

Muskoday First Nation
Consolidated Financial Statements
March 31, 2020



Muskoday First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility



To the Members of Muskoday First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Muskoday First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

October 13, 2020

(Signature on file)

Independent Auditor's Report

To the Members of Muskoday First Nation:

Opinion

We have audited the consolidated financial statements of Muskoday First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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 the First Nation as at March 31, 2020, and the results of its consolidated operations, changes in its consolidated net financial assets 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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Chief and Council 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 First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Chief and Council are responsible for overseeing the First Nation's financial reporting process.

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

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

Independent Auditor's Report *continued*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 First Nation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prince Albert, Saskatchewan

October 30, 2020

MNP LLP
Chartered Professional Accountants

MNP



Muskoday First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Current		
Cash	2,424,633	1,704,286
Marketable securities (Note 3)	114,316	113,664
Accounts receivable (Note 4)	797,476	888,259
Inventory (Note 5)	224,233	124,691
Restricted cash - Trusts (Note 3)	183,885	370,840
Restricted cash - capital projects (Note 3)	1,886,228	1,544,398
	5,630,771	4,746,138
Portfolio investments (Note 6)	3,907	-
Restricted investments - Trust (Note 3)	4,370,846	4,930,059
	10,005,524	9,676,197
Liabilities		
Current		
Bank indebtedness (Note 7)	951,840	1,136,264
Accounts payable and accruals	811,116	920,242
Deferred revenue (Note 8)	2,014,270	1,773,781
Current portion of long-term debt (Note 9)	212,690	257,653
	3,989,916	4,087,940
Long-term debt (Note 9)	3,694,794	3,187,146
	7,684,710	7,275,086
Net financial assets	2,320,814	2,401,111
Contingencies (Note 13)		
Subsequent events (Note 19)		
Non-financial assets		
Tangible capital assets (Note 10) (Schedule 1)	24,316,988	23,060,847
Prepaid expenses	231,241	205,656
	24,548,229	23,266,503
Accumulated surplus (Note 11), (Note 19)	26,869,043	25,667,614

Approved on behalf of the Chief and Council

(Signature on file)

Chief

(Signature on file)

Councilor



Muskoday First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget (Note 16)</i>	<i>2020 Actual</i>	<i>2019 Actual</i>
Revenue				
Federal government funding (Note 12)				
Indigenous Services Canada	6,672,983	9,381,637	8,277,719	
Canada Mortgage and Housing Corporation	-	94,158	-	
First Nations and Inuit Health Board	41,741	52,506	489,376	
Saskatoon Tribal council	6,714,724	9,528,301	8,767,095	
Lease income	2,339,955	3,097,588	2,950,881	
Gas Bar - net sales (Note 15)	901,870	814,024	808,292	
First Nations Trust - gaming allocation	-	786,805	790,979	
Dakota Dunes Community Development Corporation	556,000	585,667	600,584	
Other revenue	346,134	324,977	333,517	
Interest income	145,000	467,323	191,146	
Portfolio investment income	-	170,045	71,755	
Rental income	74,000	80,431	53,557	
Recreation revenue	2,016	41,266	2,016	
	10,000	20,041	14,413	
	11,089,699	15,916,468	14,584,235	
Program expenses				
Indian Government Support	3	1,245,057	1,826,826	1,941,058
Education	4	3,211,157	4,589,214	4,345,049
Community Development	5	1,700,863	1,922,167	1,938,351
Economic Development	6	63,250	15,877	44,060
Social Development	7	1,340,272	1,265,139	1,357,993
Health	8	2,797,805	1,682,781	922,455
Justice	9	75,312	94,183	69,388
Band - Owned	10	1,982,494	3,318,852	3,189,100
	12,416,210	14,715,039	13,807,454	
Surplus before other items		(1,326,511)	1,201,429	776,781
Other income (expense)				
Gain on disposal of capital assets		-	-	43,967
Surplus (deficit)		(1,326,511)	1,201,429	820,748
Accumulated surplus, beginning of year		25,667,614	25,667,614	24,846,866
Accumulated surplus, end of year		24,341,103	26,869,043	25,667,614

The accompanying notes are an integral part of these financial statements



Muskoday First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Annual surplus			
Purchases of tangible capital assets	(1,326,511)	1,201,429	820,748
Amortization of tangible capital assets	(30,000)	(2,277,396)	(1,591,566)
Gain on sale of tangible capital assets	-	1,021,255	1,083,868
Proceeds of disposal of tangible capital assets	-	-	(43,967)
	(30,000)	(1,256,141)	(472,542)
Acquisition of prepaid expenses	-	(231,241)	(205,656)
Use of prepaid expenses	-	205,656	209,563
	-	(25,585)	3,907
Increase (decrease) in net financial assets	(1,356,511)	(80,297)	352,113
Net financial assets, beginning of year	2,401,111	2,401,111	2,048,998
Net financial assets, end of year	1,044,600	2,320,814	2,401,111



Muskoday First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus	1,201,429	820,748
Non-cash items		
Amortization	1,021,255	1,083,868
Gain on disposal of capital assets	-	(43,967)
Portfolio investment income	(3,907)	-
	2,218,777	1,860,649
Changes in working capital accounts		
Accounts receivable	90,782	9,769
Prepaid expenses	(25,585)	3,907
Accounts payable and accruals	(109,125)	(523,798)
Deferred revenue	240,489	(12,235)
Inventory	(99,542)	71,292
	2,315,796	1,409,584
Financing activities		
Advances of long-term debt	720,339	3,575,000
Repayment of long-term debt	(257,654)	(2,684,193)
Net change in bank indebtedness	(184,424)	48,577
	278,261	939,384
Capital activities		
Purchases of tangible capital assets	(2,277,396)	(1,591,566)
Proceeds of disposal of tangible capital assets	-	79,123
	(2,277,396)	(1,512,443)
Investing activities		
Decrease (increase) of restricted cash and investments - Trust from earnings	(144,359)	(59,163)
Transfer from restricted cash and investments - Trust to operations	890,527	200,000
Decrease (increase) of marketable securities	(652)	(5,492)
Transfers (to) from restricted cash - reserves for capital projects	(341,830)	276,533
	403,686	411,878
Increase in cash resources	720,347	1,248,403
Cash resources, beginning of year	1,704,286	455,883
Cash resources, end of year	2,424,633	1,704,286

The accompanying notes are an integral part of these financial statements



Muskoday First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

1. Operations

The Muskoday First Nation (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. Muskoday First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies.

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for controlled First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- General, Health, and Revenue Fund;
- Muskoday First Nation Development Corporation (o/a Muskoday Store and Gas Bar);
- Muskoday First Nation Treaty Land Entitlement Trust (TLE);
- Crossing Island Holdings Inc.;
- Muskoday Economic Development Limited;
- Muskoday Economic Development Authority Limited Partnership; and,
- Muskoday First Nation Fire Department.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Muskoday First Nation business entities, controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. There are currently no entities accounted for by the modified equity basis.

Investments in First Nation partnerships are accounted for using the proportionate consolidation method. The First Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the First Nation partnership have been combined on a line-by-line basis with similar items of the First Nation. The First Nation currently has no government partnerships within its reporting entity.

Other economic interests

The First Nation does not share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of the First Nation.

The First Nation is a member of the Saskatoon Tribal Council (the "STC"). The STC is an organization of seven First Nations. The STC is mandated to enhance the service provided to and provide a representative voice for the member Nations.



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Basis of accounting

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash consists of capital projects funds and Trust bank accounts.

Portfolio investments

Long-term investments in entities that are not controlled by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Inventory for resale

Inventory is valued at the lower of cost and net realizable value. Cost for retail store inventory is determined by the retail pricing method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes amounts directly related to the acquisition, design, construction, development improvement or betterment of the assets. Costs includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives with half the rate taken in the year of purchase:

	<i>Method</i>	<i>Rate</i>
Housing	declining balance	5 %
Buildings	declining balance	4-5 %
Community infrastructure	declining balance	5 %
Equipment and vehicles	declining balance	20-30 %

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.



Muskoday First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

No provision for contaminated sites has been reported in these consolidated financial statements. See Note 13 for additional information regarding contaminated site contingency.

Revenue recognition

Non-government funding

Non-government funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Revenue is recognized when amounts can be reasonably estimated and collectability is known which is typically when amounts are deposited into the trust accounts.

Retail sales

Revenue from retail sales are recognized upon completion of the sale transaction and is earned, measurable, and collectible.

Tax rebates on retail sales

Fuel and tobacco tax rebates received from Saskatchewan Finance are recorded as a reduction of cost of sales in the period in which the related sales to individuals with Treaty status numbers occurred. Fuel and tobacco tax rebates provided to eligible customers are recorded as a reduction of sales in the period in which the related sales occurred.

Other revenue

Investment and interest income are recognized when earned. Rent, lease, and other revenue is recognized when the related services are provided or over the term of the rental lease.

Measurement uncertainty

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Management has estimated the value of the inventory for resale based upon their assessment of the realizable amount less selling costs.

Amortization is based on the estimated useful lives of tangible capital assets.

Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through eight reportable segments: Indian government support, education, community development, economic development, social development, health, justice and band-owned. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements. Inter-segment transfers are recorded at their exchange amount.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. Contributions are discretionary, and are based on participants' contributions. The First Nation follows the policy of funding retirement plan contributions as accrued. The First Nation contributions in the current year totaled \$409,371 (2019 - \$452,109).

3. Marketable securities, restricted cash, and restricted investments

	2020	2019
Marketable securities		
CIBC GIC (1.60%, maturing July 3, 2020)	66,563	66,166
CIBC GIC (1.30%, maturing January 4, 2021)	34,651	34,445
CIBC GIC (1.30%, maturing November 13, 2020)	8,102	8,053
Other	5,000	5,000
	114,316	113,664
Restricted cash - capital projects		
First Nations Bank operating bank accounts - capital projects	1,851,910	1,509,942
CIBC operating bank accounts - capital projects	34,318	34,456
	1,886,228	1,544,398
Restricted cash - Trusts		
TLE income cash	101,678	362,429
TLE capital cash	81,346	7,550
ISC Ottawa Trust	861	861
	183,885	370,840
Restricted investments - Trust		
TLE Trust fixed income investments (market value - \$4,408,477)	4,370,846	4,930,059

The restricted cash and investments - Trust are restricted as per the Treaty Land Entitlement ("TLE") Agreement and managed by an independent trust advisor. The funds were received through a settlement with the Government of Canada, with the use of funds restricted to the terms of the *Settlement Agreement*, which included the requirement to purchase short-fall acres of 6,144 acres of land. To date, 6,483 (2019 - 6,144) acres of land has been purchased with the related cost reported in Schedule 1.



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

4. Accounts receivable

	2020	2019
Saskatoon Tribal Council	616,288	413,239
GST	143,305	66,738
Members	54,838	64,404
Other accounts receivable	33,488	75,918
Muskoday Gas Bar - trade receivables	4,395	19,650
Indigenous Services Canada	-	323,501
	852,314	963,450
Less: Allowance for doubtful accounts	54,838	75,191
	797,476	888,259

5. Inventory

	2020	2019
Muskoday Gas Bar - inventory	208,750	109,207
Livestock inventory	15,483	15,484
	224,233	124,691

The cost of inventories recognized as an expense and included in Muskoday Gas Bar sales, net as per Note 15, amounted to \$4,393,406 (2019 – \$4,721,741).

6. Portfolio investments

Portfolio investments include investments in the following entities:

• STC Casino Holdings Corporation	14.3%
• STC Casino Holdings Limited Partnership	14.3%
• STC Investments Ltd.	14.3%
• STC Investments Limited Partnership	14.3%
• Ironhorse Fleet Management Limited Partnership	40.0%

The First Nation's portfolio investments are in entities which are not traded publicly and for which no active market exists to determine fair value. As such, no fair value of portfolio investments has been provided. The First Nation has reported the investments at cost, which for the STC group of investments is a nominal amount represented by \$nil within these financial statements.

The First Nation holds a 40% ownership interest in Ironhorse Fleet Management Limited Partnership (the "Partnership"). The Partnership was established to engage in the business of automotive fleet management. The investment has an original cost of \$30,000 and a current year impairment of \$26,093, resulting in a carrying value of \$3,907.



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Bank indebtedness

The First Nation has one operating loan and consolidation term loan acting as overdraft protection for operating bank accounts authorized for a total of \$300,000 of which \$nil (2019 - \$191,096) had been drawn at year-end.

Additional balances of bank indebtedness are outstanding cheques and transfers, which do not exceed available funds immediately subsequent to year-end.

8. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of 2020</i>	<i>Contributions received (recovered)</i>	<i>Amount recognized</i>	<i>Balance, end of 2020</i>
ISC - Water supply capital project	26,518	-	-	26,518
ISC - SPS AT225 capital project	89,194	-	89,194	-
ISC - Lot servicing	-	250,000	14,812	235,188
ISC - SWTS AT352 capital project	333,950	-	38,723	295,227
ISC - Subdivision capital project	44,480	200,000	50,140	194,340
ISC - School floor capital project	860,401	-	306,248	554,153
ISC - WTP AT184/AT364 capital project	18,033	700,000	9,189	708,844
ISC - FNLMI	348,699	-	348,699	-
Health Canada - Headstart	52,506	-	52,506	-
	1,773,781	1,150,000	909,511	2,014,270

9. Long-term debt

	<i>2020</i>	<i>2019</i>
First Nations Bank consolidation loan, repayable in quarterly installments of \$58,333 plus interest paid monthly at prime plus 1.25%, renews July 1, 2023.	3,150,000	3,383,333
First Nations Bank construction loan - Repayment terms to be determined upon final advance.	503,200	-
CMHC - Repayment terms to be determined upon final advance.	217,139	-
Daimler Bus finance contract, repayable in monthly installments of \$2,288 including interest at 6.20%, matures August 29, 2021.	37,145	61,466
	3,907,484	3,444,799
Less: current portion	212,690	257,653
	3,694,794	3,187,146



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2021	212,690
2022	183,201
2023	179,299
2024	186,976
2025	194,982

Long-term debt is subject to certain covenants with respect to filing of financial information by 150 days after year end (August 28, 2020). As at the date of issue of these financial statements, the First Nation is not in compliance with all such covenants however extensions have been granted due to delays as a result of COVID-19.

10. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Buildings and community infrastructure includes capital projects with a carrying value of \$5,805,784 (2019 - \$3,393,716). No amortization of these assets have been recorded during the year because they are currently under construction at year end.

The First Nation holds works of art and historical treasures, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

11. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
<i>Equity in investments</i>		
Contributions and earnings	3,907	-
	3,907	-
<i>Equity in TLE Trust</i>		
Balance, beginning of year	5,300,038	5,440,875
Net interest earned contributed back to the Trust	144,359	59,163
Withdrawals to tangible capital assets	(495,908)	-
Withdrawals to operations	(394,619)	(200,000)
	4,553,870	5,300,038
<i>Equity in tangible capital assets</i>		
Balance, beginning of year	20,657,957	19,795,633
Purchases of tangible capital assets	2,277,396	1,591,566
Disposal of tangible capital assets	-	(35,156)
Amortization of tangible capital assets	(1,021,255)	(1,083,868)
Proceeds of capital long-term debt	(554,826)	(75,000)
Repayment of capital long-term debt	181,664	286,044
Proceeds of capital long-term debt receivable	(73,415)	-
Change in capital accounts payable and accruals	743	178,738
	21,468,264	20,657,957



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. Accumulated surplus (Continued from previous page)

Unrestricted deficit

Balance, beginning of year	(1,192,881)	(389,642)
Transfer from (to) equity in TLE Trust	250,260	140,837
Transfer from (to) equity in tangible capital assets	(314,399)	(862,324)
Transfer from (to) equity in investments	(3,907)	-
Transfer from (to) internally restricted for CFS Demo	(85,672)	(902,500)
Surplus	<u>1,201,429</u>	820,748
	 (145,170)	(1,192,881)

Internally restricted - CFS Demo

Balance, beginning of year	902,500	-
Funding received	877,500	902,500
Eligible expenditures	(791,828)	-
	 988,172	902,500
	 <u>26,869,043</u>	25,667,614

The equity in TLE Trust represents accumulated surplus amounts not readily available for operational cash flows as the investments are restricted for specific uses as per the *Trust Agreement*.

The equity in tangible capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating capital assets that will be used to provide future services to members.

The unrestricted operating surplus represents amounts available to offset future operational revenue requirements, while unrestricted operating deficits represents future revenue required to pay for past operational activities.

12. Federal government funding reconciliation

	2020	2019
Indigenous Services Canada		
ISC per confirmation	9,717,283	8,789,047
Add: revenue previously deferred - flexible capital projects	434,165	592,405
Less: revenue deferred during the year - flexible capital projects	(1,075,859)	(898,522)
Less: revenue deferred during the year - fixed funding programs	-	(15,394)
Less: recovery of prior year funding FNLMA	(21,888)	(81,669)
Less: recovery of current year funding FNLMA	-	(103,577)
Add: FNLMA revenue previously deferred	348,699	-
Add: institutional care deficit receivable	-	726
Less: recovery of prior year funding	<u>(20,763)</u>	(5,297)
	 9,381,637	8,277,719
Health Canada		
Health Canada per confirmation	-	176,860
Add: deferred revenue recognized during the year - capital projects	<u>52,506</u>	312,516
	 52,506	489,376
Canada Mortgage and Housing Corporation		
HIIENIY	12,863	-
On-Reserve Residential Rehabilitation Assistance Program per confirmation	81,295	12,101
Less: receivable from 2017/2018	-	(12,101)
	 94,158	-
	 <u>9,528,301</u>	8,767,095



Muskoday First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

13. Contingencies and compliance with authorities

i) These financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their review.

ii) Contaminated Site

During the 2019 fiscal year, Muskoday First Nation Gas Bar experienced a fuel leak that resulted in a contaminated site as at March 31, 2019 and for March 31, 2020. There are two alternatives available to resolve this issue:

1. Chemical injection to contaminated area - cost estimated between \$400,000 and \$600,000; and,
2. Evacuation and disposal of contaminated material, including new building - cost estimated to be \$750,000.

At this time, it is undeterminable if the above estimates will be the responsibility of the First Nation, insurance providers or other potential responsible groups. As such, no amount has been recorded as a liability within these financial statements until the First Nation's responsibility can be determined.

14. Economic dependence

Muskoday First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

15. Gas bar - net sales

	2020	2019
Gross sales	5,233,550	5,522,791
Cost of sales	(4,446,745)	(4,731,812)
	786,805	790,979

16. Budget information

The disclosed budget information was approved by the Finance Committee of the Muskoday First Nation on April 10, 2019.

The disclosed budget is required to be presented on the same basis as the actual results. The First Nation has not budgeted for amortization, gaming allocation funding, interest from TLE Trust, funding for capital projects and earnings from Nation business entities. The First Nation did budget for \$1,170,000 of loan proceeds as revenue and \$223,514 of loan payments as expenses which have not been included to be consistent with the presented budget.



Muskoday First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

17. Commitments

As of March 31, 2020, the First Nation has the following capital project commitments:

- Sewage Pumping Station Capital Project - total budget of \$2,295,000, of which \$2,099,787 has been incurred to date.
- New Water Treatment Plant Capital Project - total budget of \$8,446,000, of which \$321,671 has been incurred to date.
- Solid Waste Transfer Station Capital Project - total budget of \$981,000, of which \$693,260 has been incurred to date.
- Subdivision Expansion Capital Project - total budget of \$3,130,000, of which \$205,660 has been incurred to date.
- School Floor Capital Project - total budget of \$959,000, of which \$381,848 has been incurred to date.

All of the above capital projects are ISC funded with various expected completion dates.

18. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

19. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on the First Nation due to restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The First Nation has been impacted by office closures, travel restrictions, cancellation of events and increased costs of compliance with other guidelines and regulations. It is expected that future funding from First Nations Trust will be negatively impacted by the pandemic due to the temporary closure of SIGA casinos as well as future earnings from the Trust funds held in investments being negatively impacted. Funding has been received to cover some of the additional operating costs associated with the pandemic.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by Canada and other countries to fight the virus.



Muskoday First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Housing</i>	<i>Buildings</i>	<i>Community infrastructure</i>	<i>Equipment and vehicles</i>	<i>Land</i>	2020	2019
Cost							
Balance, beginning of year	12,820,618	9,719,536	11,494,105	2,801,906	4,871,644	41,707,809	40,191,243
Acquisition of tangible capital assets	290,553	876,606	551,566	62,763	495,908	2,277,396	1,591,566
Disposal of tangible capital assets	-	-	-	-	-	-	(75,000)
Balance, end of year	13,111,171	10,596,142	12,045,671	2,864,669	5,367,552	43,985,205	41,707,809
Accumulated amortization							
Balance, beginning of year	6,962,023	4,073,107	5,165,636	2,446,196	-	18,646,962	17,602,938
Annual amortization	404,509	260,310	244,094	112,342	-	1,021,255	1,083,868
Accumulated amortization on disposals	-	-	-	-	-	-	(39,844)
Balance, end of year	7,366,532	4,333,417	5,409,730	2,558,538	-	19,668,217	18,646,962
Net book value of tangible capital assets	5,744,639	6,262,725	6,635,941	306,131	5,367,552	24,316,988	23,060,847
Net book value of tangible capital assets	2019	5,858,595	5,646,429	6,328,469	355,710	4,871,644	23,060,847



Muskoday First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020 Actual	2019 Actual
Consolidated expenses by object			
Salaries and benefits	4,444,653	5,932,886	5,709,433
Amortization	-	1,021,255	1,083,868
Utilities	972,400	990,212	967,120
Projects	1,261,617	885,224	608,417
Tuition and books	555,428	831,278	624,965
Low income family support	682,193	647,466	685,575
Materials and supplies	509,359	601,726	617,622
Repairs and maintenance	472,704	533,278	391,938
Program education	413,300	504,653	417,768
Travel	554,431	465,064	469,057
Council remuneration	411,316	369,050	387,585
Rentals and lease	176,500	250,808	198,893
Cultural and special events	190,706	239,706	272,320
Insurance	244,875	238,436	240,390
Interest and bank charges	112,500	205,497	152,315
Contracted services	248,105	197,561	77,228
Professional fees	115,000	147,369	135,663
Vehicle	103,500	121,709	123,210
Cash distribution to members	100,000	85,991	92,198
Elders	127,850	80,650	82,132
Equipment	111,199	80,349	82,151
Professional development	131,834	73,242	89,084
Property tax	20,000	61,037	114,002
STC service agreement	48,935	48,935	48,935
Meetings and honorariums	349,625	34,030	65,819
Bad debt	-	32,357	27,313
Grants and donations	36,000	23,768	30,194
Contingency	22,180	11,502	12,259
	12,416,210	14,715,039	13,807,454



Muskoday First Nation
Indian Government Support
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	825,241	834,917	1,060,804
Other revenue	29,500	45,682	9,826
Dakota Dunes Community Development Corporation	-	2,000	-
	854,741	882,599	1,070,630
Expenses			
Amortization	-	663,552	701,014
Salaries and benefits	526,326	558,583	538,216
Council remuneration	387,435	352,651	354,640
Utilities	77,600	97,243	71,768
Materials and supplies	85,707	81,931	112,444
Travel	72,500	60,791	72,839
STC service agreement	48,935	48,935	48,935
Rentals and lease	20,000	27,337	26,278
Program education	-	18,154	-
Interest and bank charges	8,000	14,192	17,016
Professional fees	21,500	12,727	15,140
Projects	-	5,394	-
Professional development	4,000	2,540	100
Elders	2,050	1,500	1,050
Meetings and honorariums	3,700	1,247	5,882
Bad debt	-	681	10,983
Cultural and special events	-	283	25
Repairs and maintenance	1,000	105	67
Insurance	4,595	-	-
Grants and donations	500	-	430
Equipment	10,000	-	2,765
Administration fees (recovery)	(28,791)	(121,020)	(38,534)
	1,245,057	1,826,826	1,941,058
Deficit before transfers	(390,316)	(944,227)	(870,428)
Transfers between programs	319,740	249,637	273,503
Deficit	(70,576)	(694,590)	(596,925)



Muskoday First Nation
Education
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	2,731,137	3,647,503	3,618,341
STC	25,000	429,379	405,657
STC Health	274,749	415,123	263,734
Other revenue	30,000	54,004	66,191
Dakota Dunes Community Development Corporation	20,000	20,000	18,000
	3,080,886	4,566,009	4,371,923
Expenses			
Salaries and benefits	1,549,318	2,581,876	2,557,351
Tuition and books	555,428	831,278	624,965
Program education	378,800	440,738	382,275
Travel	223,521	221,644	213,195
Projects	199,536	174,119	220,723
Materials and supplies	120,817	133,734	156,902
Utilities	69,700	58,319	66,572
Cultural and special events	13,700	41,871	25,169
Professional fees	2,500	36,749	2,156
Rentals and lease	17,000	15,945	13,622
Equipment	18,000	14,183	39,522
Elders	8,500	8,550	13,375
Contingency	12,180	6,494	6,352
Professional development	8,000	6,479	6,385
Meetings and honorariums	11,090	5,950	8,980
Bad debt	-	4,482	400
Repairs and maintenance	2,000	3,299	145
Vehicle	5,000	2,784	1,951
Grants and donations	2,500	720	2,509
Contracted services	-	-	2,500
Insurance	13,567	-	-
	3,211,157	4,589,214	4,345,049
Surplus (deficit)	(130,271)	(23,205)	26,874



**Muskoday First Nation
Community Development**

Schedule 5 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	1,334,107	2,509,659	2,108,990
Canada Mortgage and Housing Corporation	-	94,158	-
First Nations and Inuit Health Board	-	52,506	312,546
Other revenue	-	15,092	11,280
	1,334,107	2,671,415	2,432,816
Expenses			
Salaries and benefits	546,500	731,894	725,391
Utilities	602,200	611,363	615,983
Repairs and maintenance	296,000	229,224	314,024
Materials and supplies	177,550	252,780	189,372
Vehicle	50,000	60,211	62,964
Travel	12,500	12,436	13,289
Equipment	8,000	8,248	13,217
Rentals and lease	1,500	8,116	2,013
Contracted services	2,000	4,955	-
Bad debt (recovery)	-	2,370	(333)
Professional development	3,000	570	281
Insurance	1,613	-	-
Meetings and honorariums	-	-	2,150
	1,700,863	1,922,167	1,938,351
Surplus before other items	(366,756)	749,248	494,465
Other income (expense)			
Gain on disposal of capital assets	-	-	43,967
Surplus (deficit)	(366,756)	749,248	538,432



**Muskoday First Nation
Economic Development**

Schedule 6 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	61,983	73,579	63,179
STC	-	5,500	5,500
	61,983	79,079	68,679
Expenses			
Grants and donations	25,000	7,500	15,000
Materials and supplies	2,750	5,615	1,836
Travel	5,000	1,766	1,695
Professional development	5,500	996	-
Projects	-	-	25,000
Professional fees	-	-	529
Contracted services	25,000	-	-
	63,250	15,877	44,060
Surplus (deficit)	(1,267)	63,202	24,619



**Muskoday First Nation
Social Development**
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	1,228,780	1,276,818	1,241,730
STC Health	172,073	170,100	304,935
STC	125,000	117,077	135,750
Other revenue	-	1,181	27,757
	1,525,853	1,565,176	1,710,172
Expenses			
Low income family support	682,193	647,466	685,575
Salaries and benefits	263,702	250,245	255,904
Utilities	182,400	148,407	134,310
Projects	133,400	138,171	113,195
Program education	30,000	26,263	22,880
Travel	17,000	21,112	21,501
Materials and supplies	9,200	12,066	67,459
Professional development	9,500	8,281	4,560
Equipment	7,199	6,850	5,600
Administration fees	5,678	5,678	5,549
Contracted services	-	600	24,330
Rentals and lease	-	-	469
Cultural and special events	-	-	4,454
Meetings and honorariums	-	-	12,207
	1,340,272	1,265,139	1,357,993
Surplus before transfers	185,581	300,037	352,179
Transfers between programs	-	(330)	(6,000)
Surplus	185,581	299,707	346,179



Muskoday First Nation
Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	154,543	366,460	-
First Nations and Inuit Health Board	41,741	-	176,830
STC Health	1,684,453	1,920,309	1,791,395
Other revenue	3,000	9,255	3,929
	1,883,737	2,296,024	1,972,154
Expenses			
Salaries and benefits	1,075,578	620,872	526,274
Projects	836,681	485,757	124,369
Contracted services	216,105	183,031	46,185
Travel	187,510	114,060	123,752
Repairs and maintenance	55,458	48,088	12,175
Administration fees (recovery)	23,113	39,342	(43,015)
Utilities	31,600	34,741	30,604
Materials and supplies	58,085	31,171	27,563
Equipment	68,000	25,332	-
Bad debt	-	25,000	838
Professional development	63,814	24,156	23,556
Rentals and lease	23,000	16,181	7,906
Amortization	-	15,490	16,663
Professional fees	25,000	12,209	15,140
Cultural and special events	7,506	2,690	-
Elders	52,500	2,000	2,025
Program education	3,000	1,858	2,743
Interest and bank charges	1,000	453	771
Meetings and honorariums	69,855	350	4,906
	2,797,805	1,682,781	922,455
Surplus before transfers	(914,068)	613,243	1,049,699
Transfers between programs	43,526	330	(31,466)
Surplus (deficit)	(870,542)	613,573	1,018,233



Muskoday First Nation

Justice

Schedule 9 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
STC	58,680	40,100	43,911
Other revenue	15,000	17,721	3,915
	73,680	57,821	47,826
Expenses			
Salaries and benefits	49,112	52,435	48,849
Travel	10,000	15,290	10,788
Program education	-	14,678	-
Projects	8,000	5,180	-
Materials and supplies	2,500	2,472	1,401
Meetings and honorariums	3,500	1,700	6,900
Professional development	1,000	1,228	250
Utilities	1,200	1,200	1,200
	75,312	94,183	69,388
Deficit before transfers	(1,632)	(36,362)	(21,562)
Transfers between programs	16,000	16,000	23,778
Surplus (deficit)	14,368	(20,362)	2,216



Muskoday First Nation
Band - Owned
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada	337,192	672,701	184,675
Lease income	901,870	814,024	808,292
Gas Bar	-	786,805	790,979
First Nations Trust - gaming allocation	556,000	585,667	600,584
Dakota Dunes Community Development Corporation	326,134	302,977	315,517
Interest income	-	170,045	71,755
Other revenue	67,500	324,389	68,248
Portfolio investment income	74,000	80,431	53,557
Rental income	2,016	41,266	2,016
Recreation revenue	10,000	20,041	14,413
	2,274,712	3,798,346	2,910,036
Expenses			
Salaries and benefits	434,117	1,136,980	1,057,448
Amortization	-	342,214	366,191
Repairs and maintenance	118,246	252,562	65,527
Insurance	225,100	238,436	240,390
Cultural and special events	169,500	194,862	242,673
Interest and bank charges	103,500	190,853	134,528
Rentals and lease	115,000	183,229	148,605
Cash distribution to members	100,000	85,991	92,198
Professional fees	66,000	85,684	102,699
Materials and supplies	52,750	81,957	60,644
Projects	84,000	76,603	125,130
Administration fees	-	76,000	76,000
Elders	64,800	68,600	65,682
Property tax	20,000	61,037	114,002
Vehicle	48,500	58,714	58,296
Utilities	7,700	38,938	46,684
Professional development	37,020	28,992	53,953
Equipment	-	25,735	21,047
Meetings and honorariums	261,480	24,783	24,794
Travel	26,400	17,964	11,999
Council remuneration	23,881	16,398	32,944
Grants and donations	8,000	15,548	12,255
Contracted services	5,000	8,976	4,213
Contingency	10,000	5,010	5,902
Program education	1,500	2,962	9,870
Bad debt (recovery)	-	(176)	15,426
	1,982,494	3,318,852	3,189,100
Surplus (deficit) before transfers	292,218	479,494	(279,064)
Transfers between programs	(379,266)	(265,637)	(259,815)
Surplus (deficit)	(87,048)	213,857	(538,879)