	-	-
Elderly Persons Home	-	55,176
Housing	-	-
Financing Initiative	13,092,395	-
Economic Development	384,000	-

**PEGUIS FIRST NATION**  
**Consolidated Statement of Operations (continued)**

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>
PIPD	-	60,000
Map and Prevention	-	48,000
Construction of Multi-Units	-	40,495
S500 and S501 Projects	-	402,354
Own Source development	-	4,751,658
Red Eagle Bingo Committee	-	317,894
PFN Environmental Training	-	-
Community Garden	-	(3,743)
Housing 6 Plex	-	30,469
Rights to Water	-	1,924
Capacity planning	-	6,970
Plishka	-	33,913
Renovation Project	-	22,504
Elders Preconstruction - Enbridge	-	423,730
HRV	-	1,095
Severe Weather Emergency	-	43,100
Community Well Being	-	2,370,075
Hometown Hockey	-	234,913
COVID 19	-	8,316
	<b>5,570,025</b>	264,921
	<b>72,674,761</b>	-
<b>Annual surplus (deficit)</b>	<b>\$ 6,057,893</b>	101,264,672
<b>Accumulated surplus, beginning of year</b>	<b>41,659,621</b>	(6,036,431)
<b>Accumulated surplus, end of year</b>	<b>\$ 35,864,256</b>	<b>\$ 41,659,621</b>

**PEGUIS FIRST NATION**  
**Consolidated Statement of Changes in Net Debt**

<u>For the year ended March 31</u>	<u>2021</u>	<u>2020</u>
	<u>Budget</u>	<u>Actual</u>
<b>Annual surplus (deficit)</b>	<b>\$ 6,057,893</b>	<b>\$ (5,795,365)</b>
<b>Acquisition of tangible capital assets</b>	<b>(10,638,502)</b>	<b>(10,621,491)</b>
<b>Inventories</b>	<b>-</b>	<b>24,474</b>
<b>Prepaid expenses</b>	<b>-</b>	<b>(306,803)</b>
<b>Amortization of tangible capital assets</b>	<b>4,152,161</b>	<b>5,154,267</b>
<b>Increase in net debt</b>	<b>\$ (428,448)</b>	<b>(11,544,918)</b>
<b>Net debt, beginning of year</b>		<b>(110,324,911)</b>
<b>Net debt, end of year</b>		<b>\$ (121,869,829)</b>
		<b>\$ (110,324,911)</b>

**PEGUIS FIRST NATION**  
**Consolidated Statement of Cash Flows**

For the year ended March 31	2021	2020
-----------------------------	------	------

**Net Inflow (Outflow) of Cash Related to the Following Activities:**

**Operating Activities**

Annual deficit	\$ (5,795,365)	\$ (6,036,431)
Adjustments for items not affecting cash	5,154,267	4,837,607
Amortization of capital assets	(641,098)	(1,198,824)
Net change in non-cash working capital balances (Note 18)	(218,332)	(1,527,648)
Cash used in operating activities	<u>(859,430)</u>	<u>(2,726,472)</u>

**Capital Activities**

Purchase of capital assets	<u>(10,621,491)</u>	<u>(25,947,665)</u>
----------------------------	---------------------	---------------------

**Investing Activities**

Investment acquisition	-	(113,625)
------------------------	---	-----------

**Financing Activities**

Demand and long term loan proceeds	24,699,606	32,918,337
Long-term debt repayment	(9,820,521)	(753,872)
Cash provided by financing activities	<u>14,879,085</u>	<u>32,164,465</u>

**Increase in cash and bank**

3,398,164	3,376,703
-----------	-----------

**Cash and bank, beginning of year**

9,016,921	5,640,218
-----------	-----------

**Cash and bank, end of year**

<u>\$ 12,415,085</u>	<u>\$ 9,016,921</u>
----------------------	---------------------

**Represented by**

Cash and bank	\$ 6,322,621	\$ 7,020,877
Restricted cash	6,089,464	1,993,044
	<u>\$ 12,412,085</u>	<u>\$ 9,013,921</u>

**Supplementary Information**

Interest paid	\$ 2,881,145	\$ 106,749
---------------	--------------	------------

---

# PEGUIS FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

### 1. Summary of Significant Accounting Policies

#### a) Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

#### b) Basis of Consolidation

The Peguis First Nation reporting entity includes the Peguis First Nation government and all related entities which are accountable to Peguis First Nation and are either owned or controlled by Peguis First Nation.

These financial statements consolidate the assets, liabilities and results of operations for Peguis First Nation and use accounting standards which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific segment, transactions amongst programs have been eliminated on the segment disclosures separately.

The following entities' results of operations are included in these financial statements under the full consolidation method:

#### Unincorporated Departments

Peguis School Board  
Peguis Health Services  
Peguis Training and Employment  
Peguis Gaming Commission  
Peguis Treaty Committee  
Peguis Recreation Committee  
Peguis Arena Committee  
Peguis TLE Implementation Office

#### Subsidiaries and Incorporated Non-Profits (100% owned/controlled)

Peguis Senior Centre Inc.  
Fisher Ambulance Service Ltd.  
Peguis Al-Care Treatment Centre Board of Directors Inc.  
6223291 Manitoba Ltd.  
6780734 Manitoba Ltd.  
Peguis Housing Authority Inc.  
CP Industries Limited Partnership  
Chief Peguis One Stop Limited Partnership  
Chief Peguis Pharmacy Limited Partnership  
The Tobacco Store Limited Partnership  
Selkirk One Stop Limited Partnership

---

# PEGUIS FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

### **1. Summary of Significant Accounting Policies (continued)**

#### **c) Investments**

Investments in loans and portfolio investments are initially recorded at cost. Valuation allowances are used to reflect loans receivable at the lower of cost and net recoverable value.

#### **d) Revenue Recognition**

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

Government transfers are the transfer of assets that are recognized and released by the payor government and are not representative of the full benefit of the recipient government's treaty entitlements. Government transfers are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### **e) Tangible Capital Assets**

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at purchased fair value at the time of the contribution, with a corresponding amount recorded as revenue. Crown lands received by Treaty Land Entitlement process are not recorded unless these are purchased by the First Nation.

Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	5% straight-line basis
Buildings	20 to 40 years straight-line basis
Equipment	6 % to 20% straight-line basis
Automotive	20% straight-line basis

---

# PEGUIS FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

### **1. Summary of Significant Accounting Policies (continued)**

#### **f) Measurement Uncertainty**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Measurement uncertainty exists specifically in the determination of accounts receivable, loans receivable and long-term investments, useful life capital assets, termination entitlements and unexpended funding. The recovery of eligible costs and reconciliation of funding provided for emergency flood operations and other restricted funding is dependent upon future events.

#### **g) Employee Future Benefits**

The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.

The First Nation also offers termination benefits to its employees upon voluntary or involuntary termination of employment. The liability for this plan is determined using the projected benefit method and based on best estimate assumptions based on the employees' projected tenure and salary. The First Nation's expense is recorded as the change in the liability for the year.

#### **h) Restricted Cash**

Restricted cash balances represent assets segregated for use for replacement reserves in accordance with CMHC and FNIHB operating agreements. Restricted cash includes trust funds held by ISC and legal counsel and cash held as security for long term debt.

#### **i) Liability for Contaminated Sites**

Liabilities for remediation of a contaminated site are 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. At each financial reporting date, the First Nation reviews the carrying amount of any liability and remeasures.

#### **j) Provision for Losses on Loan Guarantees**

A provision for losses on loan guarantees is recorded when it is determined that the loss is likely and the amount of the provision can be estimated. The provision is reviewed on an ongoing basis and changes in the provision are recorded as expense in the year they become known.

---

# PEGUIS FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

### **2. Nature of Entity**

The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of First Nation members of Peguis First Nation. The First Nation provides services such as fire, ambulance, public works, community planning, parks and recreation, library and other general government operations. These financial statements do not include the Peguis First Nation TLE Trust, Peguis First Nation Surrender Trust and Chief Peguis Investment Trust (CPIT).

### **3. Going Concern Uncertainty**

The First Nation has financed significant investments and other operating costs for its affiliates in the past several years. As at March 31, 2021, the First Nation's demand debt related to these investments total \$136,072,762 including accrued interest calculated at prime plus 11% (13.95% effective rate). During 2021, the servicing requirement for the demand debt was modified to temporarily reduce interest payments to \$300,000 a month if the community is under a state of emergency. During this modification, unpaid interest continues to accrue at the initial interest rate and principal repayment has been deferred. The loan facilities mature and are payable in full on the earliest of: (i) June 30, 2021; (ii) a default under the agreement or (iii) demand by the lender in partial or full demand. The burden of the interest rate and the potential necessity to repay the lender on demand at any time may impact the First Nation's ability to fulfill its financial and fiduciary obligations. Subsequent to year end, the parties are continuing to try and resolve the matter amicably and no litigation has been threatened or commenced on the loan repayment.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a pandemic resulting in economic uncertainties impacting the First Nation. As the impacts of COVID-19 continue, there could be further impact on the First Nation, its members, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the First Nation's assets and future ability to deliver services and projects. While the First Nation is confident that essential services will continue to be delivered and it will continue as a going concern, it is unknown if the return from investments or repayments of loans from affiliates will enable the First Nation to fulfill its debt obligations.

The First Nation's ability to continue delivering non-essential services and employ related staff, will depend on the funding available from its various government funders and also on its ability to generate sufficient returns from its business investments and on the successful negotiation with a new lender for long term credit facilities. The First Nation will continue to focus on managing its cashflows and leveraging existing cash reserves and available credit facilities to ensure it is able to continue providing essential services to its members and will renegotiate the debt obligations with its lenders.

---

## PEGUIS FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

#### **4. Restricted Cash**

Restricted cash and cash equivalents includes funds restricted by agreements with funders. Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$55,933 (\$55,933 in 2020) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

	<b>2021</b>	<b>2020</b>
Externally Restricted Reserves		
BMO treasury accounts for housing (i)	\$ 4,864	\$ 4,914
PEM Hospital	1,625,097	723,917
CMHC operating, replacement and Rapid Housing account	4,457,532	1,262,242
ISC Trust (ii)	<u>1,971</u>	<u>1,971</u>
	<b>\$ 6,089,464</b>	<b>\$ 1,993,044</b>

##### **(i) BMO Treasury Accounts for Housing**

Under the terms of the Funding direction with the Peguis Surrender Trust, \$3,500,000 was to be placed into a treasury account for future project development. These funds have been utilized to enhance housing projects.

##### **(ii) ISC Funds Held in Trust**

The restricted cash balance contains the surplus of monies held in trust for Peguis First Nation by the Department of Indigenous Services Canada. The change in the trust balance during the year was as follows:

	<b>2021</b>	<b>2020</b>
Trust balance, beginning of year	\$ 1,971	\$ 1,409
Interest earned and fees	-	562
Trust balance, end of year	<b>\$ 1,971</b>	<b>\$ 1,971</b>

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**5. Accounts Receivable**

	<b>2021</b>	<b>2020</b>
Accounts receivable - trade	\$ 6,461,224	\$ 3,735,795
Advances and loans receivable	224,471	398,819
Other receivables	75,838	47,802
Due from related parties, net	2,299,568	1,653,703
Due from Chief Peguis Investment Corp (CPIC)	24,300,026	19,081,069
Allowance for doubtful accounts - CPIC	(2,045,162)	(2,045,162)
Allowance for doubtful accounts	<u>(2,750,096)</u>	<u>(1,809,743)</u>
	<b>\$ 28,565,869</b>	<b>\$ 21,062,283</b>

The amount due from CPIC represents loans receivable which are unsecured, non-interest bearing and have no specific terms of repayment.

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

	<b>2021</b>	<b>2020</b>
GST receivable	\$ 396,125	\$ 388,045
Indigenous Services Canada		
Current funding received after year-end	806,680	6,934,466
Kapyong court costs	-	456,268
Province of Manitoba tobacco tax rebates	501,206	-
Flooding receivables	10,965,502	11,415,502
Allowance for doubtful accounts	<u>(7,000,000)</u>	<u>(7,000,000)</u>
	<b>\$ 5,669,513</b>	<b>\$ 12,194,281</b>

**7. Long-term Investments**

The investment balance reported represents the investments in loans:

	<b>2021</b>	<b>2020</b>
Loans Receivable from CPIT		
Demand promissory notes receivable in arrears, unsecured, non-interest bearing (originally repayable upon demand in 24 monthly instalments of principal).	\$ 1,069,974	\$ 1,069,974
Investments		
Missinippi Rail Limited Partnership	50,002	50,002
Aseneskak Casino Limited Partnership	50,013	50,013
Aseneskak Company Inc. Class A Common Shares	13,607	13,607
CP Industries Limited Partnership	1	1
Chief Peguis One Stop Limited Partnership	1	1
Chief Peguis Pharmacy Limited Partnership	<u>1</u>	<u>1</u>
	<b>\$ 1,183,599</b>	<b>\$ 1,183,599</b>

# PEGUIS FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

### **7. Long-term Investments (continued)**

The loans receivable is related to three businesses: Peguis Hardware LP, Peguis Foods LP, and Peguis Midway LP that were sold to Chief Peguis Investment Trust in 2014 for the sum of \$1,600,000 in aggregate. The original loan amount was demanded in previous years resulting in partial repayment prior to 2020.

### **8. Demand Loans**

	<b>2021</b>	<b>2020</b>
Royal Bank of Canada demand housing loan	\$ 325,380	\$ 348,685
Bridging Finance Inc., including accrued interest	<u>136,072,762</u>	<u>122,379,225</u>
	<b><u>\$136,398,142</u></b>	<b><u>\$122,727,910</u></b>

The Royal Bank of Canada bank overdrafts and demand facilities are due on demand and bear interest at 1.43% (2.70% in 2020). They are secured by a Directional Payment Agreement acknowledged by the Federal Government agencies covering all funding.

The Bridging Finance Inc. demand loan is due on demand and bears interest at the Bank of Montreal Prime Rate plus 11%. The facility may be prepaid in full or partially at any time. The demand loan is secured by a general security agreement, registered mortgages on land, assignment of leases and rents, assignment of all property and perils insurance.

In June 2020 the servicing requirement of the loan was modified to temporarily reduce interest payments to \$300,000 a month while the community is under state of emergency. During the modification, unpaid interest continues to accrue at the initial interest rate and principal repayment has been deferred. The loan facilities mature and are payable in full on the earliest of: (i) June 30, 2021; (ii) a default under loan agreement or (iii) demand by the lender in partial or full demand. Subsequent to year end, the parties are continuing to try and resolve the matter amicably and no litigation has been threatened or commenced on the loan repayment.

### **9. Accounts Payable**

	<b>2021</b>	<b>2020</b>
Accounts payable - trade	\$ 2,067,481	\$ 1,882,409
Accrued expenses	5,978,051	6,070,909
Holback payable	(619,536)	1,075,892
Group insurance payable	88,128	14,095
Pension payable	53,696	72,860
Salaries and wages payable	292,049	184,275
Mortgage guarantee provision (Note 16)	1,202,966	1,202,966
Government remittances	<u>86,511</u>	<u>117,734</u>
	<b><u>\$ 9,149,346</u></b>	<b><u>\$ 10,621,140</u></b>

---

## PEGUIS FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

#### **10. Employee Future Benefits**

##### Accrued Termination Entitlement

Accrued termination obligations are based on an actuarial valuation as at March 31, 2021.

The First Nation's contractual commitment for the termination entitlement for employees is to pay out 1 week of salary for each year of service upon voluntary or involuntary termination of employment, if the employee has full-time status of employment and has completed one full year of service, subject to certain maximum entitlements.

The significant actuarial assumptions adopted in measuring the First Nation's accrued termination entitlement include actual periods of service, including fractional years and projected salaries to the date of termination. Significant assumptions include a discount rate of 5.0% (5.0% in 2020), a rate of salary increase of 4.5% (4.5% in 2020) plus an age related merit/promotion scale, probability of termination and retirement.

An analysis of the changes in the employee benefits payable is as follows:

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	<b>\$ 2,486,851</b>	\$ 2,059,198
Net increase (decrease) in termination entitlements	<b>(58,930)</b>	427,653
Balance, end of year	<b>\$ 2,427,921</b>	\$ 2,486,851

##### Pension Plan

The expense for the First Nation's pension plan for the year was \$799,502 (\$894,798 in 2020). The plan is funded equally by the First Nation and the First Nation's employees at rates of 5.0% to 5.5% of the employee's salaries. The funds are invested in mutual funds as directed by the First Nation's individual employees' investment directives.

#### **11. Unexpended Funding**

The unexpended funding balance represents funding advances provided to Peguis First Nation by the Department of Indigenous and Services Canada and the Government of Canada and other sources.

	<b>2021</b>	<b>2020</b>
Deferred revenue - opening	<b>\$ 8,819,969</b>	\$ 10,593,511
Add: Current deferral	<b>27,506,983</b>	8,559,453
Less: Deferred revenue recognized	<b>(24,933,444)</b>	(10,332,995)
Deferred revenue - ending	<b>\$ 11,393,508</b>	\$ 8,819,969

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**11. Unexpended Funding (continued)**

The balance of deferred revenue consists of the following:

	<b>2021</b>	<b>2020</b>
Indigenous Services Canada		
Business Planning	\$ -	\$ 62,823
NTR3 Recovery	- -	89,050
Natural Resources Canada	- -	18,000
Water Treatment Plant	- -	18,239
Trust Funding from Lands Management	- -	45,000
Community Well Being	- -	956,381
Infrastructure Construction - Landfill	- -	376,250
Housing Capacity Development	- -	145,500
Capital Investments	- -	147,000
Halted Funds for Band	- -	664,607
Community Involvement Capacity	- -	29,225
Emergency Income Assistance	- -	180,021
Emergency Household Cleaning Supplies	- -	123,875
Emergency General Support	- -	119,222
Community Support Readiness	- -	163,863
MacPherson Bridge Project	- -	170,000
Lands Designation	- -	56,502
2014 Flood Repairs Project	1,050,000	1,500,000
COVID-19 Funding	- -	180,023
Response 2019 Flood Preparedness	- -	862,860
Skill Link	232,193	- -
Health Canada		
Trust Capital Funding	- -	192,500
Percy E. Moore Hospital and Renovation	1,660,503	639,439
Capital Investments	1,000,000	- -
Client Insured Service	167,390	- -
Admin	22,879	- -
Climate Change & Health Adaptation	90,000	- -
Other		
Peguis Senior Centre	136,802	- -
Septic Buddy Installation	116,858	- -
Training & Employment	1,726,673	634,916
Peguis AI-Care Treatment Centre	906,453	387,854
Trust monies - Community Services	415,170	823,992
Trust monies - Housing	- -	226,480
Peguis School Board	- -	6,347
Rapid Housing CMHC	3,868,587	- -
	<b>\$ 11,393,508</b>	<b>\$ 8,819,969</b>

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**12. Long-term Debt**

	<b>2021</b>	<b>2020</b>
CMHC mortgage payable at 1.86%, due January 2029, monthly payments of \$7,539 principal and interest, secured by an ISC Ministerial Guarantee, a CMHC loan agreement and an assignment of fire insurance.	\$ 659,135	\$ 736,633
CMHC mortgage payable at 0.32%, due February 2031, monthly payments of \$6,688 principal and interest, secured by an ISC Ministerial Guarantee, a CMHC loan agreement and an assignment of fire insurance.	783,240	858,190
Demand mortgage payable repaid in the fiscal year.	-	28,366
CMHC mortgage payable at 1.87%, due May 2034, monthly payments of \$10,808 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and an assignment of fire insurance.	1,513,302	1,613,849
\$100,000 advance provided by CMHC as Proposal Development Funding for constructing a new affordable personal care home on the Peguis First Nation.	99,862	99,862
Mortgage payable at 1.84%, due August 2032, monthly payments of \$4,128 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	509,919	549,735
CMHC mortgage payable at 0.45%, due December 2040, monthly payments of \$4,945 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and an assignment of fire insurance.	1,121,130	1,171,788
Mortgage payable at 0.00%, due September 2038, one time balloon payment of \$7,000,000 due at maturity. Secured by a mortgage on land. Recorded at initial present value and remeasured annually.	2,390,771	2,252,258
School bus loan payable at 7.99%, due February 2023, monthly payments of \$570.46 principal and interest.	26,841	39,449
Carried forward	<b>\$ 7,104,200</b>	<b>\$ 7,350,130</b>

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**12. Long-term Debt (continued)**

	<b>2021</b>	<b>2020</b>
Brought forward	\$ 7,104,200	\$ 7,350,130
Vehicle loan repaid in the fiscal year.	-	26,804
School bus loan payable at 5.00%, due February 2022, monthly payments of \$3,576.67 principal and interest.	71,673	104,400
School bus loan payable 5.50%, due February 2025, monthly payments of \$3,286.94 principal and interest.	135,506	172,100
Vehicle loans and leases payable with interest ranging from 7.40% to 5.50%, due at various time between August 2021 and October 2025, monthly payments ranging from \$658.79 to \$3,335.91 principal and interest	3,020,599	1,396,257
Vehicle loans and leases payable with interest at 7.50% paid in full as at March 31, 2021.	-	73,434
	<hr/> <b>\$ 10,331,978</b>	<hr/> <b>\$ 9,123,125</b>
Interest expense for the year on long-term debt	<hr/> <b>\$ 103,119</b>	<hr/> <b>\$ 94,806</b>

The future minimum payments for the next five years and thereafter assuming callable debt is not demanded are:

2022	\$ 1,400,993
2023	1,357,757
2024	946,484
2025	756,586
2026	500,235
Thereafter	<hr/> 5,369,923
	<hr/> <b>\$ 10,331,978</b>

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**13. Tangible Capital Assets**

Included in capital assets is a total of \$56,864,458 of assets under construction. These capital assets will be amortized once they are in use.

**2021**

	<b>Land and Infrastructure</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Automotive</b>	<b>Total</b>
Cost, beginning of year	\$ 54,863,954	\$ 150,834,270	\$ 5,370,963	\$ 13,217,868	\$ 224,287,055
Additions	868,589	5,621,897	828,461	3,302,544	10,621,491
Cost, end of year	<u>55,732,543</u>	<u>156,456,167</u>	<u>6,199,424</u>	<u>16,520,412</u>	<u>234,908,546</u>
Accumulated amortization, beginning of year	(17,053,569)	(41,035,572)	(5,031,452)	(9,263,648)	(72,384,241)
Amortization	(146,814)	(3,622,361)	(82,611)	(1,302,481)	(5,154,267)
Accumulated amortization, end of year	<u>(17,200,383)</u>	<u>(44,657,933)</u>	<u>(5,114,063)</u>	<u>(10,566,129)</u>	<u>(77,538,508)</u>
Net carrying amount, end of year	<u>\$ 38,532,160</u>	<u>\$ 111,798,234</u>	<u>\$ 1,085,361</u>	<u>\$ 5,954,283</u>	<u>\$ 157,370,038</u>

**2020**

	<b>Land and Infrastructure</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Automotive</b>	<b>Total</b>
Cost, beginning of year	\$ 48,188,465	\$ 133,356,271	\$ 5,010,044	\$ 11,784,610	\$ 198,339,390
Additions	6,675,489	17,477,999	360,919	1,433,258	25,947,665
Cost, end of year	<u>54,863,954</u>	<u>150,834,270</u>	<u>5,370,963</u>	<u>13,217,868</u>	<u>224,287,055</u>
Accumulated amortization, beginning of year	(16,764,204)	(37,823,061)	(4,737,946)	(8,221,423)	(67,546,634)
Amortization	(289,365)	(3,212,511)	(293,506)	(1,042,225)	(4,837,607)
Accumulated amortization, end of year	<u>(17,053,569)</u>	<u>(41,035,572)</u>	<u>(5,031,452)</u>	<u>(9,263,648)</u>	<u>(72,384,241)</u>
Net carrying amount, end of year	<u>\$ 37,810,385</u>	<u>\$ 109,798,698</u>	<u>\$ 339,511</u>	<u>\$ 3,954,220</u>	<u>\$ 151,902,814</u>

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**14. Accumulated Surplus**

The First Nation segregates its accumulated surplus in the following categories:

	<b>2021</b>	<b>2020</b>
Investment in tangible capital assets	\$ 147,038,060	\$ 142,779,689
Current funds	(111,708,064)	(101,591,109)
Replacement Reserve funds		
CMHC	534,260	486,526
Health Canada MAR	-	(15,485)
	<b>\$ 35,864,256</b>	<b>\$ 41,659,621</b>

Replacement Reserves	CMHC	<b>FNIHB</b>		2021	2020
		MAR	2021		
Balance, beginning of year	\$ 486,526	\$ (15,485)	\$ 471,041	\$ 499,550	
Allocations	49,183	25,323	74,506	85,592	
Adjustment to reserves	-	15,485	15,485	-	
Expenses	<u>(1,449)</u>	<u>(25,323)</u>	<u>(26,772)</u>	<u>(114,101)</u>	
Balance, end of year	<b>\$ 534,260</b>	-	<b>\$ 534,260</b>	\$ 471,041	

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation (CMHC).

**15. Government Transfers**

	<b>2021</b>			<b>2020</b>		
	Operating	Capital	Total	Operating	Capital	Total
<b>Federal Government Transfers</b>						
ISC	\$ 60,074,197	\$ 5,907,180	\$ 65,981,377	\$ 45,358,741	\$ 9,100,000	\$ 54,458,741
Health Canada	11,494,642	-	11,494,642	10,185,976	-	10,185,976
CMHC	384,833	-	384,833	423,107	-	423,107
RCMP Housing	67,200	-	67,200	67,200	-	67,200
	<b>72,020,872</b>	<b>5,907,180</b>	<b>77,928,052</b>	56,035,024	9,100,000	65,135,024
<b>Provincial government transfers</b>						
	<b>987,130</b>	-	<b>987,130</b>	1,716,934	-	1,716,934
	<b>\$ 73,008,002</b>	<b>\$ 5,907,180</b>	<b>\$ 78,915,182</b>	\$ 57,751,958	\$ 9,100,000	\$ 66,851,958

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**15. Government Transfers (continued)**

Indigenous Services Canada (ISC) Revenue Reconciliation

	<b>2021</b>	<b>2020</b>
ISC cash release confirmation	\$ 60,970,712	\$ 51,712,397
Plus: Prior year deferral of Trust funding land management	45,000	-
Plus: Prior year deferral of Economic Development	62,823	-
Plus: Prior year deferral of Recovery - Flood	40,350	-
Plus: Prior year deferral of Recovery - Road Inspection	48,700	-
Plus: Prior year deferral of Natural Resources Canada	18,000	-
Plus: Prior year deferral of Housing Capacity Development	145,500	-
Plus: Prior year deferral of Landfill	376,250	-
Plus: Prior year deferral of Helipad	75,000	-
Plus: Prior year deferral of Capital Investment	72,000	-
Plus: Prior year deferral of Halted Funds	483,108	-
Plus: Prior year deferral of Community Involvement Capacity	29,225	-
Plus: Prior year deferral of Emergency Income Assistance	180,021	-
Plus: Prior year deferral of Emergency Household Cleaning	123,875	-
Plus: Prior year deferral of Emergency General Support	119,222	-
Plus: Prior year deferral of Community Support Readiness	163,863	-
Plus: Prior year deferral of MacPherson Bridge Project	170,000	-
Plus: Prior year deferral of Land Designation	56,502	-
Plus: Prior year deferral of COVID 19	180,023	-
Plus: Prior year deferral of Response 2019 Flood Preparedness	862,860	-
Plus: Prior year deferral of Water Treatment Plant	18,239	4,161,365
Plus: Prior year deferral of Housing Renovations	-	400,000
Plus: Prior year deferral of Cost Sharing	-	93,575
Plus: Prior year deferral of Electrical Systems	-	43,100
Plus: Prior year deferral of Community Well Being	956,381	801,384
Plus: Prior year deferral of Flood Repairs Project	450,000	-
Plus: Prior year deferral of Sump Pump Diverter	-	36,000
Plus: Prior year deferral of Flood Recovery	-	330,219
Plus: Prior year deferral of Medical	2,329,346	-
Plus: Prior year deferral of Percy E. Moore Hospital	-	2,351,030
Less: Current year deferral of Facility O&M	(196,974)	-
Less: Current year deferral of Housing Capacity	-	(125,500)
Less: Current year deferral of 2020 Housing Renovations	-	-
Less: Current year deferral of Skills Link	(232,193)	-
Less: Current year deferral of Halted Funds	-	(664,607)
Less: Current year deferral of Capacity Funding	-	(29,225)
Less: Current year deferral of Income Assistance	-	(180,021)
Less: Current year deferral of 2019 Severe Weather	(462,991)	-
Less: Current year deferral of Household Cleaning Supplies	-	(123,875)
Less: Current year deferral of Emergency General Support	-	(119,222)
Less: Current year deferral of Community Support Readiness	-	(163,863)
Less: Current year deferral of MacPherson Bridge Project	-	(170,000)
Less: Current year deferral of Land Designation Funding	-	(18,502)
Less: Current year deferral of Flood Repairs Project	-	(1,500,000)
Less: Current year deferral of COVID19 Funding	-	(180,023)
Less: Current year deferral of 2019 Flood Preparedness	-	(862,860)
Less: Current year deferral of Perimeter Security	(166,880)	-
Less: Current year deferral of Percy E. Moore Hospital	(936,585)	-
Less: Current year deferral of Community Well Being	-	(956,381)
Less: Current year deferral of Landfill	-	(376,250)
 Total ISC revenue reported	 \$ 65,981,377	 \$ 54,458,741

---

## PEGUIS FIRST NATION Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

### **15. Government Transfers (continued)**

The First Nation is party to a multi-year Canada First Nation Funding arrangement that expires and is due for renewal annually after April 1, 2019.

Peguis First Nation allocated its block funding across other programs as follows:

	<b>2021</b>	<b>2020</b>
<u>Block School Formula</u>		
Peguis School Operations	\$ 7,571,294	\$ 11,727,917
Band support	9,000,000	-
Student Transportation	-	1,364,187
	<b><u>\$ 16,571,294</u></b>	<b><u>\$ 13,092,104</u></b>
<u>Post-Secondary</u>		
Band Support	\$ 3,000,000	\$ -
Post-secondary and Special Programs	5,957,079	7,961,342
	<b><u>\$ 8,957,079</u></b>	<b><u>\$ 7,961,342</u></b>

---

## **PEGUIS FIRST NATION** **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

---

### **16. Commitments and Contingencies**

The First Nation has guaranteed on-reserve mortgages for its members. As at March 31, 2021, \$1,204,296 (\$1,202,966 in 2020) has been guaranteed by the First Nation. Of this amount \$1,204,296 of the loans were in default at year end and as the First Nation does not exercise security on these balances a provision for this amount has been recorded in the First Nation's records. Subsequent to year end, members have began making payments on these personal on reserve mortgages.

The First Nation has guaranteed a line of credit of \$75,000 for Peguis Hardware LP. At March 31, 2021, the limited partnership had \$75,000 of undrawn capacity under this facility. (\$75,000 in 2020).

The First Nation has guaranteed a line of credit of \$100,000 for Peguis Midway LP. At March 31, 2021, the limited partnership had \$5,000 of undrawn capacity under this facility. (\$5,000 in 2020).

The First Nation has guaranteed First Peoples Economic Growth Fund loans for Peguis Pharmacy LP and Peguis Foods LP with balances \$144,445 (\$165,583 in 2020) and \$304,251 (\$373,093 in 2020).

The First Nation has been named in a countersuit with a former advisor for contingency and other billings. Legal counsel has advised that it is unlikely that the countersuit will be successful. The First Nation's claim against the advisor may provide a recovery of \$3,200,000 to \$5,000,000 of costs already paid. A provision for this claim has not been made in the financial statements as this is dependent upon future events.

The First Nation has been named in a countersuit with a former advisor for contingency and other billings. Legal counsel has advised that it is unlikely that the countersuit will be successful. The First Nation's claim against the advisor may provide a recovery of \$3,200,000 to \$5,000,000 of costs already paid. The First Nation defends itself from claims from time to time based on its operations. Management believes it has valid defences to minimize risk of possible loss. In the event any claims are successful management will recognize the potential loss once amounts are confirmed or are reasonably estimated.

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

**17. Other Income**

	<b>2021</b>	<b>2020</b>
Administration fees	\$ 1,954,360	\$ 2,646,206
Ambulance fees	505,447	536,292
Community trust funding	1,694,568	10,228,425
Concessions	10,686	131,894
Construction services	-	51,624
Community services	822,379	1,068,115
Daycare, donations and other grant	78,408	246,243
Hockey, arena and fundraising	78,364	830,858
Interest revenue	34,122	4,488
Own Source development	2,735,917	2,000,000
Red Eagle Bingo Committee	441,400	217,909
School operations	351,660	448,165
Sundry income, interchanges and cost recoveries	827,432	2,049,974
Tobacco revenue	99,740	537,397
	<hr/>	<hr/>
	<b>\$ 9,634,483</b>	<b>\$ 20,997,590</b>

**18. Net Change in Non-cash Working Capital Balances**

	<b>2021</b>	<b>2020</b>
Accounts receivable, including receivables due from government	\$ (978,818)	\$ (1,989,062)
Prepaid expenses	(306,803)	18,868
Inventories	24,474	1,066
Account payable	(1,471,794)	1,787,369
Unexpended funding	2,573,539	(1,773,542)
Accrued termination entitlement	(58,930)	427,653
	<hr/>	<hr/>
	<b>\$ (218,332)</b>	<b>\$ (1,527,648)</b>

---

## PEGUIS FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2021**

---

#### **19. Budget**

The Management Action Plan (Budget) adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed capital expenditures rather than including capitalizing the assets. As a result, the budget figures presented in the consolidated statements of operations and change in net debt represent the Financial Plan were without adjustments for capital programs:

Management Action Plan (Budget) deficit for the year	\$ (4,580,609)
Add: Capital expenditures	<u>10,638,502</u>
Budget surplus per statement of operations	<u>\$ 6,057,893</u>

#### **20. Expenses by Object**

	2021	2020
Amortization	\$ 5,154,267	\$ 4,837,607
Contractors	10,211,773	5,868,575
Donations and programs	3,371,097	5,184,316
Interest and bank changes	17,765,441	15,297,339
Medical travel	715,339	1,724,508
Office and administration	2,140,540	3,227,864
Other	394,521	812,518
Post secondary	2,896,466	3,635,202
Professional fees	1,815,429	2,479,863
Repairs and maintenance	3,752,208	4,012,070
Salaries and benefits	28,444,068	29,560,910
Social assistance	7,615,793	7,508,742
Travel	1,501,120	2,975,539
Utilities	1,431,152	1,143,323
Training and development	3,274,993	3,084,425
Rent	1,600,599	1,343,889
Insurance	1,370,354	811,071
Bingo payouts	773,672	1,464,437
Bad debt	4,439,819	6,292,474
	<u>\$ 98,668,651</u>	<u>\$ 101,264,672</u>

#### **21. Comparative Figures**

Certain prior year's figures have been restated to conform to the current year's presentation.

---

## **PEGUIS FIRST NATION**

### **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

---

#### **22. Segmented Information**

First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Peguis First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

The services are provided by the several entities of Peguis First Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

##### Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

##### Social Development and Income Assistance

Social Development contains activities that provide financial support or support by other means to Band members that are aimed at developing both the individual as well as the community.

##### Finance & Administration

Finance & Administration contains activities that are needed to run the Peguis Indian Band organization.

##### Health Services

Health Services contains activities that provide medical services to Band members.

##### Education

Education Services contains activities that provide education to Band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

---

# **PEGUIS FIRST NATION**

## **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2021**

---

### **22. Segmented Information (continued)**

#### Training & Development

Training & Development contains activities that provide financial support or support by other means to Band members and organizations situated on the First Nation reserve that is aimed at developing personal skills and businesses.

#### Housing

Housing contains activities that provide housing and repairs and maintenance to Band members' housing and other related infrastructure and construction services to third parties.

#### Gaming

Gaming contains activities that provide gaming services to both Band members and non-Band members.

#### Own Source Development

Own Source Development contains activities related to the businesses controlled in part by the Band.

**PEGUIS FIRST NATION**  
**Notes to Consolidated Financial Statements**

**For the year ended March 31**

**22. Segmented Information (continued)**

	<b>2021</b>										
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Own Source Development	Eliminations	Total
<b>Revenue</b>											
ISC	\$ 5,469,496	\$ 11,964,003	\$ 16,414,815	\$ 9,589,960	\$ 16,878,027	\$ 437,687	\$ 5,257,362	\$ 354,860	\$ -	\$ -	\$ 66,366,210
Sundry and other federal	306,882	876,765	22,261,694	11,551,938	779,409	2,978,102	566,572	1,773,156	4,282,342	(18,869,784)	26,507,076
	<b>5,776,378</b>	<b>12,840,768</b>	<b>38,676,509</b>	<b>21,141,898</b>	<b>17,657,436</b>	<b>3,415,789</b>	<b>5,823,934</b>	<b>2,128,016</b>	<b>4,282,342</b>	<b>(18,869,784)</b>	<b>92,873,286</b>
<b>Expenses</b>											
General program	2,764,383	9,186,470	29,329,867	10,003,343	23,255,157	2,017,799	2,340,804	1,588,594	3,295,238	(18,869,784)	64,911,871
Amortization	93,261	-	2,391,814	111,933	2,078,581	-	410,089	116,253	110,775	-	5,312,706
Salaries	693,282	474,088	3,783,477	9,767,360	9,333,351	1,042,049	1,564,038	440,784	1,345,645	-	28,444,074
	<b>3,550,926</b>	<b>9,660,558</b>	<b>35,505,158</b>	<b>19,882,636</b>	<b>34,667,089</b>	<b>3,059,848</b>	<b>4,314,931</b>	<b>2,145,631</b>	<b>4,751,658</b>	<b>(18,869,784)</b>	<b>98,668,651</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,225,452</b>	<b>\$ 3,180,210</b>	<b>\$ 3,171,351</b>	<b>\$ 1,259,262</b>	<b>\$ (17,009,653)</b>	<b>\$ 355,941</b>	<b>\$ 1,509,003</b>	<b>\$ (17,615)</b>	<b>\$ (469,316)</b>	<b>\$ -</b>	<b>\$ (5,795,365)</b>
	<b>2020</b>										
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Own Source Development	Eliminations	Total
<b>Revenue</b>											
ISC	\$ 6,649,473	\$ 7,751,469	\$ 5,166,529	\$ 7,477,935	\$ 21,833,491	\$ 78,166	\$ 5,501,678	-	\$ -	\$ -	\$ 54,458,741
Sundry and other federal	405,181	1,354,748	11,753,727	11,056,410	642,825	6,355,610	1,115,092	7,627,380	2,000,000	(1,541,473)	40,769,500
	<b>7,054,654</b>	<b>9,106,217</b>	<b>16,920,256</b>	<b>18,534,345</b>	<b>22,476,316</b>	<b>6,433,776</b>	<b>6,616,770</b>	<b>7,627,380</b>	<b>2,000,000</b>	<b>(1,541,473)</b>	<b>95,228,241</b>
<b>Expenses</b>											
General program	5,082,057	10,452,233	27,723,878	5,028,995	6,047,559	4,722,978	1,521,604	6,011,546	2,000,000	(1,541,473)	67,049,377
Amortization	182,813	-	1,848,723	74,908	2,081,858	-	351,973	116,179	-	-	4,656,454
Salaries	710,446	424,363	4,043,330	8,918,350	10,629,505	1,507,118	1,606,046	1,719,683	-	-	29,558,841
	<b>5,975,316</b>	<b>10,876,596</b>	<b>33,615,931</b>	<b>14,022,253</b>	<b>18,758,922</b>	<b>6,230,096</b>	<b>3,479,623</b>	<b>7,847,408</b>	<b>2,000,000</b>	<b>(1,541,473)</b>	<b>101,264,672</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,079,338</b>	<b>\$ (1,770,379)</b>	<b>\$ (16,695,675)</b>	<b>\$ 4,512,092</b>	<b>\$ 3,717,394</b>	<b>\$ 203,680</b>	<b>\$ 3,137,147</b>	<b>\$ (220,028)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,036,431)</b>