

**MUSHUAU INNU FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2019**

MUSHUAU INNU FIRST NATION
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Year Ended March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Mushuau Innu First Nation and all the information in this annual report 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 CPA 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.

The 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 non-consolidated financial statements.

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

The external auditors, Winsor Coombs, 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 the financial management of Mushuau Innu First Nation and meet when required.

On behalf of the Mushuau Innu First Nation:



John Nui, Chief



Mr. Nick Paradisis, Band Manager

Natuashish, NL
October 02, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Mushuau Innu First Nation

Qualified Opinion

We have audited the consolidated financial statements of Mushuau Innu First Nation (the Organization), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Inventory held for use includes \$951,627 of crushed stone that we were unable to verify at year end and we were not able to satisfy ourselves by alternate means concerning the inventory quantity at year end. As a result of this matter, we were unable to determine whether any adjustments to inventory, expenditures and surplus (deficit) might be necessary. Our audit opinion on the consolidated financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

Our examination indicated that there were weaknesses in internal controls over the identification and invoicing of re-billable items for fuel sales, services, rent and electricity. Based upon our examination, it was not possible to determine whether all items were invoiced or whether all invoices were recorded in the accounting records. Accordingly we were unable to determine whether adjustments to revenue, accounts receivable, and surplus (deficit) might be necessary. Our audit opinion on the consolidated financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

Canadian Public Sector Accounting Standards require that the expected future cost of landfill remediation cost be accrued in the entity's financial statements. The First Nation has not made an assessment of this liability thus it is not reflected in these statements. Accordingly we were unable to determine whether adjustments to expenditures, accrued liabilities, and surplus(deficit) might be necessary. Our audit opinion on the consolidated financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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 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.

Mount Pearl, NL
October 2, 2019

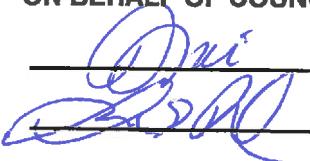
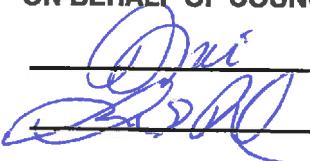
Winsor Coombs
CHARTERED PROFESSIONAL ACCOUNTANTS

MUSHUAU INNU FIRST NATION
Consolidated Statement of Financial Position
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,892,984	\$ 7,387,266
Trust funds held by federal government (Note 2)	275,740	58,011
Accounts receivable (Note 3)	4,249,111	3,431,625
Due from government (Note 5)	8,652,587	10,053,230
Inventory for resale (Note 4)	254,649	363,646
Investments in business enterprises (Note 6)	21,866,939	19,947,963
	43,192,010	41,241,741
LIABILITIES		
Accounts payable (Note 7)	3,380,497	4,627,511
Due to government (Note 8)	1,165,838	1,082,059
Deferred revenue (Note 10)	5,143,925	1,584,376
Due to related parties (Note 9)	1,624,935	1,048,875
Long term debt (Note 11)	2,510,303	2,981,441
	13,825,498	11,324,262
NET FINANCIAL ASSETS	29,366,512	29,917,479
NON-FINANCIAL ASSETS		
Prepaid expenses	1,026,368	196,505
Inventory (Note 4)	1,693,370	1,975,671
Tangible capital assets (Note 16)	83,427,351	89,887,269
	86,147,089	92,059,445
ACCUMULATED SURPLUS	\$115,513,602	\$121,976,924

CONTINGENT LIABILITY (Note 15)

ON BEHALF OF COUNCIL

 _____ Chief
 _____ Councillor

See notes to financial statements

MUSHUAU INNU FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2019

	Budget 2019	Total 2019	Total 2018
REVENUES			
Federal government operating transfer (Note 12)	\$ 11,098,038	\$ 13,669,128	\$ 13,585,638
Federal government capital transfers (Note 12)	-	227,827	1,757,426
Sheshatshiu Innu & Mushuau Innu First Nations Trust	6,600,000	10,518,542	7,360,881
Facilities management revenue	1,212,500	925,576	1,011,755
Innu Nation	-	1,594,774	1,608,653
Infrastructure park revenue	612,000	612,000	612,027
Share of income in business enterprises	1,000,000	4,423,848	8,640,204
Rent income - Natuashish Housing Authority	195,000	187,366	171,850
Interest income	20,000	93,662	39,118
Government of Newfoundland and Labrador	25,000	14,314	3,906,425
Postal revenue	85,000	60,376	82,308
Miscellaneous revenues	65,062	47,836	49,328
IDLP donations	-	-	37,950
IOC revenue	-	-	346,931
	20,912,600	32,375,249	39,210,494
EXPENSES			
Operations and maintenance	6,843,500	11,373,238	10,889,002
Natuashish Housing Authority	1,055,500	6,969,621	5,071,557
Health commission	4,221,469	6,057,942	4,764,994
Band support	3,033,691	4,295,923	3,659,473
Education and training	1,054,500	2,809,423	4,133,575
Outpost, gatherings and traditional skills	1,700,000	2,669,407	2,457,688
Social programs	1,987,000	2,381,959	1,785,477
Recreation and community events	547,500	1,327,825	1,476,815
Safety and security	404,000	621,106	388,014
Economic development	65,440	332,127	332,127
	20,912,600	38,838,571	34,958,722
ANNUAL SURPLUS (DEFICIT)	-	(6,463,322)	4,251,772
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	121,976,924	117,725,152
ACCUMULATED SURPLUS - END OF YEAR	\$ -	\$115,513,602	\$121,976,924

See notes to financial statements

MUSHUAU INNU FIRST NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2019

	2019	2018
ANNUAL SURPLUS (DEFICIT)	\$ (6,463,322)	\$ 4,251,772
Amortization of tangible capital assets	9,776,466	9,610,226
Purchase of tangible capital assets	(3,322,548)	(3,325,034)
Proceeds on disposal of tangible capital assets	6,000	-
Increase in prepaid expenses	(829,865)	(136,263)
Decrease (increase) in inventory	282,302	(171,527)
	5,912,355	5,977,402
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(550,967)	10,229,174
NET FINANCIAL ASSETS - BEGINNING OF YEAR	29,917,479	19,688,305
NET FINANCIAL ASSETS - END OF YEAR	\$ 29,366,512	\$ 29,917,479

See notes to financial statements

MUSHUAU INNU FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Surplus (deficit)	\$ (6,463,322)	\$ 4,251,772
Items not affecting cash:		
Amortization of tangible capital assets	9,776,466	9,610,226
Share of income in earnings of business enterprises	(4,423,848)	(8,640,204)
	(1,110,704)	5,221,794
Changes in non-cash working capital:		
Accounts receivable	(817,485)	(229,105)
Due from government	1,400,643	(7,621,329)
Inventory	282,301	(171,526)
Inventory for resale	108,997	(77,869)
Accounts payable	(1,247,018)	444,001
Deferred revenue	3,559,549	714,858
Prepaid expenses	(829,863)	(136,265)
Trust funds held by federal government	(217,729)	(56,456)
Due to government	83,779	148,631
	2,323,174	(6,985,060)
Cash flow from operating activities	1,212,470	(1,763,266)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,322,548)	(3,325,034)
Proceeds on disposal of tangible capital assets	6,000	-
Funds received from business enterprises	2,504,874	4,434,813
Cash flow from (used by) investing activities	(811,674)	1,109,779
FINANCING ACTIVITIES		
Advances from related parties	576,060	408,897
Repayment of long term debt	(471,138)	(449,856)
Cash flow from (used by) financing activities	104,922	(40,959)
INCREASE (DECREASE) IN CASH FLOW	505,718	(694,446)
Cash - beginning of year	7,387,266	8,081,712
CASH - END OF YEAR	\$ 7,892,984	\$ 7,387,266
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest paid	\$ 128,226	\$ 149,507
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 7,892,984	\$ 7,387,266

See notes to financial statements

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated consolidated financial statements were prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada.

Reporting Entity

The Mushuau Innu First Nation reporting entity includes the Mushuau Innu First Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation.

Organizations consolidated in the First Nation's financial statements include:

- Mushuau Innu Operations Fund
- Mushuau Innu Relocation Corporation Inc.
- Natuashish Housing Authority Inc.
- Mushuau Innu Housing Authority Inc.
- Mushuau Innu First Nation Community Trust
- Mushuau Innu First Nation Trust

Organizations accounted for on a modified equity basis include:

- Innu Development Limited Partnership
- Mushuau Innu Camp and Catering Limited Partnership
- Mushuau Innu Camp and Catering Inc.

Cash and cash equivalents

Cash and cash equivalents includes balances with banks and term deposits that can be redeemed within three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

Inventories for resale

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

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MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 services.

Tangible capital assets purchased or constructed after March 31, 1997 are reported at net book value. Tangible capital assets purchased or constructed prior to April 1, 1997 are not reflected in the First Nation's tangible capital assets. In the first year of use capital assets are amortized at 50% of the normal rate

Infrastructure	40 years	straight-line method
Buildings and housing	20 years	straight-line method
Wharf	20 years	straight-line method
Equipment	5 years	straight-line method
Transportation equipment	5 years	straight-line method

Tangible Capital Assets acquired during the year but not placed into use are not amortized until they are placed into use.

Inventories held for use

Inventories of fuel held for consumption are recorded at the lower of cost and replacement cost.

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 not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

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 is comprised of two components, non-financial assets and accumulated surplus.

(continues)

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

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

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

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Measurement uncertainty

In preparing the financial statements for the government of Mushuau Innu First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts.

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2019	2018
Opening balance	\$ 58,011	\$ 1,555
Additions	217,729	56,456
Withdrawals	-	-
	\$ 275,740	\$ 58,011

The trust funds arise from monies derived from 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.

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

3. ACCOUNTS RECEIVABLE

	2019	2018
Due from members	\$ 78,634	\$ 83,397
Due from non members	<u>4,231,296</u>	<u>3,391,966</u>
	4,309,930	3,475,363
Allowance for doubtful accounts	<u>(60,819)</u>	<u>(43,738)</u>
	\$ 4,249,111	\$ 3,431,625

4. INVENTORY

The First Nation sources diesel fuel for use in operations and for sale to third parties. As well the First Nation has an inventory of crushed stone that will be used in operations. As of year-end, the First Nation estimates that \$254,649 (2018 - \$363,646) will be sold to third parties, and \$1,693,370 (2018 - \$1,975,671) will be used in operations.

5. DUE FROM GOVERNMENT

	2019	2018
Indigenous Services Canada	\$ 5,539,719	\$ 2,950,468
Health Canada	1,957,683	889,637
Canada Revenue Agency - HST	926,799	395,498
Government of Newfoundland and Labrador	226,885	4,014,233
Service Canada	1,501	1,803,394
	\$ 8,652,587	\$ 10,053,230

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

6. INVESTMENT IN BUSINESS ENTERPRISES

The First Nation has a 49.995% interest in the Innu Development Limited Partnership, 99.99% interest in the Mushuau Camp and Catering Limited Partnership and owns 100% of Mushuau Innu Camp and Catering Inc.

The First Nation's investments in government business enterprises consist of the following:

	2019	2018
Innu Development Limited Partnership	\$ 15,318,644	\$ 14,123,147
Mushuau Camp and Catering Limited Partnership	6,508,981	5,785,574
Mushuau Innu Camp and Catering Inc.	39,314	39,242
	\$ 21,866,939	\$ 19,947,963

Summary draft financial information for the Innu Development Limited Partnership in which the First Nation has a 49.995% interest is as follows:

	2019	2018
Cash	\$ 2,581,083	\$ 3,332,795
Accounts receivable	90,723	150,662
Prepaid expenses	4,587	5,104
Due from related parties	7,857,412	8,076,691
Tangible capital assets	70,365	34,873
Long term investments	19,521,351	15,461,438
Intangible assets	562,000	562,000
Total Assets	\$ 30,687,521	\$ 27,623,563
Total liabilities	\$ 231,155	\$ 88,095
Equity	30,456,366	27,535,468
Total Liabilities and Equity	\$ 30,687,521	\$ 27,623,563
Revenue	\$ 10,549,115	\$ 17,760,614
Expenses	(3,147,637)	(3,256,272)
Net Income	\$ 7,401,478	\$ 14,504,342

(continues)

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

6. INVESTMENT IN BUSINESS ENTERPRISES (continued)

Summary draft financial information for the Mushuau Camp and Catering Limited Partnership in which the First Nation has a 99.99% interest is as follows:

	2019	2018
Cash	\$ 12,179	\$ 12,179
Due from related parties	1,855,533	1,855,533
Long term investments	4,929,247	4,205,768
Total Assets	\$ 6,796,959	\$ 6,073,480
 Total liabilities	 \$ 286,820	 \$ 286,820
Equity	6,510,139	5,786,660
Total Liabilities and Equity	\$ 6,796,959	\$ 6,073,480
 Revenue	 \$ 723,479	 \$ 1,085,426
Expenses	-	-
 Net Income	 \$ 723,479	 \$ 1,085,426

Summary draft financial information for Mushuau Innu Camp and Catering Inc. in which the First Nation has a 100% interest is as follows:

	2019	2018
Due from related party	\$ 39,670	\$ 39,670
Long term investment	1,158	1,086
Total Assets	\$ 40,828	\$ 40,756
 Total liabilities	 \$ 1,514	 \$ 1,514
Equity	39,314	39,242
Total Liabilities and Equity	\$ 40,828	\$ 40,756
 Revenue	 \$ 72	 \$ 112
Expenses	-	-
 Net Income	 \$ 72	 \$ 112

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

7. PAYABLES AND ACCRUALS

	2019	2018
Trade payables	\$ 2,723,845	\$ 3,296,331
Other accrued liabilities	453,517	1,204,528
Accrued salary and benefits payable	203,135	126,652
	\$ 3,380,497	\$ 4,627,511

8. DUE TO GOVERNMENTS

	2019	2018
Health Canada	\$ 709,673	\$ 728,307
Canada Revenue Agency - Employee Deductions Payable	38,576	52,133
Indigenous Services Canada	417,589	301,619
	\$ 1,165,838	\$ 1,082,059

9. DUE TO RELATED PARTIES

	2019	2018
Due to Mushuau Innu General Store Inc.	\$ 1,293,351	\$ 762,361
Due to (from) Labrador Innu Round Table	6,327	(39,025)
Due to Innu Development Limited Partnership	325,652	325,225
Due from Mamu Tshishkutamashutau Innu Education Inc.	(395)	-
Other related parties	-	314
	\$ 1,624,935	\$ 1,048,875

The above amounts are interest free, unsecured, with no specific terms of repayment.

The First Nation has 99.99% ownership of Mushuau Innu Camp and Catering Limited Partnership which wholly owns Mushuau Innu General Store Inc.

The First Nation holds a 49.995% in the Innu Development Limited Partnership.

A significant number of the board of Labrador Innu Round Table Secretariat are appointed by the First Nation.

A significant number of the board of Mamu Tshishkutamashutau Innu Education Inc. are appointed by the First Nation.

Expenses include \$171,812 (2018 - \$706,132) paid or payable to a related party.

Revenue includes \$110,253 (2018 - \$168,060) received or receivable from a related party.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

10. DEFERRED REVENUE

	Opening	Used	Current year	2019	2018
Indigenous Services Canada	\$ 910,251	\$ 460,251	\$ 4,369,602	\$ 4,819,602	\$ 910,251
Service Canada	91,155	91,155	-	-	91,155
Sheshatshiu and Mushuau Innu First Nation Trust	582,970	578,118	64,476	69,328	582,970
Health Canada	-	-	254,995	254,995	-
	\$ 1,584,376	\$ 1,129,524	\$ 4,689,073	\$ 5,143,925	\$ 1,584,376

11. LONG TERM DEBT

	2019	2018
RBC loan bearing interest at 4.63% per annum, repayable in monthly blended payments of \$49,948. The loan is renewable on September 1, 2022 and matures on November 30, 2023.	\$ 2,510,303	\$ 2,981,441
	\$ 2,510,303	\$ 2,981,441

The First Nation has provided a general security agreement and assignment of the First Nations net proceeds of the Innu Infrastructure Park Trust and an irrevocable band council resolution to direct distributions from Innu Development Limited Partnership to the bank if requested as security for the demand loan.

Principal repayment terms are approximately:

2020	\$ 493,500
2021	516,900
2022	541,300
2023	566,900
2024	391,703
	\$ 2,510,303

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

12. GOVERNMENT TRANSFERS

	Operating	Capital	2019	2018
Indigenous Services Canada	\$ 8,349,656	\$ 35,373	\$ 8,385,029	\$ 8,324,632
Health Canada	4,193,381	104,422	4,297,803	3,660,562
Justice Canada	20,960	-	20,960	-
Service Canada	1,105,131	88,032	1,193,163	3,357,870
	13,669,128	227,827	13,896,955	15,343,064
Government of Newfoundland and Labrador	14,314	-	14,314	3,906,425
	\$ 13,683,442	\$ 227,827	\$ 13,911,269	\$ 19,249,489

13. EXPENSES BY OBJECT

	2019	2018
Salaries and Wages	\$ 10,319,352	\$ 8,526,765
Amortization	9,776,466	9,610,224
Travel	3,517,333	2,884,908
Other	4,348,014	4,401,016
Professional Fees	1,497,717	1,057,337
Repairs & Maintenance	1,615,898	1,382,197
Supplies	7,061,425	6,383,720
Community Payouts	540,000	531,500
Interest	162,366	181,055
	\$ 38,838,571	\$ 34,958,722

14. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been provided by management.

15. CONTINGENT LIABILITY

A number of claims have been made against the First Nation by various suppliers and third parties for unpaid invoices and related interest. These claims total \$870,254 while the First Nation has accrued \$142,173 in its records to settle these claims. The eventual amount these claims will be settled for is not determinable at the present time. Any future settlements in excess of this accrual will be recorded as expenses in the period settled.

MUSHUAU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

16. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Total 2019	Total 2018
Infrastructure	52,194,800	-	-	52,194,800	17,891,285	1,304,867	-	19,196,152	32,998,548	34,303,515
Buildings	69,803,117	801,231	-	70,604,348	44,224,884	3,525,517	-	47,750,401	22,853,947	25,578,233
Housing	65,127,955	1,885,710	-	67,013,665	41,979,871	3,402,675	-	45,382,546	21,631,119	23,148,084
Wharf	11,229,814	-	-	11,229,814	6,737,886	561,494	-	7,299,380	3,930,434	4,491,928
Equipment	4,625,285	297,867	496,204	4,426,948	2,515,810	846,799	490,204	2,872,405	1,554,543	2,109,475
Transportation equipment	610,052	337,740	81,039	866,753	354,018	135,114	81,039	408,093	458,660	256,034
Total	203,591,023	3,322,548	577,243	206,336,328	113,703,754	9,776,466	571,243	122,908,977	83,427,351	89,887,269

See notes to financial statements

**Mushuau Innu First Nation
Notes to the Financial Statements
March 31, 2019**

17. Segment Disclosure

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 following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education Budget 2019	Education Actual 2019	Budget 2019	Health Actual 2019	Actual 2018	Budget 2019	Economic Development Actual 2019	Actual 2018
Revenue								
Federal government operating transfers	\$ 558,793	\$ 1,024,169	\$ 3,334,730	\$ 3,846,665	\$ 4,337,665	\$ 3,835,378	\$ 65,440	\$ 65,440
Federal government capital transfers	-	88,032	5,724	-	104,422	116,352	-	-
Provincial government operating transfers	500,000	1,250,891	666,785	25,000	-	43,356	-	-
Other revenue	-	400,000	400,000	350,000	750,635	1,528,297	-	300,000
Share of income in business enterprises	-	-	-	-	130,000	-	-	-
Total Revenue	1,058,793	2,763,091	4,407,239	4,221,665	5,322,722	5,523,383	65,440	330,594
Expenditures								
Wages and benefits	240,000	137,004	340,065	2,511,770	2,932,315	2,626,155	53,000	56,110
Interest expense	-	-	-	-	-	-	-	65,285
Other expense	814,500	1,596,326	2,734,835	1,709,699	2,493,267	1,517,312	12,440	9,330
Total expenses before amortization	1,054,500	1,733,330	3,074,900	4,221,469	5,425,572	4,113,467	65,440	65,440
Amortization	-	1,076,093	1,076,093	-	632,370	604,109	-	266,687
Total Expenses	1,054,500	2,809,423	4,150,993	4,221,469	6,057,942	4,717,576	65,440	332,127
Annual Surplus (deficit)	\$ 4,293	\$ (46,332)	\$ 256,246	\$ 196	\$ (735,220)	\$ 75,807	\$ -	\$ (1,533)
								\$ 33,313

17. Segment Disclosure (continued)

**Mushuau Innu First Nation
Notes to the Financial Statements
March 31, 2019**

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	Budget 2019	Housing Actual 2019	Actual 2018	Budget 2019	Community Services Actual 2019	Actual 2018	Budget 2019	Governance Actual 2019	Budget 2018
Revenue									
Federal government operating transfers	\$ 210,077	\$ 481,812	\$ 371,938	\$ 5,325,982	\$ 6,223,894	\$ 4,799,870	\$ 1,091,081	\$ 1,556,149	\$ 1,178,282
Federal government capital transfers	-	-	1,561,306	-	26,679	15,665	-	8,694	58,379
Provincial government operating transfers	-	-	-	-	-	3,863,069	-	14,314	-
Other revenue	795,000	3,250,543	1,440,032	5,663,500	7,007,504	5,604,108	1,481,062	1,515,405	1,743,609
Share of income in business enterprises	50,000	1,000,000	2,528,174	488,000	2,143,848	4,100,000	462,000	750,000	1,650,000
Total Revenue	1,055,077	4,732,355	5,901,450	11,477,482	15,401,925	18,382,712	3,034,143	3,824,562	4,630,270
Expenditures									
Wages and benefits	401,000	1,451,777	795,085	3,016,000	4,065,157	3,501,985	903,750	1,676,989	1,198,190
Interest expense	-	-	-	-	-	-	25,000	162,366	181,055
Other expense	654,500	2,115,169	972,993	8,466,000	10,194,739	9,421,883	2,104,941	2,171,566	1,993,500
Total expenses before amortization	1,055,500	3,566,946	1,768,078	11,482,000	14,259,896	12,923,868	3,033,691	4,010,921	3,372,745
Amortization	-	3,402,675	3,311,200	-	4,113,639	4,065,407	-	285,002	286,728
Total Expenses	1,055,500	6,969,621	5,079,278	11,482,000	18,373,535	16,989,275	3,033,691	4,295,923	3,659,473
Annual Surplus (deficit)	\$ (423)	\$ (2,237,266)	\$ 822,172	\$ (4,518)	\$ (2,971,610)	\$ 1,333,437	\$ 452	\$ (47,361)	\$ 970,797

**Mushauau Innu First Nation
Notes to the Financial Statements
March 31, 2019**

17. Segment Disclosure (continued)

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	Budget 2019	Total Actual 2019	Total Actual 2018
Revenue			
Federal government operating transfers	\$ 11,098,038	\$ 13,669,128	\$ 13,585,638
Federal government capital transfers	-	227,827	1,571,426
Provincial government operating transfers	25,000	14,314	3,906,425
Other revenue	8,789,562	14,040,132	11,282,831
Share of income in business enterprises	1,000,000	4,423,848	8,678,174
Total Revenue	20,912,600	32,375,249	39,210,494
Expenditures			
Wages and benefits	7,125,520	10,319,352	\$ 8,526,765
Interest expense	25,000	162,366	\$ 181,055
Other expense	13,762,080	18,580,387	\$ 16,640,678
Total expenses before amortization	20,912,600	29,062,105	25,348,498
Amortization	-	\$ 9,776,466	\$ 9,610,224
Total Expenses	20,912,600	38,838,571	34,958,722
Annual Surplus (deficit)	\$ -	\$ (6,463,322)	\$ 4,251,772

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