

# **Makwa Sahgaiehcan First Nation**

## **Consolidated Financial Statements**

**March 31, 2018**

## **Makwa Sahgaiehcan First Nation**

### Management's Responsibility for Financial Reporting

March 31, 2018

The financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and the reporting requirements of the funding agreement with Indigenous and Northern Affairs Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgements. When alternative methods exist, management has chosen what it deems most appropriate, in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the presentation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

The Chief and Council review and approve the financial statements for issuance to Band members. The Chief and Council meet periodically with management, as well as 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 review the financial statements and the external auditors' report.

McClelland Debusschere CPA PC Inc., an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

\_\_\_\_ Original signed on file \_\_\_\_\_



# McClelland Debusschere

Chartered Professional Accountants  
Assurance Tax Advisory

## **Independent Auditor's Report**

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To the Members of  
Makwa Sahgaiehcan First Nation

We have audited the accompanying consolidated financial statements of Makwa Sahgaiehcan First Nation, which comprise the statement of financial position as at March 31, 2018 and the consolidated Statements of operations, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Owners' Responsibility for the consolidated Financial Statements*

Owners are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with CPA Canada 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Makwa Sahgaiehcan First Nation as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with CPA Canada public sector accounting standard.

### *Other Matter*

The financial statements of Makwa Sahgaiehcan First Nation for the year ended March 31, 2017 were audited by another practitioner who expressed an unqualified opinion on those financial statements on August 25, 2017.

*McClelland Debusschere  
CPA PC INC*

Chartered Professional Accountants

Saskatoon, SK  
August 31, 2018

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Financial Position

March 31, 2018

	2018	2017
<b>Financial Assets</b>		
Cash	\$ -	\$ 226,988
Restricted Cash (Note 2)	<b>1,230,727</b>	1,181,359
Trust Funds held by Federal Gov't (Note 3)	<b>246,458</b>	230,844
GIC (Note 4)	<b>264,550</b>	-
Inventory (Note 5)	<b>126,460</b>	146,875
Accounts receivable (Note 6)	<b>1,511,801</b>	917,964
Investment in Makwa Lake Development Co. (Note 7)	<b>168,118</b>	243,072
Investments (Note 8)	<b>7,448</b>	7,159
Limited Partnership Interests	<b>5,813,140</b>	5,079,177
	<b>9,368,702</b>	8,033,438
<b>Liabilities</b>		
Bank indebtedness	<b>7,745</b>	-
Accounts payable (Note 9)	<b>3,245,474</b>	1,559,456
Unexpended & deferred revenue (Note 10)	<b>619,867</b>	1,615,036
Long term debt (Note 11)	<b>10,558,246</b>	8,285,123
	<b>14,431,332</b>	11,459,615
<b>Net Debt</b>	<b>(5,062,630)</b>	(3,426,177)
<b>Non-financial Assets</b>		
Tangible capital assets (Note 13)	<b>23,910,709</b>	18,072,182
Prepaid	-	1,459
	<b>23,910,709</b>	18,073,641
<b>Accumulated Surplus (Note 14)</b>	<b>\$ 18,848,079</b>	\$ 14,647,464

Approved on behalf of the Makwa Sahgaiehcan First Nation

\_\_\_\_ Original signed on file \_\_\_\_\_

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The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Operations

For the Year Ended March 31, 2018

2017

	2018 Budget	2018
<b>Revenue</b>		
<b>Grants and Contributions</b>		
AANDC - Fixed Contribution	\$ 513,185	\$ 1,451,549
AANDC - Set contribution	114,750	129,750
AANDC - Block Contribution	8,057,705	9,126,619
AANDC - Flexible Contribution	-	1,111,212
Revenue Trust (Note 3)	-	15,615
Health Canada	35,000	59,242
Meadow Lake Tribal Council	1,589,969	2,219,353
Government of Saskatchewan	-	14,340
Saskatchewan Lotteries	-	10,404
Canada Mortgage and Housing	-	708,989
Northern Lights Community Development	-	122,472
First Nations Trust	400,000	513,065
Sales tax refunds	-	15,019
Earnings (loss) in GBE (Note 7)	100,000	233,804
Limited Partnership Earnings	-	733,963
Interest	-	124
Makwa Store Sales	-	4,239,929
Rent	29,400	422,481
Other revenue	174,346	386,254
Unexpended Revenue - Prior Year	-	1,440,481
Unexpended Revenue - Current Year (Note 10)	-	(619,866)
	<b>11,014,355</b>	<b>22,334,799</b>
		23,299,382
<b>Expenses</b>		
Reserves & Trusts (Schedule 1)	57,005	94,199
Education (Schedule 2)	3,822,083	5,010,859
Social Services (Schedule 3)	3,286,833	3,343,483
Infrastructure (Schedule 4)	887,405	1,693,599
Band Support (Schedule 5)	1,224,918	1,455,872
Capital (Schedule 6)	360,000	2,290,564
Health (Schedule 7)	1,120,061	1,660,933
Band Programs (Schedule 8)	428,396	1,425,094
Other Programs (Schedule 9)	-	4,906,154
Transfers	-	(3,725,966)
	<b>11,186,701</b>	<b>18,154,791</b>
		22,903,224
<b>Current surplus (deficit)</b>	<b>\$ (172,346)</b>	<b>\$ 4,180,008</b>
<b>Expense by object disclosure (Note 19)</b>		\$ 396,158

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

## Statement of Changes in Net Debt

For the Year Ended March 31, 2018

	2018	2017
Net income (loss)	\$ 4,180,008	\$ 396,158
Acquisition of tangible capital assets	(7,018,467)	(1,219,868)
Amortization of tangible capital assets	1,179,940	172,895
Decrease (increase) in prepaid expenses	1,459	46,419
Gain on disposal of capital assets	-	(19,000)
Proceeds on sale of capital assets	-	75,000
Prior period CMHC adjustment	11,148	5,747
Contribution to replacement reserve	9,460	9,405
<b>Change in net debt during the year</b>	<b>(1,636,452)</b>	<b>(533,244)</b>
Net debt - Beginning of year	(3,426,177)	(2,892,933)
<b>Net debt - End of year</b>	<b>\$ (5,062,630)</b>	<b>\$ (3,426,177)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Cash Flows

For the Year Ended March 31, 2018

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss) for the period	\$ 4,180,007	\$ 396,158
Amortization	1,179,940	524,594
Gain on disposal	-	(19,000)
Increase (decrease) of deferred revenue	(995,170)	1,418,264
Decrease (increase) in Trust funds held by government	(15,614)	(55,334)
Gain on disposition of tangible capital assets	-	(19,000)
Decrease (increase) in receivables	(593,837)	(269,983)
Decrease (increase) in inventories	20,415	11,229
Decrease (increase) in prepaid expense	1,459	(1,459)
Increase (decrease) in prior period CMHC adjustment	11,148	5,747
Increase (decrease) in accounts payable and accrued expenses	1,686,018	330,142
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,474,366</b>	<b>2,321,358</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital asset additions	(7,018,467)	(1,219,868)
Proceeds from sale of tangible capital assets	-	75,000
Payments to acquire GIC	(264,550)	-
Contribution to replacement reserve	9,460	9,405
Change in restricted cash	(49,367)	15,404
Proceeds from equity method investment, dividends or distributions	(659,298)	(5,093,293)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(7,982,222)</b>	<b>(6,213,352)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Change in long-term debt	2,273,123	452,887
<b>Net cash increase (decreases) in cash</b>	<b>(234,733)</b>	<b>(3,439,107)</b>
Cash at beginning of period	226,988	(176,248)
<b>Cash (bank indebtedness) at end of period</b>	<b>\$ (7,745)</b>	<b>\$ (3,615,355)</b>

The accompanying notes are an integral part of these financial statements.

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **1. Significant Accounting Policies**

Makwa Sahgaiehcan First Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include Makwa Sahgaiehcan First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The reporting entity Makwa Sahgaiehcan First Nation is governed by elected officials from the Makwa Sahgaiehcan First Nation.

#### **a. Basis of Accounting**

These financial statements have been prepared in accordance with CPA Canada public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board in Canada.

#### **b. Reporting entity**

The Makwa Sahgaiehcan First Nation reporting entity includes the Makwa Sahgaiehcan First Nation government and all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

#### **c. Principles of consolidation**

These financial statements consolidate the assets, liabilities, and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

Makwa Sahgaiehcan First Nation - Operations  
Makwa Sahgaiehcan First Nation - CMHC Housing Fund  
Makwa Sahgaiehcan First Nation - Store Enterprise

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Under the modified equity method of accounting, only Makwa Sahgaiehcan 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 Makwa Sahgaiehcan First Nation. Entities recorded under the modified equity method include:

Makwa Lake Development Co.

#### **d. Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to 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 assets, prepaid expenses and inventory of supplies.

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **1. Significant Accounting Policies continued**

#### **e. Net debt or net financial assets**

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

#### **f. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

#### **g. Liability for contaminated sites**

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts 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, 2018.

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's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 1. Significant Accounting Policies continued

#### h. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Makwa Sahgaiehcan First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives. No amortization is recorded in the year of acquisition.

Roads	25 years Straight line
Buildings	50 years Straight line
Housing	40 years Straight line
Equipment	20 years Straight line
Vehicles and machinery	4 years Straight line
Infrastructure	20 to 80 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Makwa Sahgaiehcan First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

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

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **1. Significant Accounting Policies continued**

#### **i. Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable and member advances are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements.

#### **j. Segments**

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

For each reported segment, revenues and expenses represent both amounts that are directly attributed 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.

#### **k. Internal charges and transfers**

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

### **For the Year Ended March 31, 2018**

#### **1. Significant Accounting Policies continued**

##### **I. Revenue recognition**

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

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 a specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed. Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

##### **m. Recognition of expenses**

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

##### **n. Investments**

Portfolio investments which are owned by Makwa Sahgaiehcan First Nation but not controlled or influenced by the First Nation are recorded using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported at.

##### **o. Pension plan**

Makwa Sahgaiehcan First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

##### **p. Leased assets**

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

### **For the Year Ended March 31, 2018**

#### **1. Significant Accounting Policies continued**

##### **q. Funds held in Ottawa Trust Fund**

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and

Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

##### **r. Other Economic Interests**

The Nation is a member of the Meadow Lake Tribal Council (MLTC). The Meadow Lake Tribal Council is an organization of nine nations.

The Nation does not either share in the control or the profit or loss of Meadow Lake Tribal Council. As a result, the financial statements of the MLTC have not been consolidated or proportionately consolidated with the financial statements of Makwa Sahgaiehcan First Nation.

##### **s. Employee Future Benefits**

The Nation's employee future benefit programs consist of a defined contribution pension plan. Contributions to the plan by the Nation are expensed as incurred.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 2. Restricted Assets

The First Nation has received federal assistance through the CMHC, pursuant to Section 95 of the National Housing Act, to reduce mortgage interest and enable the First Nation to provide housing to members. The continuation of this interest rate reduction is contingent on the First Nation being in compliance with the terms of the agreement, which requires that a monthly amount be set aside to provide for major renovations to Nation housing in future years.

The First Nation has established a replacement reserve to ensure replacement of buildings financed by the CMHC, as well as a reserve related to surpluses generated in the post-1997 program, which are to be set aside and used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance.

The CMHC reserve funds must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by the CMHC. Reserve withdrawals are credited first to interest and then to principal.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Restricted assets are comprised of the following:

	2018	2017
<b>Restricted cash - capital projects</b>		
Capital clinic	\$ 1,281	\$ 1,324
Capital sewer and water	142,905	58,078
Headstart building - funds held by MLTC	64,919	162,690
	<b>209,105</b>	222,092
<b>Restricted cash - CMHC</b>		
Funded reserve	968,728	959,267
Funds held in escrow	52,894	-
	<b>1,021,622</b>	959,267
<b>Total restricted assets</b>	<b>\$ 1,230,727</b>	\$ 1,181,359

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 3. Restricted cash - trust funds held by federal government

	2018	2018	2018	2017
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 170,783	\$ 60,061	\$ 230,844	\$ 175,510
Income recorded	15,609	39	15,648	55,334
Disbursements	-	(34)	(34)	-
	\$ 186,392	\$ 60,066	\$ 246,458	\$ 230,844

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

### 4. **Term Deposit**

The Makwa Sahgaiehcan First Nation has a 1 year term deposit maturing on March 1, 2019 with annual interest payments at 0.10%. The investment is recorded at cost, which approximates fair value.

	2018	2017
Term Deposit	\$ 264,550	\$ -

### 5. **Inventories**

Inventory consists of the following items located at the Store:

	2018	2017
Confectionary	\$ 97,843	\$ 117,562
Gas	13,008	-
Tobacco	15,609	29,313
<b>Total</b>	<b>\$ 126,460</b>	<b>\$ 146,875</b>

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 6. Accounts Receivable

	2018	2017
Makwa Store receivables	\$ 424,873	\$ 319,425
Mortgage proceeds	273,056	34,220
Housing Subsidy	69,000	49,077
Receivable from employees	65,142	61,069
Northern Lights Development	21,929	32,579
MLTC Health and Social Development	20,686	23,542
GST rebate	2,161	-
Advance from related company	1,725	12,433
Daycare fee	700	-
University of Saskatchewan workshop	537	-
MLTC Program Services Inc.	150	6,166
Expense recoveries	-	22,680
Insurance proceeds	-	242,118
<b>Total due from others</b>	<b>879,959</b>	803,309
<b>Due from government and other government organizations</b>		
AANDC - Social Assistance	163,193	-
AANDC - Assisted Living	1,046	-
AANDC - Facilities O&M	51,662	-
AANDC - Other Capital	31,796	-
AANDC - Other O&M	36,668	-
AANDC - Administration	112,672	-
AANDC - Education	305,888	-
AANDC - Post Secondary	65,374	-
AANDC - Homecare	2,564	-
AANDC - Infrastructure	25,188	-
AANDC - 2017	-	199,791
Health Canada	1,602	37,808
<b>Total due from government and other government organizations</b>	<b>797,653</b>	237,599
Allowance for doubtful accounts	(165,811)	(122,944)
<b>Total accounts receivable</b>	<b>\$ 1,511,801</b>	\$ 917,964

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 7. Investment in government business enterprises

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government. The First Nation owns a 100% interest in this entity.

#### Makwa Lake Development Co.

December 31, 2017	2017	2016
Cash	\$ 38,493	\$ 64,395
Other Assets	160,883	200,736
<b>Total Assets</b>	<b>199,376</b>	265,131
Liabilities	1,258	22,059
Equity	198,118	243,072
<b>Total Liabilities and Equity</b>	<b>199,376</b>	265,131
Revenues	412,193	351,196
Expenses	(178,389)	(217,169)
<b>Net Income (loss)</b>	<b>\$ 233,804</b>	\$ 134,027

During the fiscal year the First Nation received the following earnings distribution:

	2018	2017
Earnings distribution	\$ 308,758	\$ 120,000

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 8. Investments

The First Nation holds the following Investments:

	2018	2017
<b>MLTC Resource Development Inc. / LP</b>		
1 Class A common share (11% ownership)	\$ 1	\$ 1
<b>MLTC Program Services Inc.</b>		
1 Class A common share (11% ownership)	1	1
<b>MLTC Health &amp; Social Development Inc.</b>		
1 Class A common share (11% ownership)	1	1
<b>First Nations Bank</b>		
537 common shares	940	940
<b>Meadow Lake Co-operative Ltd.</b>		
current equity	<b>6,505</b>	6,216
	<b>\$ 7,448</b>	\$ 7,159

The First Nation entered into shareholder agreements with eight other First Nations to explore business opportunities with Meadow Lake Tribal Council (MLTC).

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 9. Accounts payable

	2018	2017
Supplier accounts	\$ 2,330,134	\$ 782,525
School division tuition billings	615,280	609,189
Accrued mortgage interest	-	7,366
Housing reserve liabilities (Note 12)	247,175	48,251
Makwa Store - regulatory fine	50,000	100,000
Makwa Store - GST	318	3,582
Makwa Store - PST	1,722	6,243
Makwa Store - employee source deductions	845	2,300
<b>Total accounts payable</b>	<b>\$ 3,245,474</b>	<b>\$ 1,559,456</b>

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 10. Deferred revenue

AANDC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to AANDC, deferred to the following year, or transferred to another AANDC program area. Any funding arrangements that have a provision that allows the recipient to retain the excess funds are recorded as surpluses. All other excess funds are recorded as a liability and classified as "Deferred revenue - unexpended funds" on the financial statements.

	2017 Beginning of year	Current year deferral	Interest income	Revenue recognized	Transfers	2018
<b>AANDC Capital funding</b>						
Water Treatment	\$ 20,035	\$ 102,433	\$ -	\$ -	\$ -	\$ 122,468
School Control	38,093	-	-	(10,603)	-	27,490
Community Centre	331,687	-	-	(331,687)	-	-
Elders	93,379	-	-	(93,379)	-	-
Duplex	714,597	-	-	(666,840)	-	47,757
Headstart	162,690	-	-	(97,772)	-	64,918
School	80,000	255,305	-	-	-	335,305
<b>Total unexpended AANDC revenue</b>	<b>1,440,481</b>	<b>357,738</b>	<b>-</b>	<b>(1,200,281)</b>	<b>-</b>	<b>597,938</b>
Unexpended Insurance Proceeds	174,555	-	-	(174,555)	-	-
Unexpended Northern Lights CDC revenue	-	21,929	-	-	-	21,929
<b>Total unexpended revenue</b>	<b>\$ 1,615,036</b>	<b>\$ 379,667</b>	<b>\$ -</b>	<b>\$ (1,374,836)</b>	<b>\$ -</b>	<b>\$ 619,867</b>

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 11. Long-term debt

	2018	2017
Bank loan with First Nations Bank repayable at \$4,541 every three months plus interest monthly at 5.05%	\$ 168,017	\$ 186,181
Bank loan with First Nations Bank repayable at \$2,904 per month including interest at 4.95%	316,840	326,032
Bank loan with First Nations Bank repayable at \$53,200 every three months plus interest monthly at 3.70%	639,200	852,200
Bank loan with First Nations Bank repayable at \$19,286 every three months plus interest monthly at prime plus 2.70%	19,286	96,428
Finance contract with Ford Credit repayable at \$1,270 per month including interest at 4.39%	36,024	49,365
Finance contract with Ford Credit repayable at \$1,164 per month including interest at 4.39%	33,002	45,224
Finance contract with Case New Holland repayable at \$1,714 per month including interest at 5.24%	65,656	82,312
Finance contract with Ford Credit repayable at \$1,345 per month including interest at 5.99%	69,599	-
Finance contract with Ford Credit repayable at \$1,099 per month including interest at 2.99%	51,619	-
Finance contract repayable based on a rebate program with Penner Oil. The contract financed the acquisition of fuel equipment.	132,717	177,491
<b>Total bank debt &amp; financing contracts</b>	<b>1,531,960</b>	1,815,233
<b>CMHC Mortgages</b>		
Canada Mortgage and Housing Corporation (CMHC), repayable at \$1,044 per month including interest at 1.82%. The mortgage's term expires on September 1, 2019.	75,802	86,842
CMHC, repayable at \$1,654 per month including interest at 1.08%. The mortgage term expires on August 1, 2020.	136,828	155,094
CMHC, repayable at \$1,610 per month including interest at 1.62%. The mortgage term expires on March 1, 2018.	175,577	191,919
CMHC, repayable at \$2,131 per month including interest at 1.05%. The mortgage term expires on April 1, 2020.	172,563	196,198
CMHC, repayable at \$5,208 per month including interest at 2.13%. The mortgage term expires on September 1, 2022.	775,666	822,099
CMHC, repayable at \$1,982 per month including interest at 2.04%. The mortgage term expires on March 1, 2019.	231,131	250,012
CMHC, repayable at \$1941 per month including interest at .94%. The mortgage term expires on August 1, 2020.	374,034	393,712
CMHC, repayable at \$5,096 per month including interest at 1.67%. The mortgage term expires on June 1, 2018.	1,050,276	1,093,557
CMHC, repayable at \$2,996 per month including interest at 2.18%. The mortgage term expires on January 1, 2019.	346,798	374,894
CMHC, repayable at \$4,555 per month including interest at 1.77%. The mortgage term expires on November 1, 2019.	575,978	620,059
Canada Mortgage and Housing Corp., repayable at \$4,587 per month including interest at 1.30%. The mortgage term expires on December 1, 2020.	646,518	692,854
CMHC, repayable at \$5,147 per month including interest at 1.13%. The mortgage term expires on June 30, 2021.	764,284	817,107
CMHC, repayable at \$5,114 per month including interest at 1.86%. The mortgage term expires on August 1, 2020.	775,831	775,543
CMHC, repayable at \$19,336 per month including interest at 2.39%. The mortgage term expires March 1, 2023.	2,925,000	-
<b>Total CMHC Mortgages</b>	<b>9,026,286</b>	6,469,890
<b>Total long-term debt</b>	<b>\$ 10,558,246</b>	\$ 8,285,123

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 11. Long-term debt continued

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are as follows:

	Bank debt & financing contracts	CMHC Mortgages	Total
2019	\$ 363,667	\$ 460,000	\$ 823,667
2020	356,480	485,000	841,480
2021	352,269	520,000	872,269
2022	122,023	565,000	687,023
2023 and thereafter	337,521	6,996,286	7,333,807
	\$ 1,531,960	\$ 9,026,286	\$10,558,246

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

### **For the Year Ended March 31, 2018**

#### **12. CMHC housing restricted funds**

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- The replacement reserve to ensure replacement of capital equipment and for major repairs to housing units, which requires an annual cash allocation of \$117,495 to the reserve. At March 31, 2018, the reserve is required to be funded to a level of \$878,641 (2017 - \$757,574). At March 31, 2018, the cash balance in the reserve is \$724,043 (2017 - \$665,631).
- An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program which requires surpluses to be funded with cash. Future operating losses are able to draw on the reserve funds to sustain operations. At March 31, 2018, the reserve is required to be funded to a level of \$337,262 (2017 - \$279,944). At March 31, 2018, the cash balance in the reserve is \$244,685 (2017 - \$293,636).

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 13. Tangible Capital Assets

March 31, 2018	CMHC Homes	Land	Buildings	Houses	Infrastructure & Roads	Equipment	Vehicles	Makwa Store	Assets under construction	Total
<b>Cost</b>										
Balance, beginning of year	\$ 9,277,349	\$ 11,186	\$ 11,716,296	\$ 11,420,156	\$ 3,205,007	\$ 1,356,021	\$ 461,393	\$ 492,650	\$ -	\$ 37,940,058
Additions	3,041,854	-	1,364,588	-	-	4,263	130,769	1,850	2,475,143	7,018,467
<b>Balance, end of year</b>	<b>12,319,203</b>	<b>11,186</b>	<b>13,080,884</b>	<b>11,420,156</b>	<b>3,205,007</b>	<b>1,360,284</b>	<b>592,162</b>	<b>494,500</b>	<b>2,475,143</b>	<b>44,958,525</b>
<b>Accumulated amortization</b>										
Balance, beginning of year	1,645,106	-	4,902,023	9,540,524	2,144,194	1,145,654	313,097	177,278	-	19,867,876
Amortization	394,013	-	384,090	194,705	53,958	52,920	67,599	32,654	-	1,179,940
<b>Balance, end of year</b>	<b>2,039,119</b>	<b>-</b>	<b>5,286,113</b>	<b>9,735,229</b>	<b>2,198,152</b>	<b>1,198,574</b>	<b>380,696</b>	<b>209,932</b>	<b>-</b>	<b>21,047,816</b>
<b>Net Book Value, end of Year</b>	<b>10,280,084</b>	<b>11,186</b>	<b>7,794,771</b>	<b>1,684,927</b>	<b>1,006,855</b>	<b>161,710</b>	<b>211,466</b>	<b>284,567</b>	<b>2,475,143</b>	<b>23,910,709</b>
<b>March 31, 2017</b>										
<b>Cost</b>										
Balance, beginning of year	8,332,545	11,186	11,689,648	11,420,156	3,205,007	1,316,631	461,393	492,650	-	36,929,216
Additions	944,804	-	26,648	-	-	39,390	-	-	-	1,010,842
<b>Balance, end of year</b>	<b>9,277,349</b>	<b>11,186</b>	<b>11,716,296</b>	<b>11,420,156</b>	<b>3,205,007</b>	<b>1,356,021</b>	<b>461,393</b>	<b>492,650</b>	<b>-</b>	<b>37,940,058</b>
<b>Accumulated amortization</b>										
Balance, beginning of year	1,372,038	-	4,517,932	9,345,819	2,090,236	1,208,587	245,498	169,625	-	18,949,735
Amortization	273,068	-	384,091	194,705	53,958	(62,933)	67,599	7,653	-	918,141
<b>Balance, end of year</b>	<b>1,645,106</b>	<b>-</b>	<b>4,902,023</b>	<b>9,540,524</b>	<b>2,144,194</b>	<b>1,145,654</b>	<b>313,097</b>	<b>177,278</b>	<b>-</b>	<b>19,867,876</b>
Net Book Value, end of year	\$ 7,632,243	\$ 11,186	\$ 6,814,273	\$ 1,879,632	\$ 1,060,813	\$ 210,367	\$ 148,296	\$ 315,372	\$ -	\$ 18,072,182

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 14. Accumulated surplus

	2018	2017
<b>Equity in capital assets</b>		
Balance, beginning of the year	\$ 9,787,058	\$ 10,102,244
Additions	7,018,467	1,010,842
Amortization	(1,179,940)	(918,141)
Increase in debt related to capital assets	(2,273,123)	(407,887)
Balance, end of the year	<b>\$13,352,462</b>	<b>\$ 9,787,058</b>

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

The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

	2018	2017
<b>Equity in investments</b>		
Balance, beginning of the year	\$ 4,595,445	\$ 3,344,495
Makwa Lake Development Co.		
Earnings (loss) for the year	233,804	134,027
Earnings distribution	(308,758)	(120,000)
MLTC Resource Development LP		
Earnings for year	<b>733,963</b>	1,236,834
Meadow Lake Co-op		
Allocation of equity	289	89
Balance, end of the year	<b>\$ 5,254,743</b>	<b>\$ 4,595,445</b>
<b>Surplus, appropriated for CMHC</b>		
Balance, beginning of the year	\$ 968,109	\$ 952,957
Adjustment by funding agency	11,148	5,747
Replacement reserve contribution	9,461	9,405
Balance, end of the year	<b>\$ 988,718</b>	<b>\$ 968,109</b>
<b>Surplus, unappropriated</b>		
Balance, beginning of the year	\$ (4,927,851)	\$ (5,324,009)
Surplus (deficit) for the year	4,180,007	396,158
Balance, end of the year	<b>\$ (747,844)</b>	<b>\$ (4,927,851)</b>

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 15. Reconciliation of INAC revenue

The following is a reconciliation of the funds received from INAC:

	2018
Balance received per INAC confirmation	\$11,689,700
<b>Current year receivable (payable)</b>	
Infrastructure	81,082
Homecare	1,046
Social Assistance	47,302
	<b>\$11,819,130</b>

### 16. Health Canada - Moveable Assets Reserve (MAR)

Health Canada funding agreements requires the First Nation to report on funding received and related expenditures for all assets over \$1,000 that are not permanently attached to the health facility building (e.g. medical equipment, furniture, vehicles).

There was no MAR for the current year.

### 17. Contingent liabilities

Makwa Sahgaiehcan First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Makwa Sahgaiehcan First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Makwa Sahgaiehcan First Nation's financial statements. None are required to be recorded at this time.

### 18. Economic dependence

Makwa Sahgaiehcan First Nation receives a significant portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 19. Expenses by object

	2018	2018	2017
	Budget	Actual	Actual
Salaries and benefits	\$ 4,851,250	\$ 6,425,753	\$ 6,058,486
Cost of Sales	-	3,502,211	3,766,777
Social Assistance	2,272,293	2,152,136	2,234,106
Contracted Services	504,407	1,464,264	1,812,628
Amortization	-	1,179,940	438,413
Professional fees	215,800	974,101	1,659,906
Student Tuition & Allowances	654,662	753,967	573,988
Travel	402,850	691,587	758,322
Activities	435,130	708,168	570,278
Assistance	160,000	601,583	891,755
Supplies	312,179	584,879	1,305,595
Repairs and maintenance	167,125	450,684	497,935
Utilities	200,040	420,914	390,908
Rent	218,500	367,980	218,897
Fees	225,850	296,932	272,685
Interest and bank charges	56,924	251,667	258,429
Meetings & workshops	155,800	191,591	253,396
Telephone	79,350	173,309	129,271
Vehicle Fuel, Repairs & Operation	52,900	141,965	137,212
Replacement Reserve	-	117,495	108,180
Insurance	50,000	89,322	88,664
Other operating expenses	83,540	80,869	247,599
Honorarium	70,000	77,751	73,990
Project Management	-	69,275	38,116
Bad debt expense	-	42,867	21,633
Advertising and Sponsorship	1,600	38,166	35,088
Professional Development	7,000	14,636	18,428
Allowances	9,500	10,320	19,150
LLRC Costs	-	4,660	-
Property taxes	-	1,765	1,405
Revenue Refund	-	-	11,145
<b>Total expenses before transfers</b>	<b>11,186,700</b>	<b>21,880,757</b>	<b>22,892,385</b>
Transfers to capital assets	-	(3,725,966)	10,840
	<b>\$11,186,700</b>	<b>\$18,154,791</b>	<b>\$22,903,225</b>

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **20. INAC funding**

The First Nation (Recipient) receives funding from Indigenous and Northern Affairs Canada (INAC) by entering into an agreement with INAC.

There are five approaches that INAC may consider in the design and delivery of transfer payment programs:

1. Grant approach – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.
2. Set contribution approach – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to INAC annually.
3. Fixed contribution approach – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by INAC. A plan must be submitted and approved by INAC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by INAC.
4. Flexible contribution approach – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to INAC at the end of the project, program or agreement.
5. Block contribution approach – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by INAC.

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

### **For the Year Ended March 31, 2018**

#### **21. Segmented information**

As previously discussed in note 2 (i) the First Nation conducts its business through reportable segments as follows:

##### **1 - Indigenous and Northern Affairs Canada (INAC)**

**Claims and Indian Government:** Costs associated with the negotiation, settlement and implementation of specific claims and comprehensive land claim agreements as well as special claims and self-government agreements.

**Community Development:** Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

**Economic Development:** Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

**Education:** Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with INAC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labour market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide internet access, information technology equipment, technical support and training to students and school staff.

**Indian Government Support:** Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **21. Segmented information continued**

Lands Management: Costs associated to the administration of land transactions on designated and non-designated lands under sections 53 and 60 of the Indian Act.

Social Development: First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

Indian Registration: Costs associated with the maintenance of the Indian Register, a record of everyone who is registered as an Indian under the Indian Act.

Governance and Institutions of Government: Costs associated with Governance and Institution of Government activities.

#### **2 - Health Programs (FNIHB)**

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

#### **3 - Canada Mortgage and Housing Corporation (CMHC)**

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

#### **4 - Band programs**

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements

For the Year Ended March 31, 2018

### 22. Pension Plan

The Makwa Sahgaiehcan First Nation and eligible employees participate in a defined contribution pension plan.

The Makwa Sahgaiehcan First Nation financial obligation is limited to providing contributions at a specific rate in respect of employees' current service. Information regarding contributions to the above mentioned pension plans is as follows:

	2018	2017
Employee contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%
Employer contribution rate (percentage of salary)	5.0%-9.0%	5.0%-9.0%

### 23. Annual Surplus Net of Capital Related Revenues and Amortization

	2018
Annual Surplus (deficit)	\$ 4,180,007
<b>Less capital related revenues included in annual surplus:</b>	
Federal government transfers recognized	(4,065,967)
Less Equity Pickup from MLTC RDI	114,040
Add amortization expense included in annual surplus	(733,963)
	1,179,940
	\$ 560,017

# **Makwa Sahgaiehcan First Nation**

## **Notes to the Financial Statements**

**For the Year Ended March 31, 2018**

### **24. Financial Instruments**

#### **a. Fair values not materially different from book values**

The First Nation has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

#### **b. Interest Rate Risk**

The First Nation is exposed to interest rate cash flow risk to the extent that its loans payable are at a floating rate of interest. The First Nation is also exposed to interest rate price risk to the extent that agreements receivable are at a fixed rate of interest.

#### **c. Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the First Nation maintains a portion of its invested assets in liquid securities.

#### **d. Market Risk**

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the company is exposed are foreign exchange risk, interest rate risk and price risk.

### **25. Budgeted figures**

Budgeted figures are unaudited and have been provided for comparison purposes and have been derived from the budget approved by the Makwa Sahgaiehcan First Nation's Chief and Council.

### **26. Comparative figures**

Prior year's comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #1

### Reserves & Trusts

### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 64,292	\$ 67,593	\$ 65,420
AANDC - Set contribution	-	-	118,858
	<b>64,292</b>	<b>67,593</b>	<b>184,278</b>
<b>Expenses</b>			
Salaries and benefits	44,505	46,855	56,561
Professional Fees	5,000	26,826	100,220
Travel	5,000	15,138	30,779
Honorarium	-	2,450	600
Office Rent	-	2,240	3,391
Supplies	-	390	-
Contracted Services	-	300	-
Meetings & workshops	2,500	-	-
	<b>57,005</b>	<b>94,199</b>	<b>191,551</b>
<b>Current surplus (deficit)</b>	<b>\$ 7,287</b>	<b>\$ (26,606)</b>	<b>\$ (7,273)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #2

### Education

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 3,468,446	\$ 3,646,513	\$ 3,529,274
AANDC - Set contribution	-	-	781,270
AANDC - Fixed Contribution	378,185	1,125,779	86,541
Meadow Lake Tribal Council	-	425,701	462,832
Tuition Revenue	-	-	104,364
Expense recoveries	-	7,152	-
	<b>3,846,631</b>	<b>5,205,145</b>	<b>4,964,281</b>
<b>Expenses</b>			
Salaries and benefits	2,632,021	3,593,645	3,237,548
Student Tuition & Allowances	654,662	753,967	573,988
Travel	227,400	258,678	247,054
Supplies	130,500	140,146	130,059
Activities	44,500	66,312	79,103
Equipment rent	27,000	39,942	43,542
Vehicle Fuel, Repairs & Operation	14,000	38,682	48,492
Meetings & workshops	29,000	25,498	10,715
Telephone	4,000	12,720	10,336
Graduation Allowances	9,500	10,320	19,150
Honorarium	15,000	7,436	19,189
Interest	-	5,111	2,265
LLRC Costs	-	4,660	-
Awards	6,500	3,592	3,869
Contracted Services	15,000	3,061	13,770
Professional Fees	10,000	2,315	3,186
Repairs and maintenance	3,000	917	4,122
Administrative Fees	-	-	90,000
Professional Development	-	-	10,055
	<b>3,822,083</b>	<b>4,967,002</b>	<b>4,546,443</b>
<b>Current surplus before the undernoted</b>			
Amortization	24,548	238,143	417,838
	-	(43,856)	(43,856)
<b>Current surplus (deficit)</b>	<b>\$ 24,548</b>	<b>\$ 194,287</b>	<b>\$ 373,982</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #3

### Social Services

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 2,528,432	\$ 3,260,908	\$ 3,156,068
AANDC - Set contribution	114,750	114,750	114,750
AANDC - Flexible Contribution	-	28,012	-
Meadow Lake Tribal Council	150,805	136,348	132,377
Transfer to service delivery	-	(80,110)	(114,110)
Transfer to infrastructure	-	-	(60,842)
Unexpended Revenue - Prior Year	-	-	11,145
	<b>2,793,987</b>	<b>3,459,908</b>	3,239,388
<b>Expenses</b>			
Social Assistance	2,272,293	2,150,931	2,233,682
Activities	356,630	378,166	323,577
CMHC Rental Support	189,000	280,776	169,891
Fees	127,987	134,745	122,654
Salaries and benefits	183,444	121,182	121,933
Meetings & workshops	92,500	89,336	121,867
Telephone	-	50,186	1,112
Other operating expenses	27,800	36,869	41,810
Contracted Services	10,000	32,430	34,112
Supplies	22,579	29,433	39,808
Bank Charges	-	13,420	-
Travel	3,000	11,807	8,691
Repairs and maintenance	1,600	2,460	11,349
Professional Development	-	1,465	-
Revenue Refund	-	-	11,145
	<b>3,286,833</b>	<b>3,333,206</b>	3,241,631
<b>Current surplus before the undernoted</b>	<b>(492,846)</b>	<b>126,702</b>	<b>(2,243)</b>
Amortization	-	(10,279)	(10,279)
<b>Current surplus (deficit)</b>	<b>\$ (492,846)</b>	<b>\$ 116,423</b>	<b>\$ (12,522)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #4

### Infrastructure

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 813,895	\$ 971,274	\$ 775,991
AANDC - Flexible Contribution	-	125,000	5,000
AANDC - Fixed Contribution	50,000	46,858	115,883
Insurance proceeds	-	118,510	-
Rent	5,400	21,550	19,579
Gain on sale of capital asset	-	-	19,000
Transfer from Social Assistance	-	-	60,842
Transfer from FSIN Gaming	-	100,000	-
	<u>869,295</u>	<u>1,383,192</u>	<u>996,295</u>
<b>Expenses</b>			
Salaries and benefits	335,180	291,187	321,903
Utilities	190,200	288,252	266,013
Road Maintenance and Gravel	61,000	209,785	58,146
Contracted Services	53,000	136,190	127,196
Repairs and maintenance	99,025	112,296	91,058
Supplies	68,500	74,601	67,415
Insurance	50,000	44,191	39,918
Vehicle Fuel, Repairs & Operation	12,400	44,062	28,929
Other operating expenses	6,400	12,328	2,560
Meetings & workshops	5,200	4,168	906
Telephone	4,500	2,919	4,700
Equipment rent	-	2,336	-
Construction	-	2,283	-
Travel	2,000	1,959	8,101
Interest	-	-	3,116
	<u>887,405</u>	<u>1,226,557</u>	<u>1,019,961</u>
<b>Current surplus before the undernoted</b>			
Amortization	(18,110)	156,635	(23,666)
	-	(467,044)	(2,395)
<b>Current surplus (deficit)</b>	<u>\$ (18,110)</u>	<u>\$ (310,409)</u>	<u>\$ (26,061)</u>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #5

### Band Support

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 822,640	\$ 864,875	\$ 837,067
AANDC - Set contribution	-	15,000	9,600
Meadow Lake Tribal Council	-	5,850	-
Interest	-	48	-
Administrative Fees	157,346	156,706	136,958
Expense recoveries	5,000	22,381	94,647
Transfer from Social Assistance	114,110	80,110	114,110
Transfer from FSIN Gaming	-	123,764	-
Other revenue	-	9,969	-
	<b>1,099,096</b>	<b>1,278,703</b>	<b>1,192,382</b>
<b>Expenses</b>			
Salaries and benefits	754,718	588,941	515,126
Travel	124,000	226,236	254,589
Professional fees	114,500	127,003	133,008
Telephone	64,200	75,159	73,404
Interest and bank charges	46,400	73,448	116,267
Honorarium	50,000	66,000	54,200
Supplies	19,400	38,608	37,206
Contracted Services	20,000	12,710	756
Meetings & workshops	6,000	10,305	35,679
Professional Development	2,000	8,264	3,975
Activities	1,000	4,261	4,103
Bad debt expense	-	3,750	400
Other operating expenses	19,100	2,609	14,000
Vehicle Fuel, Repairs & Operation	-	784	2,652
Rent	2,000	430	-
	<b>1,223,318</b>	<b>1,238,508</b>	<b>1,245,365</b>
<b>Current surplus before the undernoted</b>			
Amortization	(124,222)	40,195	(52,983)
	-	(217,364)	(23,084)
<b>Current surplus (deficit)</b>	<b>\$ (124,222)</b>	<b>\$ (177,169)</b>	<b>\$ (76,067)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #6

### Capital

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Block Contribution	\$ 360,000	\$ 315,456	\$ 809,518
AANDC - Flexible Contribution	-	958,200	2,973,534
Canada Mortgage and Housing	-	188,599	201,281
Health Canada	-	-	700,000
Interest	-	76	41
Expense recoveries	-	1,380	-
Transfer from First Nation Funds	-	-	75,000
Transfer from FSIN Gaming	-	-	76,249
Unexpended Revenue - Prior Year	-	1,440,481	185,628
Unexpended Revenue - Current Year	-	(597,937)	(1,440,482)
	<b>360,000</b>	<b>2,306,255</b>	<b>3,580,769</b>
<b>Expenses</b>			
Contracted Services	360,000	1,087,192	1,447,073
Professional fees	-	797,213	1,286,914
Supplies	-	185,306	865,904
Salaries and benefits	-	76,959	105,032
Project Management	-	69,275	38,116
Rent	-	39,555	324
Utilities	-	22,803	57,224
Travel	-	9,040	6,205
Meetings & workshops	-	1,692	559
Vehicle Fuel, Repairs & Operation	-	1,080	2,383
Interest and bank charges	-	449	146
Repairs and maintenance	-	-	166,248
Equipment Purchase	-	-	43,390
	<b>360,000</b>	<b>2,290,564</b>	<b>4,019,518</b>
<b>Current surplus before the undernoted</b>	<b>-</b>	<b>15,691</b>	<b>(438,749)</b>
<b>Unexpended Transfers</b>			
Transfer to capital assets	-	3,818,543	-
<b>Current surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 3,834,234</b>	<b>\$ (438,749)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #7

### Health

#### Schedule of Operations

(unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
Health Canada	\$ 35,000	\$ 59,242	\$ 61,954
Meadow Lake Tribal Council	1,310,937	1,483,248	1,348,569
Other revenue	12,000	50,499	20,610
Transfer from FSIN Gaming	-	35,000	135,383
	<b>1,357,937</b>	<b>1,627,989</b>	<b>1,566,516</b>
<b>Expenses</b>			
Salaries and benefits	801,270	925,369	889,692
Contracted Services	46,407	162,179	161,960
Travel	38,450	146,153	159,590
Activities	18,000	117,682	111,983
Fees	97,863	92,531	8,206
Supplies	50,580	85,550	106,234
Vehicle Fuel, Repairs & Operation	21,000	35,248	31,535
Meetings & workshops	18,500	32,746	69,865
Telephone	6,650	17,014	24,722
Utilities	8,340	16,667	10,117
Repairs and maintenance	2,500	14,312	2,553
Professional Development	5,000	4,907	4,398
Rent	500	2,701	1,749
Honorarium	5,000	1,865	-
Youth Centre Costs	-	1,242	33,165
Social Assistance	-	1,205	424
Interest and bank charges	-	604	983
Professional fees	-	500	525
	<b>1,120,060</b>	<b>1,658,475</b>	<b>1,617,701</b>
<b>Current surplus before the undernoted</b>	<b>237,877</b>	<b>(30,486)</b>	<b>(51,185)</b>
<b>Unexpended Transfers</b>			
Amortization	-	(2,458)	(2,458)
<b>Current surplus (deficit)</b>	<b>\$ 237,877</b>	<b>\$ (32,944)</b>	<b>\$ (53,643)</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #8

### Band Programs Schedule of Operations (unaudited)

	2018	2018	2017
	Budget	Actual	Actual
<b>Revenue</b>			
AANDC - Set contribution	\$ -	\$ -	\$ 178,120
AANDC - Fixed Contribution	85,000	278,912	155,560
Meadow Lake Tribal Council	128,227	168,206	175,858
Sales tax refunds	-	15,019	31,556
Limited Partnership Earnings	-	733,963	1,236,834
Revenue Trust	-	15,615	55,334
Government of Saskatchewan	-	14,340	5,000
Saskatchewan Lotteries	-	10,404	-
Northern Lights Community Development	-	122,472	134,456
First Nations Trust	400,000	513,065	505,780
Earnings (loss) in GBE	100,000	233,804	120,000
Rent	24,000	55,790	19,865
Other revenue	-	19,657	12,872
Unexpended Revenue - Current Year	-	(21,929)	-
Transfers to other programs	-	(258,764)	(286,632)
	<b>737,227</b>	<b>1,900,554</b>	<b>2,344,603</b>
<b>Expenses</b>			
Assistance	160,000	601,583	891,755
Salaries and benefits	100,112	387,110	401,403
Activities	15,000	141,748	51,512
Utilities	1,500	72,604	37,553
Interest and bank charges	10,524	37,464	31,715
Contracted Services	-	30,202	27,761
Meetings & workshops	2,100	25,830	5,914
Supplies	20,620	26,503	55,906
Vehicle Fuel, Repairs & Operation	5,500	22,109	23,220
Repairs and maintenance	-	18,096	2,430
Travel	3,000	16,244	37,212
Other operating expenses	23,740	15,000	5,000
Fees	-	11,750	400
Professional fees	86,300	4,812	108,900
Property taxes	-	1,765	1,405
	<b>428,396</b>	<b>1,412,820</b>	<b>1,682,086</b>
<b>Current surplus before the undernoted</b>			
Amortization	308,831	487,734	662,517
	-	(12,273)	(3,595)
<b>Current surplus (deficit)</b>	<b>\$ 308,831</b>	<b>\$ 475,461</b>	<b>\$ 658,922</b>

The accompanying notes are an integral part of these financial statements.

# Makwa Sahgaiehcan First Nation

For the Year Ended March 31, 2018

## Schedule #9

### Other Programs

#### Schedule of Operations

(unaudited)

		2018	2018	2017
		Budget	Actual	Actual
<b>Revenue</b>				
Makwa Store Sales	\$ -	\$ 4,239,929	\$ 4,471,819	
Rental income	-	345,141	318,818	
Subsidy	-	520,390	440,231	
		<b>5,105,460</b>	5,230,868	
<b>Expenses</b>				
Cost of Sales	-	3,502,211	3,766,777	
Advertising and Sponsorship	-	38,166	35,088	
Bad debt expense	-	39,117	21,233	
Insurance	-	45,131	48,746	
Interest and bank charges	-	121,169	103,937	
Professional fees	-	13,150	27,152	
Repairs and maintenance	-	92,817	162,028	
Salaries and benefits	-	394,505	409,289	
Supplies	-	4,342	3,062	
Travel	-	6,333	6,101	
Utilities	-	20,588	20,000	
Meetings & workshops	-	2,016	7,890	
Fees	-	57,907	51,425	
Telephone	-	15,311	14,997	
Replacement Reserve	-	117,495	108,180	
Other operating expenses	-	9,229	103,805	
		<b>4,479,487</b>	4,889,710	
<b>Current surplus before the undernoted</b>				
Amortization	-	625,973	341,158	
Transfer to Operating Reserve	-	(426,667)	(352,747)	
		<b>(92,577)</b>	(10,840)	
<b>Current surplus (deficit)</b>	\$ -	<b>\$ 106,729</b>	\$ (22,429)	

The accompanying notes are an integral part of these financial statements.