
YORK FACTORY FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

YORK FACTORY FIRST NATION

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MARCH 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of York Factory First Nation are the responsibility of management and have been approved by 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 amounts that are the best estimates and judgments of management.

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

Chief and Council is 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 meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of York Factory First Nation and meet when required.



Chief



Councillor

Councillor



Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
York Factory First Nation

Opinion

We have audited the accompanying consolidated financial statements of York Factory First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of York Factory First Nation as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the 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 York Factory 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 York Factory First Nation or to cease operations, or has no realistic alternative but to do so.

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

(continued.....)

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of York Factory 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 York Factory 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 York Factory 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.

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.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 12, 2020

YORK FACTORY FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018
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FINANCIAL ASSETS

Cash	\$ 1,030,324	\$ 4,064,447
Restricted cash (Note 2)	42,836	497,275
Short term investments	4,249	14,249
Accounts receivable (Note 3)	5,492,425	1,001,475
Inventory	17,568	8,220
Investments (Note 4)	<u>450,001</u>	<u>450,001</u>
Total financial assets	<u>7,037,403</u>	<u>6,035,667</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	5,228,346	5,335,681
Deferred revenue (Note 6)	5,240,150	3,550,564
Long-term debt (Note 7)	3,885,147	4,751,911
Obligations under capital lease (Note 8)	440,642	483,932
Advance on future profits of joint venture (Note 9)	<u>610,819</u>	<u>757,156</u>
Total liabilities	<u>15,405,104</u>	<u>14,879,244</u>
Net debt	<u>(8,367,701)</u>	<u>(8,843,577)</u>

NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	19,192,676	18,552,042
Construction in progress (Note 11)	3,585,610	1,885,082
Prepaid expenses	-	53,187
Total non-financial assets	<u>22,778,286</u>	<u>20,490,311</u>
Accumulated surplus	<u>\$ 14,410,585</u>	<u>\$ 11,646,734</u>

Contingent liabilities (Note 12)

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

YORK FACTORY FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
REVENUE			
Indigenous Services Canada	\$ 2,145,412	\$ 12,107,158	\$ 6,769,172
First Nations and Inuit Health	1,624,504	3,022,111	1,404,171
Canada Mortgage and Housing Corporation	189,671	86,095	295,195
Province of Manitoba		287,164	290,586
Manitoba Hydro		2,258,761	2,578,021
Kitche-Waskahigan Trust		674,262	727,686
Apit Seepee Trust		672,066	1,004,101
Keewatin Tribal Council		115,737	187,079
Band generated revenue		7,676,384	6,522,447
Rental and user fees		598,714	442,021
Other	<u>-</u>	846,612	<u>409,783</u>
	<u>3,959,587</u>	<u>28,345,064</u>	<u>20,630,262</u>
EXPENDITURES			
Governance and administration	479,120	1,967,719	2,571,074
Housing	376,198	932,003	822,560
Community services	665,172	1,318,124	1,240,733
Capital and projects	332,500	8,567,999	3,948,650
Social services	1,044,900	1,084,366	1,052,382
Child care	311,897	323,059	323,087
Health	1,452,589	1,859,815	983,245
Economic development	73,200	157,305	138,795
Education	207,274	278,123	811,821
Band entities	<u>319,217</u>	<u>9,092,700</u>	<u>8,377,045</u>
	<u>5,262,067</u>	<u>25,581,213</u>	<u>20,269,392</u>
ANNUAL SURPLUS	(1,302,480)	2,763,851	360,870
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>11,646,734</u>	<u>11,646,734</u>	<u>11,285,864</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 10,344,254</u>	<u>\$ 14,410,585</u>	<u>\$ 11,646,734</u>

YORK FACTORY FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
Annual surplus	<u><u>\$ (1,302,480)</u></u>	<u><u>\$ 2,763,851</u></u>	<u><u>\$ 360,870</u></u>
Acquisition of tangible capital assets		(552,683)	(1,856,018)
Addition in construction in progress		(3,108,706)	(501,305)
Amortization of tangible capital assets	<u><u>-</u></u>	<u><u>1,320,227</u></u>	<u><u>1,288,684</u></u>
	<u><u>-</u></u>	<u><u>(2,341,162)</u></u>	<u><u>(1,068,639)</u></u>
Acquisition of prepaid expenses			(53,187)
Use of prepaid assets	<u><u>-</u></u>	<u><u>53,187</u></u>	<u><u>51,186</u></u>
	<u><u>-</u></u>	<u><u>53,187</u></u>	<u><u>(2,001)</u></u>
CHANGE IN NET DEBT FOR YEAR	(1,302,480)	475,876	(709,770)
NET DEBT, <i>beginning of year</i>	<u><u>(8,843,577)</u></u>	<u><u>(8,843,577)</u></u>	<u><u>(8,133,807)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ (10,146,057)</u></u>	<u><u>\$ (8,367,701)</u></u>	<u><u>\$ (8,843,577)</u></u>

YORK FACTORY FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from I.S.C. \$ 10,913,559 \$ 7,968,199		
Cash received from other sources 12,940,555 12,610,202		
Cash paid to suppliers and employees (22,503,761) (16,627,598)		
	<u>1,350,353</u>	<u>3,950,803</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress (3,661,389) (2,357,323)		
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt 262,794 2,560,469		
Repayment of long term debt (1,275,895) (221,871)		
Repayment of obligations under capital lease (164,425) (85,131)		
	<u>(1,177,526)</u>	<u>2,253,467</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR (3,488,562) 3,846,947		
CASH, <i>beginning of year</i> 4,561,722 714,775		
CASH, <i>end of year</i> \$ 1,073,160 \$ 4,561,722		

CASH COMPRISED OF

Cash	\$ 1,030,324	\$ 4,064,447
Restricted cash	<u>42,836</u>	<u>497,275</u>
	<u>\$ 1,073,160</u>	<u>\$ 4,561,722</u>

YORK FACTORY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared 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.

REPORTING ENTITY

The York Factory First Nation ("First Nation") reporting entity includes the York Factory First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination;

York Factory First Nation Programs:

- York Factory First Nation Operating Fund
- York Factory First Nation Housing Authority
- York Landing Construction Group LP
- York Factory Keeyask Implementation (formerly York Factory Future Development)
- York Factory Smoke Shop

Incorporated and unincorporated business entities which are owned and controlled by the First Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. These include:

- Silver Goose Lodge Ltd.
- 5687439 Manitoba Ltd.
- York Factory First Nation Limited Partnership

ASSET CLASSIFICATION

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

SHORT TERM INVESTMENTS

Short term investments are recorded at lower of cost and market value.

INVENTORY

Inventories of goods available for resale are recorded at the lower of cost and net realizable value. Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INVESTMENTS

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. The First Nation's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends.

NET DEBT

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include acquired, built, developed and improved 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 acquired are stated at cost. Social housing assets acquired under Canada Mortgage and Housing Corporation ("C.M.H.C.") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Computer equipment	45%
Facilities	1.67% to 10%
Gravity main	2%
Pressurized main	2%
Roads	5%
Sewer systems	3.33% to 5%
Vehicles	10%
Water systems	2.5%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

SEGMENTS

The First Nation conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

REVENUErecognition

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

Financial instruments include cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless otherwise stated, the carrying value of First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. The First Nation estimates the net book value of tangible capital assets based upon the amortization period and the estimated useful lives of the tangible capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

2. RESTRICTED CASH

REPLACEMENT RESERVE

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$33,040. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As at March 31, 2019, the replacement reserve bank account had a balance of \$157 (2018 - \$456,398) and was unfunded by \$567,199 (2018 - \$78,663).

I.S.C. TRUST

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other band tangible capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended by the bands under the provisions of the Indian Act.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

2. RESTRICTED CASH *(continued)*

At the end of the year, the restricted cash consisted of the following balances:

	2 0 1 9	2 0 1 8
I.S.C. Trust		
BALANCE, <i>beginning of year</i>	\$ 40,877	\$ 40,323
Add: Income earned	<u>1,802</u>	<u>554</u>
BALANCE, <i>end of year</i>	<u>42,679</u>	<u>40,877</u>
C.M.H.C. Replacement Reserve		
BALANCE, <i>beginning of year</i>	456,398	358,964
Add: Deposits		97,434
Less: Withdrawals	<u>(456,241)</u>	<u>-</u>
BALANCE, <i>end of year</i>	<u>157</u>	<u>456,398</u>
TOTAL	<u>\$ 42,836</u>	<u>\$ 497,275</u>
3. ACCOUNTS RECEIVABLE	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Environmental Site Assessment	\$ 159,179	\$
Band Employee Benefits - Administration		500
Community Garage	480,000	
Band Employee Benefits - Administration - Pension Plans		6,256
Fuel assistance		30,000
Water Treatment Plant Expansion Project	3,800,000	302,869
Keewatin Tribal Council	25,975	50,737
Province of Manitoba	5,770	5,770
Sodexo Canada Inc.	504,489	102,029
Trade and other	<u>731,886</u>	<u>660,284</u>
	<u>5,707,299</u>	<u>1,158,445</u>
Less: Allowance for doubtful accounts	<u>(214,874)</u>	<u>(156,970)</u>
	<u>\$ 5,492,425</u>	<u>\$ 1,001,475</u>
4. INVESTMENTS	2 0 1 9	2 0 1 8
Silver Goose Lodge Ltd.	\$ 1	\$ 1
York Factory First Nation Limited Partnership	<u>450,000</u>	<u>450,000</u>
	<u>\$ 450,001</u>	<u>\$ 450,001</u>

The above investments are accounted for using the modified equity method and are wholly owned and controlled by the First Nation. Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends. 5687439 Manitoba Ltd. and York Factory First Nation Limited Partnership are investment entities for the First Nation's partnership in the Keeyask Hydropower Limited Partnership.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Youth Work Experience	\$ 10,737	\$ 7,645
Water - O&M	221,676	19,947
Band Operated School Direct Services	2,067	153,017
Management Action Plan	228,184	2,067
Skills Link	727,773	228,184
Social - Basic Needs	51,561	727,773
Social - Special Needs	73,537	51,561
Social - In-Home Care	15,490	73,537
Special Education	1,994	15,490
First Nations and Inuit Health		163,587
Home & Community Care	421,257	163,587
Accrued liabilities	59,900	1,980,917
Payroll remittances and deductions	<u>3,414,170</u>	30,114
Trade and other	<u>3,414,170</u>	<u>1,718,255</u>
	<u>\$ 5,228,346</u>	<u>\$ 5,335,681</u>

6. DEFERRED REVENUE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Enhanced Teacher Salaries	4,380	4,380
Summer Work Experience	5,520	5,520
Headstart Building Project		674,999
School Repair Project	155,028	926,901
Water Treatment Plant Repair Project	8,999	99,162
Water Treatment Plant Expansion Project	3,693,611	
Duplex Project	11,227	
Community Garage	207,855	
Planning, Design and Construction - 4 New Houses	26,871	391,072
Environmental Site Assessment	53,808	
Additions to Reserve	127,032	
First Nations and Inuit Health		
Nursing Station Project	179,125	518,114
Headstart Building Project	191,701	
Jordan's Principle - Respite Care		381,951
Apit Seepie contribution	348,459	456,843
YFFN Community Development Operation	<u>226,534</u>	<u>91,622</u>
	<u>\$ 5,240,150</u>	<u>\$ 3,550,564</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

7. LONG TERM DEBT

	2 0 1 9	2 0 1 8
Canadian Imperial Bank of Commerce loan, 2.79%, repayable in monthly installments of \$3,009 (P & I), due December 31, 2018, secured by Ministerial Guarantee and assignment of all risks insurance.	\$ 25,550	
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$5,120 (P & I), due December 1, 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	330,489	385,352
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$1,005 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	93,800	104,017
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$3,624 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	338,332	375,187
C.M.H.C. mortgage, 1.92%, repayable in monthly installments of \$912 (P & I), due May 1, 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	101,046	109,964
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$2,293 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	328,554	349,765
C.M.H.C. mortgage, 2.22%, repayable in monthly installments of \$2,448 (P & I), due January 1, 2024, secured by Ministerial Guarantee and assignment of all risks insurance.	471,730	491,334
C.M.H.C. mortgage, 1.04%, repayable in monthly installments of \$1,450 (P & I), due October 10, 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	336,436	350,272
Royal Bank of Canada, prime + 2.78%, repayable in quarterly installments of \$177,650 (P & I), due April 1, 2020.	1,085,987	1,702,903
Sodexo Canada Ltd., repayable in quarterly installments of \$107,196 (P & I), due May 31, 2020.	535,979	857,567
First Peoples Economic Growth Fund Inc. loan, interest at nil, repayable in monthly installments of \$2,792 (P), due July 1, 2023.	134,025	
First Peoples Economic Growth Fund Inc. loan, 7%, repayable with interest only on the first seven months and in monthly installments of \$3,084 (P & I) thereafter, due July 1, 2023.	128,769	
	<u>\$ 3,885,147</u>	<u>\$ 4,751,911</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

7. LONG TERM DEBT *(continued)*

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

The estimated annual principal payments required in each of the next five years to meet retirement provisions are estimated to be as follows:

March 31, 2020	\$ 1,314,802
2021	769,388
2022	239,256
2023	244,931
2024	179,214

8. OBLIGATIONS UNDER CAPITAL LEASE

	2 0 1 9	2 0 1 8
Wilson's Business Solution lease, repayable in quarterly installments of \$1,909, due on May 31, 2020.	6,984	13,024
Wilson's Business Solution lease, repayable in quarterly installments of \$1,044, due on May 31, 2020.	3,819	7,124
Brandt Tractor Ltd. lease, repayable in monthly installments of \$3,402, due on October 17, 2020.	60,643	95,288
Mercado Capital Corporation lease, 2.25%, repayable in monthly installments of \$3,133, due on April 6, 2022.	146,554	180,438
Brandt Tractor Ltd. lease, 7.82%, repayable in monthly installments of \$6,719, due on October 1, 2020.	119,716	188,058
Meridian OneCap Credit Corp. lease, 18.00%, repayable in monthly installments of \$4,767, due on October 23, 2020.	78,308	
Wilson's Business Solution lease, 15.05%, repayable in monthly installments of \$349, due on February 5, 2024.	14,140	
Wilson's Business Solution, 15.25%, repayable in monthly installments of \$307, due on February 11, 2023.	10,478	-
	<u>\$ 440,642</u>	<u>\$ 483,932</u>

The estimated annual principal payments required in each of the next five years to meet retirement provisions are estimated to be as follows:

March 31, 2020	\$ 208,071
2021	141,118
2022	42,263
2023	43,124
2024	6,066

9. ADVANCE ON FUTURE PROFITS OF JOINT VENTURE

The First Nation has entered into a joint venture with Sodexo Canada Inc. and Fox Lake Cree Nation. The First Nation received an advance on future profits from Sodexo Canada Inc. The advance is to be repaid from a portion of the First Nation's future profits earned by the joint venture. Repayment is estimated to be over the next 10 years and carries an interest rate of 3.5% per annum.

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2020	\$ 151,541
2021	156,931
2022	162,513
2023	139,833
2024	139,833

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	2019	2018
C.M.H.C. Housing	\$ 6,128,591	\$ 14,832	\$ 6,128,591	\$ 2,555,417	\$ 222,709	\$ 2,778,126	\$ 3,350,465	\$ 3,573,174
Computer equipment			14,832	14,832		14,832		
Facilities	24,936,266	1,656,490	26,592,756	14,478,895	489,826	14,968,721	11,624,035	10,457,371
Gravity main	688,328		688,328	372,144	13,767	385,911	302,417	316,184
Land	220,000		220,000				220,000	220,000
Pressurized main	1,480,546		1,480,546	690,422	29,611	720,033	760,513	790,124
Roads	2,434,396		2,434,396	1,687,658	67,726	1,755,384	679,012	746,738
Sewer systems	1,525,437		1,525,437	1,356,012	49,152	1,405,164	120,273	169,425
Vehicles	4,617,802	278,727	4,896,529	2,440,595	420,178	2,860,773	2,035,756	2,177,207
Water systems	785,225		785,225	694,853	10,041	704,894	80,331	90,372
Equipments	62,629	25,644	88,273	51,182	17,217	68,399	19,874	11,447
	<u>\$ 42,894,052</u>	<u>\$ 1,960,861</u>	<u>\$ 44,854,913</u>	<u>\$ 24,342,010</u>	<u>\$ 1,320,227</u>	<u>\$ 25,662,237</u>	<u>\$ 19,192,676</u>	<u>\$ 18,552,042</u>

11. CONSTRUCTION IN PROGRESS

	2019	2018
Motel	\$	\$ 997,941
Housing project - 4 units		387,131
Water treatment plant expansion project	806,399	500,010
Duplex - I.S.C. funded	1,814,640	
Duplex - band funded	274,151	
Community garage	272,145	
Kitchen project	403,179	
VLT project	15,096	-
	<u>\$ 3,585,610</u>	<u>\$ 1,885,082</u>

The costs for the above project will be recorded as tangible capital assets and amortized accordingly upon completion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

12. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. If any amounts become repayable, they will be accounted for in the year of determination.

13. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 1 9	2 0 1 8
Agreement:	\$ 15,043,113	\$ 8,259,434
Less: Indigenous Services Canada recoveries		
Less: Deferred to subsequent year		
Duplex Project	(11,227)	
Community Garage	(207,855)	
Enhanced Teacher Salaries	(4,380)	(4,380)
Summer Work Experience	(5,520)	(5,520)
Additions to Reserve	(127,033)	
Planning, Design and Construction - 4 New Houses	(26,871)	(391,072)
Water Treatment Plant Expansion Project	(3,693,611)	
Environmental Site Assessment	(53,808)	
School Repair Project	(155,028)	(926,902)
Water Treatment Plant Repair Project	(8,999)	(99,162)
Recoveries		
Band Operated Direct Services	(68,659)	(115,221)
Skills Link Program		(228,184)
Social - Basic Needs		(23,259)
Social - Special Needs		(1,197)
Water Treatment Plant Repair Project		(2,067)
Add: Deferred from prior year		
Enhanced Teacher Salaries	4,380	
Summer Work Experience	5,520	
Planning, Design and Construction - 4 New Houses	391,072	
School Repair Project	926,902	
Water Treatment Plant Repair Project	99,162	
Roads and Bridges		30,570
Skills Link Program		97,285
Housing Governance		63,626
Band Operated School Direct Services	-----	115,221
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS	<u>\$ 12,107,158</u>	<u>\$ 6,769,172</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2019****14. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 1 9	2 0 1 8
Administration fees	\$ 188,402	\$ 176,219
Amortization	1,320,227	1,288,684
Community initiatives and contributions	1,644,379	1,756,619
Cost of sales	2,149,367	1,932,489
Equipment	158,877	275,249
First Nation coordination	276,249	62,420
Fuel	325,128	203,418
Insurance	157,700	167,778
Interest	81,077	223,014
Other	646,011	461,101
Professional fees	2,307,117	1,823,161
Program aides	247,778	111,853
Rent	402,893	286,457
Repairs and maintenance	8,044,319	4,555,312
Salaries and benefits	4,727,049	4,308,264
Social assistance	959,972	918,959
Supplies	449,499	614,098
Telephone	149,377	130,228
Travel	1,206,343	756,219
Utilities	<u>139,449</u>	<u>217,850</u>
	<u>\$ 25,581,213</u>	<u>\$ 20,269,392</u>

15. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada and First Nations and Inuit Health.

16. RELATED PARTY TRANSACTIONS

In the normal course of business the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and related parties, aggregate revenue and expenditures derived from related parties is not determinable.

YORK FACTORY FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

17. SEGMENT DISCLOSURE

York Factory First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Governance and Administration		Housing		Community Services		Capital and Projects	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues								
Federal Government								
I.S.C.	\$ 577,093	\$ 545,896	\$ 86,095	\$ 295,195	\$ 408,424	\$ 295,686	\$ 10,014,384	\$ 4,476,584
F.N.I.H.							822,286	114,228
C.M.H.C.	—	—	—	—	—	—	—	—
Subtotal	577,093	545,896	86,095	295,195	408,424	295,686	10,836,670	4,590,812
Other revenue	<u>955,530</u>	<u>1,286,218</u>	<u>304,951</u>	<u>244,433</u>	<u>48,500</u>	<u>52,500</u>	<u>196,522</u>	<u>—</u>
Total revenue	<u>1,532,623</u>	<u>1,832,114</u>	<u>391,046</u>	<u>539,628</u>	<u>456,924</u>	<u>348,186</u>	<u>11,033,192</u>	<u>4,590,812</u>
Expenses								
Amortization	5,506	1,335	224,059	236,111	436,126	443,508	29,228	29,228
Debt servicing	160,997	173,833	38,602	40,768			121	282
Other	743,431	1,298,653	395,959	365,293	390,266	497,749	8,510,315	3,915,891
Salaries and benefits	<u>1,057,785</u>	<u>1,097,253</u>	<u>273,383</u>	<u>180,388</u>	<u>491,732</u>	<u>299,476</u>	<u>28,335</u>	<u>3,249</u>
Total expenses	<u>1,967,719</u>	<u>2,571,074</u>	<u>932,003</u>	<u>822,560</u>	<u>1,318,124</u>	<u>1,240,733</u>	<u>8,567,999</u>	<u>3,948,650</u>
Surplus (Deficit)	<u>\$ (435,096)</u>	<u>\$ (738,960)</u>	<u>\$ (540,957)</u>	<u>\$ (282,932)</u>	<u>\$ (861,200)</u>	<u>\$ (892,547)</u>	<u>\$ 2,465,193</u>	<u>\$ 642,162</u>

YORK FACTORY FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

17. SEGMENT DISCLOSURE (continued)

	Social Services		Child Care		Health		Economic Development	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues								
Federal Government								
I.S.C.	\$ 1,049,820	\$ 1,077,359	\$ 245,340	\$ 245,340	\$ 1,954,485	\$ 14,000	\$ 73,501	\$ 73,501
F.N.I.H.								
C.M.H.C.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	1,049,820	1,077,359	245,340	245,340	1,954,485	1,058,603	73,501	73,501
Other revenue	<u>-</u>	<u>-</u>	<u>35,224</u>	<u>80,445</u>	<u>1,286</u>	<u>2,144</u>	<u>-</u>	<u>-</u>
Total revenue	1,049,820	1,077,359	280,564	325,785	1,955,771	1,060,747	73,501	73,501
Expenses								
Amortization			29,243	29,243	17,195	7,153		
Debt servicing							2,223	
Other	976,350	955,168	77,710	87,742	850,681	369,267	115,223	98,900
Salaries and benefits	<u>108,016</u>	<u>97,214</u>	<u>216,106</u>	<u>206,102</u>	<u>991,939</u>	<u>606,825</u>	<u>39,859</u>	<u>39,895</u>
Total expenses	1,084,366	1,052,382	323,059	323,087	1,859,815	983,245	157,305	138,795
Surplus (Deficit)	<u>\$(34,546)</u>	<u>\$ 24,977</u>	<u>\$(42,495)</u>	<u>\$ 2,698</u>	<u>\$ 95,956</u>	<u>\$ 77,502</u>	<u>\$(83,804)</u>	<u>\$(65,294)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

17. SEGMENT DISCLOSURE (continued)

	Education		Band Entities		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Federal Government						
I.S.C.	\$ (16,064)	\$ 286,146	\$	\$	\$ 12,107,158	\$ 6,769,172
F.N.I.H.					3,022,111	1,404,171
C.M.H.C.	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> 86,095</u>	<u> 295,195</u>
Subtotal	(16,064)	286,146	-	-	15,215,364	8,468,538
Other revenue	<u> 80,513</u>	<u> 267,778</u>	<u> 11,507,174</u>	<u> 10,228,206</u>	<u> 13,129,700</u>	<u> 12,161,724</u>
Total revenue	<u> 64,449</u>	<u> 553,924</u>	<u> 11,507,174</u>	<u> 10,228,206</u>	<u> 28,345,064</u>	<u> 20,630,262</u>
Expenses						
Amortization	134,333	138,736	444,537	403,370	1,320,227	1,288,684
Debt servicing		3,206	6	23,862	201,949	241,951
Other	98,045	210,345	7,174,008	6,631,485	19,331,988	14,430,493
Salaries and benefits	<u> 45,745</u>	<u> 459,534</u>	<u> 1,474,149</u>	<u> 1,318,328</u>	<u> 4,727,049</u>	<u> 4,308,264</u>
Total expenses	<u> 278,123</u>	<u> 811,821</u>	<u> 9,092,700</u>	<u> 8,377,045</u>	<u> 25,581,213</u>	<u> 20,269,392</u>
Surplus (Deficit)	<u> \$(213,674)</u>	<u> \$(257,897)</u>	<u> \$ 2,414,474</u>	<u> \$ 1,851,161</u>	<u> \$ 2,763,851</u>	<u> \$ 360,870</u>