
YORK FACTORY FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

YORK FACTORY FIRST NATION

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MARCH 31, 2020

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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 auditor's 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

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INDEPENDENT AUDITOR'S 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, 2020, 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, 2020, 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.....)

Auditor's 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
February 11, 2022

YORK FACTORY FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

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FINANCIAL ASSETS

Cash	\$ 1,771,320	\$ 1,034,573
Restricted cash <i>(Note 2)</i>	44,209	42,836
Accounts receivable <i>(Note 3)</i>	1,706,328	5,492,425
Inventory	23,394	17,568
Investments <i>(Note 4)</i>	<u>406,732</u>	<u>450,001</u>
Total financial assets	<u>3,951,983</u>	<u>7,037,403</u>

LIABILITIES

Bank indebtedness	68,000	
Accounts payable and accrued liabilities <i>(Note 5)</i>	6,087,763	5,228,346
Deferred revenue <i>(Note 8)</i>	1,765,589	5,240,150
Long-term debt <i>(Note 6)</i>	2,592,789	3,885,147
Obligations under capital lease <i>(Note 7)</i>	233,374	440,642
Advance on future profits of joint venture <i>(Note 9)</i>	<u>223,213</u>	<u>610,819</u>
Total liabilities	<u>10,970,728</u>	<u>15,405,104</u>
Net debt	<u>(7,018,745)</u>	<u>(8,367,701)</u>

NON-FINANCIAL ASSETS

Tangible capital assets <i>(Note 10)</i>	21,136,441	19,192,676
Construction in progress <i>(Note 11)</i>	<u>8,772,871</u>	<u>3,585,610</u>
Total non-financial assets	<u>29,909,312</u>	<u>22,778,286</u>
Accumulated surplus	<u>\$ 22,890,567</u>	<u>\$ 14,410,585</u>
Contingent liabilities <i>(Note 12)</i>		

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)	2020	2019
REVENUE			
Indigenous Services Canada	\$ 2,145,412	\$ 11,054,408	\$ 12,107,158
First Nations and Inuit Health	1,624,504	3,081,972	3,022,111
Canada Mortgage and Housing Corporation	189,671	172,144	86,095
Province of Manitoba		223,200	287,164
Manitoba Hydro		2,174,760	2,258,761
Kitche-Waskahigan Trust		306,168	674,262
Apit Seepee Trust		563,026	672,066
Keewatin Tribal Council		60,561	115,737
Band generated revenue		6,967,429	7,676,384
Rental and user fees		402,678	598,714
Other		1,072,093	814,272
Eliminations	<u>-</u>	<u>(438,218)</u>	<u>(367,579)</u>
	<u>3,959,587</u>	<u>25,640,221</u>	<u>27,945,145</u>
EXPENDITURES			
Governance and administration	479,120	1,704,976	1,967,719
Housing	376,198	880,971	899,663
Community services	665,172	1,473,200	1,206,298
Capital and projects	332,500	941,820	8,567,999
Social services	1,044,900	1,189,509	1,084,366
Child care	311,897	391,864	323,059
Health	1,452,589	2,504,585	1,971,641
Economic development	73,200	76,530	157,305
Education	207,274	325,716	278,123
Band entities	319,217	8,109,286	9,092,700
Eliminations	<u>-</u>	<u>(438,218)</u>	<u>(367,579)</u>
	<u>5,262,067</u>	<u>17,160,239</u>	<u>25,181,294</u>
ANNUAL SURPLUS (DEFICIT)	<u>(1,302,480)</u>	<u>8,479,982</u>	<u>2,763,851</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>14,410,585</u>	<u>14,410,585</u>	<u>11,646,734</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 13,108,105</u>	<u>\$ 22,890,567</u>	<u>\$ 14,410,585</u>

YORK FACTORY FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
Annual surplus	<u><u>\$ (1,302,480)</u></u>	<u><u>\$ 8,479,982</u></u>	<u><u>\$ 2,763,851</u></u>
Acquisition of tangible capital assets and construction in progress		<u><u>(8,530,683)</u></u>	<u><u>(3,661,389)</u></u>
Amortization of tangible capital assets	<u><u>-</u></u>	<u><u>1,399,657</u></u>	<u><u>1,320,227</u></u>
	<u><u>-</u></u>	<u><u>(7,131,026)</u></u>	<u><u>(2,341,162)</u></u>
Use of prepaid assets	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>53,187</u></u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>53,187</u></u>
CHANGE IN NET DEBT FOR YEAR	<u><u>(1,302,480)</u></u>	<u><u>1,348,956</u></u>	<u><u>475,876</u></u>
NET DEBT, <i>beginning of year</i>	<u><u>(8,367,701)</u></u>	<u><u>(8,367,701)</u></u>	<u><u>(8,843,577)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ (9,670,181)</u></u>	<u><u>\$ (7,018,745)</u></u>	<u><u>\$ (8,367,701)</u></u>

YORK FACTORY FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from I.S.C.	\$ 11,932,964	\$ 10,913,559
Cash received from other sources	17,661,388	12,940,555
Cash paid to suppliers and employees	<u>(18,438,318)</u>	<u>(22,499,512)</u>
	<u>11,156,034</u>	<u>1,354,602</u>

CAPITAL ACTIVITIES

Acquisition of tangible capital assets and construction in progress	(8,530,683)	(3,661,389)
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FINANCING ACTIVITIES

Proceeds from long term debt	262,794	
Repayment of long term debt	(1,679,964)	(1,275,895)
Repayment of obligations under capital lease	<u>(207,267)</u>	<u>(164,425)</u>
	<u>(1,887,231)</u>	<u>(1,177,526)</u>

NET INCREASE (DECREASE) IN CASH DURING YEAR 738,120 (3,484,313)

CASH, *beginning of year* 1,077,409 4,561,722

CASH, *end of year* **\$ 1,815,529** **\$ 1,077,409**

CASH COMPRISED OF

Cash	\$ 1,771,320	\$ 1,034,573
Restricted cash	<u>44,209</u>	<u>42,836</u>
	<u>\$ 1,815,529</u>	<u>\$ 1,077,409</u>

YORK FACTORY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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.
- Kawachiwasik Development Corporation.
- 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, 2020

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, 2020

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 \$30,040. 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, 2020, the replacement reserve bank account had a balance of \$6 (2019 - \$157) and was unfunded by \$597,321 (2019 - \$567,199).

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, 2020

2. RESTRICTED CASH *(continued)*

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

	2 0 2 0	2 0 1 9
I.S.C. Trust		
BALANCE, <i>beginning of year</i>	\$ 42,679	\$ 40,877
Add: Income earned	<u>1,524</u>	<u>1,802</u>
BALANCE, <i>end of year</i>	<u>44,203</u>	<u>42,679</u>
C.M.H.C. Replacement Reserve		
BALANCE, <i>beginning of year</i>	157	456,398
Add: Deposits		
Less: Withdrawals	(151)	(456,241)
BALANCE, <i>end of year</i>	<u>6</u>	<u>157</u>
TOTAL	<u>\$ 44,209</u>	<u>\$ 42,836</u>
3. ACCOUNTS RECEIVABLE	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Community Based Initiative	\$ 130,052	\$
Response - COVID-19	<u>41,723</u>	159,179
Environmental Site Assessment		
Basic Needs - COVID-19	23,685	480,000
Community Garage		
Planning Design & Construction (New Housing- CSH91)	493,990	
Community Economic Development	<u>73,501</u>	
Water Treatment Plant Expansion Project		
First Nations and Inuit Health Branch	53,068	
Keewatin Tribal Council	<u>20,334</u>	25,975
KNC Electric	<u>168,034</u>	
Province of Manitoba	5,770	5,770
Sodexo Canada Inc.	<u>275,286</u>	504,489
Trade and other	<u>704,918</u>	<u>731,886</u>
	<u>1,990,361</u>	5,707,299
Less: Allowance for doubtful accounts	(284,033)	(214,874)
	<u>\$ 1,706,328</u>	<u>\$ 5,492,425</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

4. INVESTMENTS

	2 0 2 0	2 0 1 9
Kawechiwasik Development Corporation	\$(43,269)	\$
Silver Goose Lodge Ltd.	1	1
York Factory First Nation Limited Partnership	<u>450,000</u>	<u>450,000</u>
	<u><u>\$ 406,732</u></u>	<u><u>\$ 450,001</u></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.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Water - O&M	10,737	
Band Operated School Direct Services	68,659	221,676
Management Action Plan	2,067	
Skills Link	186,094	228,184
Social - Basic Needs	727,773	727,773
Social - Special Needs	51,561	51,561
Social - In-Home Care	73,537	73,537
Special Education	15,490	
First Nations and Inuit Health		
Home & Community Care	1,994	
Accrued liabilities	353,488	421,257
Payroll remittances and deductions	82,989	59,900
Trade and other	<u>4,543,662</u>	<u>3,414,170</u>
	<u>\$ 6,087,763</u>	<u>\$ 5,228,346</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

6. LONG TERM DEBT

	2 0 2 0	2 0 1 9
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$5,120 (P & I), due May 1, 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	\$ 274,629	\$ 330,489
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$1,021 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	83,374	93,800
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$3,684 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	300,729	338,332
C.M.H.C. mortgage, 1.92%, repayable in monthly installments of \$912 (P & I), due May 1, 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	91,958	101,046
C.M.H.C. mortgage, 2.06%, repayable in monthly installments of \$2,349 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	306,919	328,554
C.M.H.C. mortgage, 2.22%, repayable in monthly installments of \$2,492 (P & I), due January 1, 2024, secured by Ministerial Guarantee and assignment of all risks insurance.	452,076	471,730
C.M.H.C. mortgage, 1.04%, repayable in monthly installments of \$1,450 (P & I), due October 1, 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	322,463	336,436
Royal Bank of Canada, prime + 2.78%, repayable in quarterly installments of \$177,650 (P & I), due April 1, 2020.	432,020	1,085,987
Sodexo Canada Ltd., repayable in quarterly installments of \$107,196 (P & I), due May 31, 2020.	107,196	535,979
First Peoples Economic Growth Fund Inc. loan, interest at nil, repayable in monthly installments of \$2,792 (P), due July 1, 2023.	111,687	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.	<u>109,736</u>	<u>128,769</u>
	<u><u>\$ 2,592,789</u></u>	<u><u>\$ 3,885,147</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

6. 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, 2021	\$ 774,440
2022	240,719
2023	246,438
2024	204,842
2025	164,530

7. OBLIGATIONS UNDER CAPITAL LEASE

	2020	2019
Wilson's Business Solution lease, repayable in quarterly installments of \$1,909, due on April 1, 2020.		6,984
Wilson's Business Solution lease, repayable in quarterly installments of \$1,044, due on April 1, 2020.		3,819
Brandt Tractor Ltd. lease, repayable in monthly installments of \$3,402, due on October 17, 2020.	23,211	60,643
Mercado Capital Corporation lease, 2.25%, repayable in monthly installments of \$3,133, due on April 6, 2022.	111,900	146,554
Brandt Tractor Ltd. lease, 7.82%, repayable in monthly installments of \$6,719, due on October 1, 2020.	45,834	119,716
Meridian OneCap Credit Corp. lease, 18.00%, repayable in monthly installments of \$4,767, due on October 23, 2020.	31,455	78,308
Wilson's Business Solution lease, 15.05%, repayable in monthly installments of \$349, due on February 5, 2024.	12,333	14,140
Wilson's Business Solution, 15.25%, repayable in monthly installments of \$307, due on February 11, 2023.	8,642	10,478
	<u>\$ 233,374</u>	<u>\$ 440,642</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, 2021	\$ 140,985
2022	42,111
2023	43,587
2024	6,691

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

8. DEFERRED REVENUE	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Enhanced Teacher Salaries	\$ 4,380	\$ 4,380
Summer Work Experience	5,520	
School Repair Project	155,028	
Water Treatment Plant Repair Project	8,999	
Water Treatment Plant Expansion Project	1,232,604	3,693,611
Duplex Project	11,227	
Community Garage	207,855	
Planning, Design and Construction - 4 New Houses	26,871	
Environmental Site Assessment	53,808	
Additions to Reserve	127,032	
Inherent Right Consultation	77,961	
First Nations and Inuit Health		
Nursing Station Project	108,927	179,125
Headstart Building Project	4,707	191,701
Apit Seepee contribution	194,865	348,459
YFFN Community Development Operation	<u>146,525</u>	<u>226,534</u>
	<u>\$ 1,765,589</u>	<u>\$ 5,240,150</u>

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. Repayable in monthly installments of \$44,643, due August 2020.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2020	Total 2019
C.M.H.C. Housing	\$ 6,128,591	\$	\$ 6,128,591	\$ 2,778,126	\$ 229,487	\$ 3,007,613	\$ 3,120,978	\$ 3,350,465
Computer equipment	14,832			14,832		14,832		
Facilities	26,592,756	3,159,737	29,752,493	14,968,718	580,582	15,549,300	14,203,193	11,624,038
Gravity main	688,328		688,328	385,911	13,767	399,678	288,650	302,417
Land	220,000		220,000				220,000	220,000
Pressurized main	1,480,546		1,480,546	720,033	29,611	749,644	730,902	760,513
Roads	2,434,396		2,434,396	1,755,386	67,726	1,823,112	611,284	679,010
Sewer systems	1,525,437		1,525,437	1,405,164	37,927	1,443,091	82,346	120,273
Vehicles	4,896,529	183,684	5,080,213	2,860,773	418,976	3,279,749	1,800,464	2,035,756
Water systems	785,225		785,225	704,894	10,041	714,935	70,290	80,331
Equipments	88,273	—	88,273	68,399	11,540	79,939	8,334	19,873
	<u>\$ 44,854,913</u>	<u>\$ 3,343,421</u>	<u>\$ 48,183,502</u>	<u>\$ 25,662,236</u>	<u>\$ 1,399,657</u>	<u>\$ 27,061,893</u>	<u>\$ 21,136,441</u>	<u>\$ 19,192,676</u>

11. CONSTRUCTION IN PROGRESS

	2020	2019
Water treatment plant expansion project	\$ 7,677,871	\$ 806,399
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
ISC 3 unit housing project	<u>1,095,000</u>	—
	<u>\$ 8,772,871</u>	<u>\$ 3,585,610</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, 2020

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 2 0	2 0 1 9
Agreement:	\$ 11,081,515	\$ 16,863,645
Add: I.S.C. revenue deferred from prior year	4,294,333	1,427,036
F.N.I.H. revenue deferred from prior year	370,826	1,575,065
Less: I.S.C. revenue deferred to following year	(1,310,565)	(4,294,333)
F.N.I.H. revenue deferred to following year	(113,634)	(370,826)
I.S.C. Band Operated Direct Services funding recovery	(71,318)	
I.S.C. Skills Link - Info & Comm	(186,095)	-
 TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	 \$ 14,136,380	 \$ 15,129,269

REVENUE PER STATEMENT OF OPERATIONS (*Statement 2*)

Indigenous Services Canada	\$ 11,054,408	\$ 12,107,158
First Nations and Inuit Health	<u>3,081,972</u>	<u>3,022,111</u>
	 \$ 14,136,380	 \$ 15,129,269

14. 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.

15. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

16. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 0	2 0 1 9
Administration fees	\$ 283,694	\$ 188,402
Amortization	1,399,657	1,320,227
Community initiatives and contributions	1,363,748	1,644,379
Cost of sales	2,138,659	2,149,367
Equipment	97,476	158,877
First Nation coordination	33,610	276,249
Fuel	303,849	325,128
Insurance	199,237	157,700
Interest	36,791	81,077
Other	824,325	613,671
Professional fees	1,345,505	2,307,117
Program aides	270,936	247,778
Rent	264,510	402,893
Repairs and maintenance	1,039,522	8,044,319
Salaries and benefits	5,091,413	4,727,049
Social assistance	1,057,521	959,972
Supplies	463,984	449,499
Telephone	127,750	149,377
Travel	1,135,467	1,206,343
Utilities	120,803	139,449
Eliminations	(438,218)	(367,579)
	<u>\$ 17,160,239</u>	<u>\$ 25,181,294</u>

17. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, increased or reduced funding availability, increased or decreased demand for services, increased government regulations or interventions, all of which may negatively impact the financial conditions or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

18. COMPARATIVE FIGURES

Certain prior year's comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

YORK FACTORY FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues								
Federal Government								
I.S.C.	\$ 677,941	\$ 577,093	\$	\$	\$ 862,877	\$ 408,424	\$ 8,391,499	\$ 10,014,384
F.N.I.H.							257,193	822,286
C.M.H.C.	<u>-</u>	<u>-</u>	<u>172,144</u>	<u>86,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>677,941</u>	<u>577,093</u>	<u>172,144</u>	<u>86,095</u>	<u>862,877</u>	<u>408,424</u>	<u>8,648,692</u>	<u>10,836,670</u>
Other revenue	<u>841,018</u>	<u>955,530</u>	<u>205,177</u>	<u>272,611</u>	<u>18,645</u>	<u>48,500</u>	<u>-</u>	<u>196,522</u>
Total revenue	<u>1,518,959</u>	<u>1,532,623</u>	<u>377,321</u>	<u>358,706</u>	<u>881,522</u>	<u>456,924</u>	<u>8,648,692</u>	<u>11,033,192</u>
Expenses								
Amortization	9,143	5,506	230,837	224,059	440,920	436,126	42,069	29,228
Debt servicing		160,997	35,824	38,557	226			121
Other	807,067	743,431	293,388	363,664	383,024	278,440	899,751	8,510,315
Salaries and benefits	<u>888,766</u>	<u>1,057,785</u>	<u>320,922</u>	<u>273,383</u>	<u>649,030</u>	<u>491,732</u>	<u>-</u>	<u>28,335</u>
Total expenses	<u>1,704,976</u>	<u>1,967,719</u>	<u>880,971</u>	<u>899,663</u>	<u>1,473,200</u>	<u>1,206,298</u>	<u>941,820</u>	<u>8,567,999</u>
Surplus (Deficit)	<u>\$ (186,017)</u>	<u>\$ (435,096)</u>	<u>\$ (503,650)</u>	<u>\$ (540,957)</u>	<u>\$ (591,678)</u>	<u>\$ (749,374)</u>	<u>\$ 7,706,872</u>	<u>\$ 2,465,193</u>

YORK FACTORY FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. SEGMENT DISCLOSURE (continued)

	Social Services		Child Care		Health		Economic Development	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues								
Federal Government								
I.S.C.	\$ 1,121,157	\$ 1,049,820	\$ 245,340	\$ 245,340	\$ 14,000	\$ 2,579,439	\$ 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	1,121,157	1,049,820	245,340	245,340	2,593,439	1,954,485	73,501	73,501
Other revenue	<u>-</u>	<u>-</u>	<u>111,422</u>	<u>35,224</u>	<u>-</u>	<u>1,286</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,121,157</u>	<u>1,049,820</u>	<u>356,762</u>	<u>280,564</u>	<u>2,593,439</u>	<u>1,955,771</u>	<u>73,501</u>	<u>73,501</u>
Expenses								
Amortization			29,243	29,243	32,261	17,195		
Debt servicing							2,223	
Other	1,099,932	976,350	59,945	77,710	1,167,284	962,507	54,596	115,223
Salaries and benefits	<u>89,577</u>	<u>108,016</u>	<u>302,676</u>	<u>216,106</u>	<u>1,305,038</u>	<u>991,939</u>	<u>21,934</u>	<u>39,859</u>
Total expenses	<u>1,189,509</u>	<u>1,084,366</u>	<u>391,864</u>	<u>323,059</u>	<u>2,504,585</u>	<u>1,971,641</u>	<u>76,530</u>	<u>157,305</u>
Surplus (Deficit)	<u>\$(68,352)</u>	<u>\$(34,546)</u>	<u>\$(35,102)</u>	<u>\$(42,495)</u>	<u>\$(88,854)</u>	<u>\$(15,870)</u>	<u>\$(3,029)</u>	<u>\$(83,804)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. SEGMENT DISCLOSURE (continued)

	Education		Band Entities		Eliminations		TOTAL	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues								
Federal Government								
I.S.C.	\$ (86,567)	\$ (16,064)	\$	\$	\$	\$	\$ 11,054,408	\$ 12,107,158
F.N.I.H.							3,081,972	3,022,111
C.M.H.C.	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -	<u> </u> -	<u>172,144</u>	<u>86,095</u>
Subtotal	(86,567)	(16,064)	-	-	-	-	14,308,524	15,215,364
Other revenue	<u> </u> 37,207	<u> </u> 80,513	<u>10,556,446</u>	<u>11,507,174</u>	<u>(438,218)</u>	<u>(367,579)</u>	<u>11,331,697</u>	<u>12,729,781</u>
Total revenue	(49,360)	64,449	<u>10,556,446</u>	<u>11,507,174</u>	<u>(438,218)</u>	<u>(367,579)</u>	<u>25,640,221</u>	<u>27,945,145</u>
Expenses								
Amortization	122,884	134,333	492,300	444,537			1,399,657	1,320,227
Debt servicing			741	6			36,791	201,904
Other	69,514	98,045	6,236,093	7,174,008	(438,218)	(367,579)	10,632,376	18,932,114
Salaries and benefits	<u> </u> 133,318	<u> </u> 45,745	<u>1,380,152</u>	<u>1,474,149</u>	<u> </u> -	<u> </u> -	<u>5,091,413</u>	<u>4,727,049</u>
Total expenses	<u> </u> 325,716	<u> </u> 278,123	<u>8,109,286</u>	<u>9,092,700</u>	<u>(438,218)</u>	<u>(367,579)</u>	<u>17,160,239</u>	<u>25,181,294</u>
Surplus (Deficit)	<u>\$ (375,076)</u>	<u>\$ (213,674)</u>	<u>\$ 2,447,160</u>	<u>\$ 2,414,474</u>	<u>\$ </u> -	<u>\$ </u> -	<u>\$ 8,479,982</u>	<u>\$ 2,763,851</u>