

PINAYMOOTANG FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

PINAYMOOTANG FIRST NATION

MARCH 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include certain amounts based on estimates or judgments.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council review the First Nation's consolidated financial statements and recommends their approval to the membership. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, to review the consolidated financial statements and the external auditor's report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The external auditors, Fort Group Chartered Professional Accountants Inc., conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of Pinaymootang First Nation and Chief and Council. and meet when required.



Chief Garnet Woodhouse

INDEPENDENT AUDITOR'S REPORT

To The Members of Pinaymootang First Nation and Chief and Council:

Opinion

We have audited the accompanying consolidated financial statements of Pinaymootang First Nation, which comprise the consolidated statement of financial position as at March 31 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Pinaymootang First Nation as at March 31 2021, and the results of its operations and its cash flow 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 Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements representing the underlying transactions and events in a manner that achieved fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization 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.



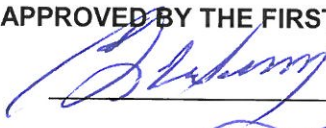

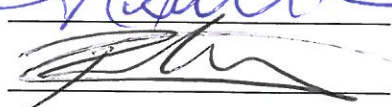
**Winnipeg, Manitoba
October 28, 2021**

**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 8,922,426	1,489,435
Trust funds held by the federal government (Note 3)	13,769	13,310
Accounts receivable (Note 4)	949,206	556,213
Due from government and other government organizations (Note 5)	3,600,555	836,533
Inventories for resale (Note 6)	171,378	114,973
Trust fund receivable (Note 7)	<u>20,400,000</u>	<u>-</u>
	<u>34,057,334</u>	<u>3,010,464</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	4,306,533	6,123,964
Due to government and other governmental organizations (Note 9)	227,189	227,189
Demand loan (Note 10)	-	4,482,757
Deferred revenue (Note 11)	383,583	241,404
Long-term debt (Note 12)	16,020,007	10,182,790
CMHC forgivable loans (Note 13)	<u>-</u>	<u>10,480</u>
	<u>20,937,312</u>	<u>21,268,584</u>
NET FINANCIAL ASSETS (DEBT)	<u>13,120,022</u>	<u>(18,258,120)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	70,666,065	65,861,538
Prepaid expenses and deferred charges	<u>186,422</u>	<u>176,537</u>
	<u>70,852,487</u>	<u>66,038,075</u>
ACCUMULATED SURPLUS	<u>\$ 83,972,509</u>	<u>47,779,955</u>

APPROVED BY THE FIRST NATION:

 _____ Chief	 _____ Councillor
_____ Councillor	 _____ Councillor
_____ Councillor	_____ Councillor

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED MARCH 31, 2021**

	2021		
	<u>Budget</u>	<u>Actual</u>	<u>2020</u>
	(Note 17)		<u>Actual</u>
REVENUE			
Federal government transfers - operating (Note 19)	\$ 10,189,390	17,995,844	10,981,849
Federal government transfers - capital (Note 19)	457,418	32,550,253	6,106,643
Provincial government transfers - operating (Note 19)	452,975	2,109,519	863,571
Provincial government transfers - capital (Note 19)	-	352,112	2,467,588
Other funding	127,224	127,224	-
Economic activities	7,531,663	7,882,878	16,699,359
Other revenue	<u>142,638</u>	<u>785,730</u>	<u>385,017</u>
	<u>18,901,308</u>	<u>61,803,560</u>	<u>37,504,027</u>
EXPENSES			
Health	5,659,585	4,945,396	3,416,791
Education	-	50,426	49,109
Social services	-	4,068,481	3,086,171
Economic development	604,777	776,303	690,594
Public works	902,445	881,766	679,026
Housing	144,597	222,729	703,761
Band government	3,064,056	3,305,781	10,395,858
Private enterprises	7,198,931	8,793,863	16,507,595
Elimination adjustments	-	(731,337)	(609,454)
Interest	406,013	644,187	445,487
Amortization of tangible capital assets	<u>-</u>	<u>2,653,411</u>	<u>2,491,170</u>
	<u>17,980,404</u>	<u>25,611,006</u>	<u>37,856,108</u>
ANNUAL SURPLUS (DEFICIT)	920,904	36,192,554	(352,081)
ACCUMULATED SURPLUS, BEGINNING OF YEAR,	<u>47,779,955</u>	<u>47,779,955</u>	<u>48,132,036</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 48,700,859</u>	<u>83,972,509</u>	<u>47,779,955</u>

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2021**

	<u>Budget</u> Note 17	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>920,904</u>	<u>36,192,554</u>	<u>(352,081)</u>
Tangible capital assets			
Acquisition of tangible capital assets	-	(20,637,586)	(10,388,611)
Amortization of tangible capital assets	-	2,653,411	2,491,170
Assets under construction completed	-	12,628,248	3,321,988
Loss on disposal of tangible capital assets	<u>-</u>	<u>551,400</u>	<u>281,699</u>
	<u>-</u>	<u>(4,804,527)</u>	<u>(4,293,754)</u>
Other non-financial assets			
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>(9,885)</u>	<u>(154,575)</u>
CHANGE IN NET FINANCIAL ASSETS (DEBT)	920,904	31,378,142	(4,800,410)
NET DEBT, BEGINNING OF YEAR	<u>(18,258,120)</u>	<u>(18,258,120)</u>	<u>(13,457,710)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ <u>(17,337,216)</u>	<u>13,120,022</u>	<u>(18,258,120)</u>

**PINAYMOOTANG FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2021**

	<u>2021</u>	<u>2020</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 36,192,554	(352,081)
Add back non-cash item(s):		
Amortization of tangible capital assets	2,653,411	2,491,170
Loss on disposal of tangible capital assets	<u>551,400</u>	<u>281,699</u>
	39,397,365	2,420,788
Change in non-cash working capital:		
Accounts receivable	(392,993)	(435,109)
Due from government and other government organizations	(2,764,022)	(185,853)
Inventories for resale	(56,405)	12,651
Accounts payable and accrued liabilities	(1,817,431)	2,643,843
Due to government and other governmental organizations	-	(15,181)
Deferred revenue	142,179	(66,103)
CMHC forgivable loans	(10,480)	(20,960)
Trust asset receivable	(20,400,000)	-
Prepaid expenses and deferred charges	<u>(9,885)</u>	<u>(154,575)</u>
	<u>14,088,328</u>	<u>4,199,501</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(8,009,338)</u>	<u>(7,066,623)</u>
FINANCING ACTIVITIES		
Demand loan advances	(4,482,757)	3,282,757
Long-term debt repayments	<u>5,837,217</u>	<u>(686,518)</u>
	<u>1,354,460</u>	<u>2,596,239</u>
INCREASE (DECREASE) IN CASH	7,433,450	(270,883)
CASH, BEGINNING OF YEAR	<u>1,502,745</u>	<u>1,773,628</u>
CASH, END OF YEAR	<u>8,936,195</u>	<u>1,502,745</u>
CASH IS REPRESENTED BY:		
Cash	8,922,426	1,489,435
Cash in Ottawa Trusts	<u>13,769</u>	<u>13,310</u>
	<u>\$ 8,936,195</u>	<u>1,502,745</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting and Going Concern

The Pinaymootang First Nation ("First Nation") follows the ISC accounting guidelines as set out in the "Year End Reporting Handbook for funding agreements covering fiscal year 2020-2021" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the CPA Canada Public Sector Accounting Handbook.

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is Council's opinion that the First Nation has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While Council will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of the First Nation.

(b) Reporting Entity

The First Nation is a non-profit Indian Band as defined by Indigenous Services Canada (ISC). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. The First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These consolidated financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenses for the following entities controlled or owned by the First Nation:

- Pinaymootang First Nation
- Pinaymootang First Nation Arena and Lottery
- Pinaymootang First Nation CMHC Housing Authority
- Pinaymootang First Nation Grocery Store and Gas Bar
- Pinaymootang First Nation Health Authority
- Pinaymootang First Nation Human Resource Development Strategy
- Powder Horn Creek Restaurant & Gas
- Wabung Abinoochi'ak Day Care Centre
- Pinaymootang First Nation Motel and Entertainment Centre
- Pinaymootang First Nation Housing Trust (Note 7)

(d) Asset Classification

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

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventory

Inventories for resale are stated at the lower of cost and net realizable value with cost being determined using the first-in, first-out method.

(f) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

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

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Buildings	25 - 50 years
Housing	40 years
Infrastructure	20 - 50 years
Equipment and signage	3 - 10 years
Vehicles	5 - 10 years
Computers	5 years
Roads	40 years

(g) Deferred Revenue

Deferred revenue represents unspent Government transfers for programs where eligibility criteria have not been met at year end. The unspent revenue is carried forward to be recognized as eligibility criteria is met or until the funder deems the surplus to be repayable at which time an amount payable is recognized.

(h) Revenue Recognition

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted other revenue is recognized when:

- services have been performed;
- goods have been delivered;
- the amount has been received or is receivable, and when the amount can be reasonably estimated and collection is reasonably assured.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Net Financial Assets

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

(j) Segmented Information

The First Nation discloses segmented results of operations for the year in note 22 to the consolidated financial statements. The First Nation has segregated its activities into the following segments based on distinguishable groups of activities.

Health

Pinaymootang Health Authority

Education

Pinaymootang Education

Social

Social services

Economic Development

Economic development program
Human Resource Development Strategy

Public Works

Community services
Operations and maintenance
Policing, security and protection

Housing

CMHC housing
Capital housing projects
Pinaymootang First Nation Housing Trust

Band Government

Band administration
Capital projects
Legal Settlements

Private Enterprises

Pinaymootang Arena and Lottery
Pinaymootang Grocery Store and Gas Bar
Pinaymootang Motel and Entertainment Centre
Powder Horn Creek Restaurant & Gas
Wabung Abinoochi'ak Day Care Centre

(k) Measurement Uncertainty

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Financial Instruments

Financial instruments held by the First Nation include cash, accounts receivable, trust asset receivable, accounts payable and accrued liabilities, amounts due to/from government and other government organizations, demand loans and long term debt. The First Nation initially measures its financial instruments at fair value when the asset or liability is first recognized. The First Nation subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

2. CASH

	<u>2021</u>	<u>2020</u>
Unrestricted - operating	\$ 8,919,587	1,486,368
Externally restricted - CMHC	<u>2,839</u>	<u>3,067</u>
	<u>\$ 8,922,426</u>	<u>1,489,435</u>

The First Nation has a demand line of credit for \$150,000 (2020 - \$150,000) available from First Nations Bank of Canada, of which \$nil (2020 - \$nil) was utilized at the year-end. This line of credit bears interest at prime plus 1.85% and is secured by future funding of Indigenous Services Canada.

Restrictions on cash

The First Nation is subject to restrictions placed on its cash due to an agreement with CMHC as disclosed in Note 15 to these consolidated financial statements. As at March 31, 2021, \$2,839 (2020 - \$3,067) was restricted for expenditures to be approved by CMHC.

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2020</u>	<u>Additions 2021</u>	<u>Withdrawals 2021</u>	<u>March 31, 2021</u>
Revenue	\$ 13,168	459	-	13,627
Capital	<u>142</u>	<u>-</u>	<u>-</u>	<u>142</u>
	<u>\$ 13,310</u>	<u>459</u>	<u>-</u>	<u>13,769</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

4. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ <u>949,206</u>	<u>556,213</u>

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2021</u>	<u>2020</u>
Federal Government		
Indigenous Services Canada (Schedule 81)	\$ 2,155,092	637,376
First Peoples Development	47,563	-
CMHC	120,029	44,389
Health Canada	<u>10,000</u>	<u>29,043</u>
Total Federal Government	2,332,684	710,808
Province of Manitoba	<u>1,267,871</u>	<u>125,725</u>
	<u>\$ 3,600,555</u>	<u>836,533</u>

6. INVENTORIES FOR RESALE

	<u>2021</u>	<u>2020</u>
Pinaymootang First Nation Grocery Store and Gas Bar	\$ 136,135	64,980
Powderhorn Creek Restaurant and Gas Bar	<u>35,243</u>	<u>49,993</u>
	<u>\$ 171,378</u>	<u>114,973</u>

7. TRUST FUND RECEIVABLE

In 2019, a comprehensive settlement agreement (CSA) was reached between the First Nation, the Province of Manitoba and the Government of Canada regarding flooding that adversely impacted the First Nation in 2011. The CSA resulted in a trust fund being established for \$20,400,000. In June 2021 prior to these consolidated financial statements being finalized, a trust agreement was finalized and signed by Chief and Council and the trustee. As a result, the First Nation has recorded a trust fund receivable and the related revenue in relation to this CSA for \$20,400,000 in these financial statements. Subsequent to March 31, 2021, these funds were deposited in a trust fund that is managed by FNB and controlled by the First Nation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade payables	\$ 1,684,020	721,988
Accrued salaries and benefits	81,357	79,992
Accrued legal settlement fees	1,793,999	4,433,224
Accrued hydro	144,165	61,693
Accrued professional fees	165,498	201,146
Other accrued liabilities	<u>437,494</u>	<u>625,921</u>
	<u>\$ 4,306,533</u>	<u>6,123,964</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2021</u>	<u>2020</u>
Indigenous Services Canada Debt management #789	\$ <u>227,189</u>	<u>227,189</u>

10. DEMAND LOAN

	<u>2021</u>	<u>2020</u>
First Nations Bank demand loan, interest at FNB's prime rate plus 2.40%, repayable in full from the Comprehensive Settlement Agreement funds. As of April 1, 2020 the demand loan was converted to a five year term loan.	\$ <u>-</u>	<u>4,482,757</u>

11. DEFERRED REVENUE

	<u>Balance March 31, 2020</u>	<u>Funding Received 2021</u>	<u>Revenue Recognized/ Repaid 2021</u>	<u>Balance March 31, 2021</u>
Federal Government				
Health Canada	\$ 13,813	-	13,813	-
Basic Needs (Q29W)	150,841	3,432,665	3,583,506	-
Prepaid deposits - private enterprise	<u>1,330</u>	<u>2,045</u>	<u>1,330</u>	<u>2,045</u>
	<u>165,984</u>	<u>3,434,710</u>	<u>3,598,649</u>	<u>2,045</u>
Province of Manitoba				
Housing and Renovations	26,417	-	26,417	-
Daycare Construction	<u>49,003</u>	<u>332,535</u>	<u>-</u>	<u>381,538</u>
	<u>75,420</u>	<u>332,535</u>	<u>26,417</u>	<u>381,538</u>
	<u>\$ 241,404</u>	<u>3,767,245</u>	<u>3,625,066</u>	<u>383,583</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

12. LONG-TERM DEBT	<u>2021</u>	<u>2020</u>
CMHC mortgage payable, interest at 2.39%, repayable in blended monthly installments of \$5,528, due March 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 691,959	741,238
CMHC mortgage payable, interest at 2.39%, repayable in blended monthly installments of \$8,049, due March 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	1,007,508	1,079,260
CMHC mortgage payable, interest at 0.96%, repayable in blended monthly installments of \$2,296, due March 1, 2026, secured by a Ministerial Guarantee and assignment of fire insurance.	356,880	381,150
CMHC mortgage payable, interest at 1.11%, repayable in blended monthly installments of \$4,018, due May 1, 2021, secured by a Ministerial Guarantee and assignment of fire insurance.	662,619	703,266
CMHC mortgage payable, interest at 1.43%, repayable in blended monthly installments of \$2,857, due April 1, 2022, secured by a Ministerial Guarantee and assignment of fire insurance.	490,152	517,249
CMHC mortgage payable, interest at 2.48%, repayable in blended monthly installments of \$2,648, due August 1, 2023, secured by a Ministerial Guarantee and assignment of fire insurance.	449,443	469,878
CMHC mortgage payable, interest at 0.71%, repayable in blended monthly installments of \$2,152, due November 1, 2025, secured by a Ministerial Guarantee and assignment of fire insurance.	<u>456,980</u>	<u>478,865</u>
Sub total	\$ <u>4,115,541</u>	<u>4,370,906</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

12. LONG-TERM DEBT (Continued)

	<u>2021</u>	<u>2020</u>
Sub total	\$ 4,115,541	4,370,906
Loan payable, First Nations Bank, interest at prime plus 2.10%, repayable in monthly installments, due March 31, 2025, secured by a general security agreement, assignment of insurance and a Band Council Resolution.	6,287,859	-
Capital lease, Brandt Finance, interest at 9.30%, repayable in blended monthly installments of \$2,107, repayable on August 1, 2020, secured by a promissory note signed by the Band, a general security agreement, assignment of insurance and a Band Council Resolution.	-	11,424
Loan payable, Manitoba Liquor and Lotteries Corporation, interest at 2.35%, repayable in weekly installments of \$1,393, due October 26, 2023, secured by 25 video lottery terminals.	227,919	259,292
Loan payable, Manitoba Liquor and Lotteries Corporation, interest at 2.35%, repayable in blended weekly installments of \$446, repaid on June 19, 2020, secured by 8 video lottery terminals.	-	4,891
Loan payable, Manitoba Liquor and Lotteries Corporation, interest at 2.35%, repayable in blended weekly installments of \$893, repaid on June 10, 2020, secured by 12 video lottery terminals.	-	9,796
CMHC mortgage payable, interest at 3.43%, repayable in blended monthly installments of \$5,593, due February 1, 2024, secured by a Ministerial Guarantee and assignment of fire insurance.	906,912	967,198
Loan payable, Bank of Montreal, interest at 5.94%, repayable in monthly installments of 35,272, due January 1, 2024 and secured by a general security agreement, assignment of insurance over the Pinaymootang Motel and Entertainment Centre and a Band Council Resolution.	<u>4,481,776</u>	<u>4,559,283</u>
	<u>\$ 16,020,007</u>	<u>10,182,790</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

12. LONG-TERM DEBT (Continued)

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2022	\$ 2,017,323
2023	2,102,701
2024	2,191,807
2025	2,232,020
2026	549,869
Thereafter	<u>6,926,287</u>
	<u>\$ 16,020,007</u>

13. CMHC FORGIVABLE LOANS

The First Nation has received forgivable Residential Rehabilitation Assistance Program (RRAP) housing loans from CMHC. These loans will be forgiven over a period of 2 - 5 years as long as the First Nation continues to inhabit the housing. Should the First Nation default on the terms of the loans, the unearned principal of the forgivable loans plus interest at rates between 5.0% and 7.5% will become due and payable. During the year, no new RRAP loans were received (2020 - \$nil) and \$10,480 (2020 - \$20,960) of RRAP loans were forgiven.

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

14. TANGIBLE CAPITAL ASSETS

	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Transfers / Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Write Offs	Closing Balance	Total 2021	Total 2020
Tangible Capital Assets										
Land	\$ 233,146	-	-	233,146	-	-	-	-	233,146	233,146
Buildings	29,955,437	128,921	-	30,084,358	13,277,398	786,271	-	14,063,669	16,020,689	16,678,039
Housing	37,610,104	13,426,289	(707,437)	50,328,956	17,281,027	939,811	(156,037)	18,064,801	32,264,155	20,329,077
Infrastructure	10,712,735	-	-	10,712,735	2,398,615	249,603	-	2,648,218	8,064,517	8,314,120
Equipment	2,566,464	101,381	-	2,667,845	1,975,800	171,982	-	2,147,782	520,063	590,664
Vehicles	4,296,269	885,122	(32,071)	5,149,320	2,697,470	374,498	(32,071)	3,039,897	2,109,423	1,598,799
Computers	155,315	21,725	-	177,040	112,529	13,125	-	125,654	51,386	42,786
Roads	5,759,581	-	-	5,759,581	1,892,964	118,121	-	2,011,085	3,748,496	3,866,617
	<u>91,289,051</u>	<u>14,563,438</u>	<u>(739,508)</u>	<u>105,112,981</u>	<u>39,635,803</u>	<u>2,653,411</u>	<u>(188,108)</u>	<u>42,101,106</u>	<u>63,011,875</u>	<u>51,653,248</u>
Assets Under Construction										
Buildings	<u>14,208,290</u>	<u>6,074,148</u>	<u>(12,628,248)</u>	<u>7,654,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,654,190</u>	<u>14,208,290</u>
TOTAL	<u>\$ 105,497,341</u>	<u>20,637,586</u>	<u>(13,367,756)</u>	<u>112,767,171</u>	<u>39,635,803</u>	<u>2,653,411</u>	<u>(188,108)</u>	<u>42,101,106</u>	<u>70,666,065</u>	<u>65,861,538</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

15. CMHC HOUSING AUTHORITY REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited with an amount of \$79,240 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 or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At March 31, 2021, the replacement reserve was underfunded by \$538,615 (2020 - \$469,406) due to the fact that the replacement reserve assets total \$1,466 (2020 - \$1,580) while the replacement reserve liability is \$540,081 (2020 - \$470,986).

16. RISK MANAGEMENT

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(b) Interest Rate Price Risk

It is management's opinion that the First Nation is exposed to interest rate price risk due to long-term debt being at a fixed rate.

(c) Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and long-term debt. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months. See Note 12 for the repayment schedule of long-term debt.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2021, the First Nation has a bank balance of \$8,922,426 (2020 - \$1,489,435) and a net financial asset (debt) position of \$13,120,022 (2020 - \$(18,258,120)). Additionally, \$16,020,007 (2020 - \$14,665,547) of the liabilities relates to long-term debt and demand loans, which is primarily comprised of loans on the CMHC housing project and the Motel and Entertainment Centre. The related assets are recorded under non-financial assets on the consolidated statement of financial position.

17. BUDGET INFORMATION

The unaudited budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to reflect the financial statement presentation adopted for the current year.

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

19. GOVERNMENT TRANSFERS

	<u>2021</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Indigenous Services Canada	\$ 11,195,439	32,539,773	43,735,212
Province of Manitoba	2,109,519	352,112	2,461,631
Canada Mortgage and Housing Corporation	380,141	10,480	390,621
Health Canada	5,624,070	-	5,624,070
First Peoples Development	<u>796,194</u>	<u>-</u>	<u>796,194</u>
	<u>\$ 20,105,363</u>	<u>32,902,365</u>	<u>53,007,728</u>

	<u>2020</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u> (Restated)
Indigenous Services Canada	\$ 5,884,057	5,921,913	11,805,970
Province of Manitoba	863,571	2,467,588	3,331,159
Canada Mortgage and Housing Corporation	392,397	20,960	413,357
Health Canada	3,904,471	163,770	4,068,241
First Peoples Development	<u>800,924</u>	<u>-</u>	<u>800,924</u>
	<u>\$ 11,845,420</u>	<u>8,574,231</u>	<u>20,419,651</u>

**PINAYMOOTANG FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

20. EXPENSES BY OBJECT

	<u>2021</u>	<u>2020</u>
Accreditation	\$ 31,121	38,001
Administration and office	383,467	761,242
Amortization of tangible capital assets	2,653,411	2,491,170
Bad debts	36,345	103,111
Band support	(194,697)	3,675,488
Bank charges and interest	52,746	68,508
Capital and equipment	11,165	107,337
Contract fees	6,425	98,654
Fuel	182,692	193,358
Fuel for resale	3,187,587	3,968,969
Housing and renovations	34,800	384,779
Insurance	532,861	404,882
Interest on long-term debt	644,186	445,486
Lottery tickets	29,203	62,362
MLC commissions	24,788	205,208
Operations and maintenance services	3,329,986	1,011,421
Other expenses	489,702	559,016
Professional fees	(402,586)	4,446,671
Rental expenditures	-	64,300
Social assistance	3,699,291	2,586,773
Supplies and materials	2,884,657	2,377,333
Telephone and communications	105,027	71,946
Training	209,751	192,132
Travel	397,945	465,229
Utilities	184,344	219,074
VLT dollars out	2,319,081	8,305,512
Wages and benefits	<u>4,850,216</u>	<u>4,548,146</u>
	<u>\$ 25,611,006</u>	<u>37,856,108</u>

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

21. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES									
Federal Government									
Operating Transfers	\$ 5,597,004	5,624,070	3,904,470	27,241	49,828	48,968	-	4,333,709	3,000,710
Capital Transfers	-	-	163,770	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	50,000	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Other funding	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-
Other revenue	64,500	72,400	8,315	-	-	-	-	-	-
	<u>5,661,504</u>	<u>5,696,470</u>	<u>4,126,555</u>	<u>27,241</u>	<u>49,828</u>	<u>48,968</u>	<u>-</u>	<u>4,333,709</u>	<u>3,000,710</u>
EXPENSES									
Wages and benefits	2,561,214	2,383,522	2,257,021	-	-	12,101	-	118,002	203,448
Debt servicing	-	-	-	-	-	-	-	-	-
Amortization	-	355,615	351,588	-	201,112	208,527	-	-	-
Other	3,098,371	2,561,874	1,159,770	-	50,426	37,008	-	3,950,479	2,882,723
	<u>5,659,585</u>	<u>5,301,011</u>	<u>3,768,379</u>	<u>-</u>	<u>251,538</u>	<u>257,636</u>	<u>-</u>	<u>4,068,481</u>	<u>3,086,171</u>
ANNUAL SURPLUS (DEFICIT)	\$ 1,919	395,459	358,176	27,241	(201,710)	(208,668)	-	265,228	(85,461)

ADJUSTMENTS

- (i) The imputed value of Band supported housing provided to band members totaling \$251,004 (2020 - \$318,658) is included as a band support expense in the Basic Needs program and as rental income in the CMHC Housing Authority program.
- (ii) Of the total current year Band other revenue, the following amounts have been recorded as administration fee expense in Health Authority and as an other revenue in the Band; \$279,542 (2020 - \$192,034).
- (iii) Of the total current year Grocery Store and Gas Bar economic activities revenue, the following amounts have been recorded as expenses in the other entities and as economic activities revenue in Grocery Store and Gas Bar; \$128,283 (2020 - \$98,762) Band Government.
- (iv) Of the total current year Federal operating funding received by Band, \$72,508 (2020 - \$nil) has been recorded as operations expense in Band and other revenue in Daycare, Grocery Store and Gas Bar, and Arena and Lottery.

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

21. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES									
Federal Government									
Operating Transfers	609,107	794,401	739,136	466,129	737,963	459,947	304,243	380,141	392,397
Capital Transfers	-	-	-	387,418	5,744,765	2,358,007	-	23,969,623	2,027,538
Provincial Government									
Operating Transfers	-	-	-	-	30,620	33,571	-	-	-
Capital Transfers	-	-	-	-	-	-	-	234,318	2,291,427
Other funding	-	-	-	-	-	-	-	-	-
Economic activities	-	-	-	-	-	-	-	-	-
Other revenue	-	1,500	2,000	-	-	-	-	463,118	373,270
	<u>609,107</u>	<u>795,901</u>	<u>741,136</u>	<u>853,547</u>	<u>6,513,348</u>	<u>2,851,525</u>	<u>304,243</u>	<u>25,047,200</u>	<u>5,084,632</u>
EXPENSES									
Wages and benefits	207,341	231,496	139,614	326,972	350,546	333,967	33,600	32,175	30,735
Debt servicing	-	-	-	-	-	-	406,013	90,577	94,854
Amortization	-	571	227	-	148,666	112,112	-	880,658	740,731
Other	<u>397,436</u>	<u>544,807</u>	<u>550,980</u>	<u>575,473</u>	<u>531,220</u>	<u>345,059</u>	<u>110,997</u>	<u>190,554</u>	<u>673,026</u>
	<u>604,777</u>	<u>776,874</u>	<u>690,821</u>	<u>902,445</u>	<u>1,030,432</u>	<u>791,138</u>	<u>550,610</u>	<u>1,193,964</u>	<u>1,539,346</u>
ANNUAL SURPLUS (DEFICIT)	<u>4,330</u>	<u>19,027</u>	<u>50,315</u>	<u>(48,898)</u>	<u>5,482,916</u>	<u>2,060,387</u>	<u>(246,367)</u>	<u>23,853,236</u>	<u>3,545,286</u>

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

21. SEGMENTED INFORMATION

	BAND GOVERNMENT			PRIVATE ENTERPRISE			ADJUSTMENTS		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
REVENUES									
Federal Government									
Operating Transfers	3,003,727	5,893,793	2,191,437	181,939	181,939	244,784	-	-	-
Capital Transfers	70,000	2,835,865	1,557,328	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	1,150,000	-	452,975	928,899	780,000	-	-	-
Capital Transfers	-	-	-	-	117,794	176,161	-	-	-
Other funding	127,224	127,224	-	-	-	-	-	-	-
Economic activities	-	-	-	7,531,663	8,011,161	16,798,121	-	(128,283)	(98,762)
Other revenue	-	704,960	471,467	78,138	146,806	40,657	-	(603,054)	(510,692)
	<u>3,200,951</u>	<u>10,711,842</u>	<u>4,220,232</u>	<u>8,244,715</u>	<u>9,386,599</u>	<u>18,039,723</u>	<u>-</u>	<u>(731,337)</u>	<u>(609,454)</u>
EXPENSES									
Wages and benefits	851,153	819,398	618,505	937,728	915,077	1,267,278	-	-	-
Debt servicing	-	281,371	65,570	-	272,239	285,063	-	-	-
Amortization	-	685,416	671,850	-	381,373	406,135	-	-	-
Other	2,212,903	2,486,383	9,777,353	6,261,203	7,878,786	15,240,317	-	(731,337)	(609,454)
	<u>3,064,056</u>	<u>4,272,568</u>	<u>11,133,278</u>	<u>7,198,931</u>	<u>9,447,475</u>	<u>17,198,793</u>	<u>-</u>	<u>(731,337)</u>	<u>(609,454)</u>
ANNUAL SURPLUS (DEFICIT)	<u>136,895</u>	<u>6,439,274</u>	<u>(6,913,046)</u>	<u>1,045,784</u>	<u>(60,876)</u>	<u>840,930</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PINAYMOOTANG FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021**

21. SEGMENTED INFORMATION

		CONSOLIDATED TOTAL		
		Budget		
		2021	2021	2020
REVENUES				
Federal Government				
Operating Transfers	\$ 10,189,390	17,995,844	10,981,849	
Capital Transfers	457,418	32,550,253	6,106,643	
Provincial Government				
Operating Transfers	452,975	2,109,519	863,571	
Capital Transfers	-	352,112	2,467,588	
Other funding	127,224	127,224	-	
Economic activities	7,531,663	7,882,878	16,699,359	
Other revenue	<u>142,638</u>	<u>785,730</u>	<u>385,017</u>	
	<u>18,901,308</u>	<u>61,803,560</u>	<u>37,504,027</u>	
EXPENSES				
Wages and benefits	4,918,008	4,850,216	4,548,146	
Debt servicing	406,013	644,187	445,487	
Amortization	-	2,653,411	2,491,170	
Other	<u>12,656,383</u>	<u>17,463,192</u>	<u>30,371,305</u>	
	<u>17,980,404</u>	<u>25,611,006</u>	<u>37,856,108</u>	
ANNUAL SURPLUS (DEFICIT)	\$ <u>920,904</u>	<u>36,192,554</u>	<u>(352,081)</u>	