

# **Makwa Sahgaiehcan First Nation**

## **Consolidated Financial Statements**

**March 31, 2020**

# **Makwa Sahgaiehcan First Nation**

## **Management's Responsibility for Financial Reporting**

**March 31, 2020**

The financial statements have been prepared by management in accordance with the Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada (CPA) and the reporting requirements of the funding agreement with Indigenous Services Canada. Financial statements are not precise since they contain certain amounts based on estimates and judgments. 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.

Signature on file

Makwa Sahgaiehcan First Nation

\_\_\_\_\_  
Date



# McClelland Debusschere

Chartered Professional Accountants  
Assurance Tax Advisory

## Independent Auditor's Report

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To the Members of  
Makwa Sahgaiehcan First Nation

### Opinion

We have audited the consolidated financial statements of Makwa Sahgaiehcan First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Makwa Sahgaiehcan First Nation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the applicable financial reporting framework.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the applicable financial reporting framework, 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 these 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 a 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 to do so.

Those charged with governance 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.



# McClelland Debusschere

Chartered Professional Accountants  
Assurance Tax Advisory

## **Independent Auditor's Report**

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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 Group to express an opinion on the 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.

*McClelland Debusschere*  
*CPA PC INC*

Saskatoon, SK  
March 31, 2021

Chartered Professional Accountants

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Financial Position

March 31, 2020

	2020	2019 (restated, see note 28)
<b>Financial Assets</b>		
Cash	\$ 1,308,702	\$ -
Restricted Assets (Note 2)	4,544,307	3,309,591
Trust Funds held by Federal Government (Note 3)	279,827	252,657
Inventory held for resale (Note 4)	99,797	151,101
Accounts receivable (Note 5)	1,144,868	1,661,403
Investment in Makwa Lake Development Co. (Note 6)	198,859	135,149
Investments (Note 7)	7,244	7,244
Limited Partnership Interests (Note 8)	6,436,670	6,334,479
	<b>\$ 14,020,274</b>	<b>\$ 11,851,624</b>
<b>Liabilities</b>		
Bank indebtedness	\$ -	\$ 165,764
Accounts payable (Note 9)	1,662,544	1,746,825
Unexpended revenue (Note 10)	3,737,866	2,651,922
Long term debt (Note 11)	11,592,567	11,741,600
	<b>16,992,977</b>	<b>16,306,111</b>
<b>Net Debt</b>	<b>(2,972,703)</b>	<b>(4,454,487)</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 12)	31,450,238	30,906,014
Prepaid	13,999	-
	<b>31,464,237</b>	<b>30,906,014</b>
<b>Accumulated Surplus (Note 13)</b>	<b>\$ 28,491,534</b>	<b>\$ 26,451,527</b>

Approved on behalf of the Makwa Sahgaiehcan First Nation

Signature on file \_\_\_\_\_,

Signature on file \_\_\_\_\_

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, 2020

	2020 Budget	2020	2019 (restated, see note 28)
<b>Revenue</b>			
<b>Grants and Contributions</b>			
Indigenous Services Canada (Note 14)	\$12,198,023	\$13,637,623	\$13,691,855
Revenue Trust (Note 3)	-	27,170	6,199
Health Canada	35,000	17,948	48,723
Meadow Lake Tribal Council	4,732,696	5,430,985	3,869,756
Government of Saskatchewan	5,000	26,500	23,260
Saskatchewan Lotteries	-	10,958	10,874
Canada Mortgage and Housing	-	885,676	908,150
Northern Lights Community Development	75,000	127,859	123,837
First Nations Trust	500,000	514,046	511,765
Sales tax refunds	-	49,291	25,201
Earnings (loss) in GBE (Note 6)	-	185,372	37,031
Limited Partnership Earnings (Note 8)	100,000	287,191	887,339
Interest	-	-	1,083
Makwa Store Sales	-	3,593,864	4,204,449
Rent	29,400	454,286	423,326
Other revenue	367,000	1,497,684	581,859
Unexpended Revenue - Prior Year (Note 10)	-	2,651,922	584,127
Unexpended Revenue - Current Year (Note 10)	-	(3,737,866)	(2,651,922)
	<b>18,042,119</b>	<b>25,660,509</b>	<b>23,286,912</b>
<b>Expenses</b>			
Reserves & Trusts (Schedule 1)	77,916	212,692	164,375
Education (Schedule 2)	5,052,469	6,038,303	5,668,571
Social Services (Schedule 3)	3,063,650	2,691,972	3,086,655
Infrastructure (Schedule 4)	1,130,699	1,855,958	1,587,659
Band Support (Schedule 5)	1,375,300	2,164,773	1,773,324
Capital (Schedule 6)	500,000	799,804	1,120,120
Health (Schedule 7)	3,201,575	3,916,443	2,924,584
Band Programs (Schedule 8)	1,087,082	942,880	1,254,758
Other Programs (Schedule 9)	-	4,997,677	5,263,761
	<b>15,488,691</b>	<b>23,620,502</b>	<b>22,843,807</b>
<b>Current surplus (deficit)</b>	<b>2,553,428</b>	<b>2,040,007</b>	<b>443,105</b>
<b>Accumulated surplus - Beginning of the year</b>	<b>26,451,527</b>	<b>26,451,527</b>	<b>26,008,422</b>
<b>Accumulated surplus - End of the year (Note 13)</b>	<b>\$29,004,955</b>	<b>\$28,491,534</b>	<b>\$26,451,527</b>
<b>Expense by object disclosure (Note 15)</b>			

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

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Changes in Net Debt For the Year Ended March 31, 2020

	2020 Budget	2020	2019 (restated, see note 28)
Current surplus (deficit)	\$ 2,853,428	\$ 2,040,007	\$ 443,105
Acquisition of tangible capital assets	-	(3,110,556)	(10,203,117)
Disposal of tangible capital assets	-	1,134,546	8,728,517
Amortization of tangible capital assets	-	1,484,986	1,421,643
Reduction of accumulated amortization	-	(53,200)	-
Decrease (increase) in prepaid expenses	-	(13,999)	-
<b>Change in net debt during the year</b>	<b>2,853,428</b>	<b>1,481,784</b>	<b>390,148</b>
Net debt - Beginning of year	(4,454,487)	(4,454,487)	(4,844,635)
<b>Net debt - End of year</b>	<b>\$ (1,601,059)</b>	<b>\$ (2,972,703)</b>	<b>\$ (4,454,487)</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, 2020

	2020	2019 (restated, see note 28)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Current surplus (deficit)	\$ 2,040,007	\$ 443,105
<b>Non-cash items:</b>		
Amortization	1,484,986	1,421,643
<b>Change in working capital items:</b>		
Change in trust funds held by Federal Government	(27,170)	(6,199)
Change in accounts receivable	516,536	(96,707)
Change in accounts payable	(84,281)	(1,251,474)
Change in unexpended revenue	1,085,944	2,002,876
Change in inventory held for resale	51,304	(24,641)
Change in prepaid	(13,999)	-
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,053,327</b>	<b>2,488,603</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in restricted assets	(1,234,716)	(2,131,759)
Income from investments, GBE, & Limited Partnerships	(165,900)	(488,166)
Change in term deposits	-	264,550
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(1,400,616)</b>	<b>(2,355,375)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of long term debt	974,659	2,567,792
Repayment of long term debt	(1,123,694)	(1,384,439)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(149,035)</b>	<b>1,183,353</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Tangible capital assets additions	(3,110,556)	(10,203,117)
Tangible capital asset disposals	1,081,346	8,728,517
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>	<b>(2,029,210)</b>	<b>(1,474,600)</b>
<b>Net cash increase (decreases) in cash</b>	<b>1,474,466</b>	<b>(158,019)</b>
Cash (bank indebtedness) at beginning of period	(165,764)	(7,745)
<b>Cash (bank indebtedness) at end of period</b>	<b>\$ 1,308,702</b>	<b>\$ (165,764)</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, 2020

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### 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.

#### 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.  
Meadow Lake Resource Development Limited Partnership

#### 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 capital assets and prepaid expenses.

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, 2020

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### 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 includes cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of 90 days or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Any cash that is legally restricted from use is recorded in restricted assets. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

#### g. Inventory held for resale

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

#### h. 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, 2020.

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.

It has been assessed by management that as at March 31, 2020 there was no liability.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements For the Year Ended March 31, 2020

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### 1. Significant Accounting Policies continued

#### i. 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 over the estimated useful lives of the assets. No amortization is recorded in the year of acquisition.

#### Makwa Sahgaiehcan First Nation:

Roads	25 years Straight line
Buildings	50 years Straight line
Housing	40 years Straight line
Equipment	5 years Straight line
Vehicles and machinery	4 years Straight line
Infrastructure	50 years Straight line

#### Makwa Store:

Building	5% Declining balance
Equipment	10% Declining balance
Computer equipment	4 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 revenue 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.

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, 2020

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## 1. Significant Accounting Policies continued

### j. 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.

### k. 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.

### l. 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."

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, 2020

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### 1. Significant Accounting Policies continued

#### m. 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, which includes transfers from Indigenous Services Canada, the revenue trust, Health Canada, Meadow Lake Tribal Council, the Government of Saskatchewan, Saskatchewan Lotteries, Canada Mortgage and Housing Corporation, Northern Lights Community Development Corporation, and First Nations Trust 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.

Other revenues, which include administration fees, expense recoveries, sales tax refunds, interest, rent, and sales at the Makwa Store are recognized when they are earned.

Earnings from government business enterprises and limited partnerships are recorded based on the modified equity method, based on the ownership percentage held and reported income of the other entities.

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.

#### n. 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.

#### o. 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.

#### p. 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.

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, 2020

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## 1. Significant Accounting Policies continued

### q. 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. No assets under capital lease, or obligations under capital lease existed as of March 31, 2020.

### r. 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 First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

### s. Other Economic Interests

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

The First 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.

# Makwa Sahgaiehcan First Nation

## Notes to the Financial Statements For the Year Ended March 31, 2020

### 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 First 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:

	2020	2019
Funds held for capital projects	\$ 3,357,799	\$ 2,292,704
CMHC - Funded reserves	1,186,508	1,016,887
	<b>\$ 4,544,307</b>	<b>\$ 3,309,591</b>

### 3. Trust funds held by federal government

	2020		2019	
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 192,591	\$ 60,066	\$ 252,657	\$ 246,458
Lease revenue	20,101	-	20,101	500
Interest income	7,069	-	7,069	5,699
	<b>\$ 219,761</b>	<b>\$ 60,066</b>	<b>\$ 279,827</b>	<b>\$ 252,657</b>

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.

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, 2020

### 4. Inventory held for resale

Inventory consists of the following items located at the Makwa Store:

	2020	2019
Grocery & confectionary	\$ 67,690	\$ 99,016
Gas	20,352	33,568
Tobacco	11,755	18,517
	<b>\$ 99,797</b>	<b>\$ 151,101</b>

### 5. Accounts Receivable

#### Trade receivables

Jordan's Principle	\$ 422,116	\$ -
Makwa Store trade receivables	289,825	317,912
Northern Lights Development	110,359	24,002
Housing Subsidy	89,284	62,105
Receivable from employees	51,778	55,321
Sales tax receivable	42,108	-
MLTC Loon Liaison	27,504	24,317
MLTC Justice	16,028	12,823
MLTC Aboriginal Headstart	11,500	-
MLTC CFS	3,443	98,259
Advance due from Makwa Lake Development Co.	-	3,232
	<b>1,063,945</b>	<b>597,971</b>
Allowance for doubtful accounts	<b>(281,003)</b>	<b>(175,900)</b>
	<b>782,942</b>	<b>422,071</b>

#### Due from government and other government organizations

ISC - Facilities O&M	121,537	121,537
ISC - Social Assistance	97,421	408,985
ISC - Other Capital	78,407	78,406
CMHC funds held in escrow	52,894	52,894
ISC - Medical Transport	11,667	-
Health Canada	-	35,000
ISC - Education	-	356,630
ISC - Governance Capacity	-	102,000
ISC - Post Secondary	-	74,831
ISC - Assisted Living	-	9,049
	<b>361,926</b>	<b>1,239,332</b>
	<b>\$ 1,144,868</b>	<b>\$ 1,661,403</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, 2020

## 6. Investment in Makwa Lake Development Co.

Government business enterprises are those organizations that meet the definition of government business enterprises as described by Public Sector Accounting Standards 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, 2019

	2019	2018
Cash	\$ 149,431	\$ 10,967
Other Assets	151,036	132,272
	<b>300,467</b>	143,239
Liabilities	3,021	8,090
Equity	297,446	135,149
	<b>300,467</b>	143,239
Revenues	292,768	256,759
Expenses	107,396	219,728
<b>Net Income (loss)</b>	<b>\$ 185,372</b>	<b>\$ 37,031</b>

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

	2020	2019
Earnings distribution - Paid before December 31, 2019	\$ 23,075	\$ 70,000
Earnings distribution - Paid after December 31, 2019	98,587	-
	<b>\$ 121,662</b>	<b>\$ 70,000</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, 2020

## 7. Investments

The First Nation holds the following Investments:

	2020	2019
<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	6,301	6,301
	<b>\$ 7,244</b>	<b>\$ 7,244</b>

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

## 8. Limited Partnership

The First Nation has an 11.1% interest in a limited partnership, MLTC Resource Development Limited Partnership. The First Nation's limited partnership investment consists of:

	2020	2019
Balance, beginning of the year	\$ 6,334,479	\$ 5,813,140
Share of earnings	287,191	887,339
Distribution received	(185,000)	(366,000)
Balance, end of the year	<b>\$ 6,436,670</b>	<b>\$ 6,334,479</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, 2020

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## 9. Accounts payable

	2020	2019
School division tuition payable	\$ 1,243,890	\$ 1,261,656
Pension payable	164,435	-
Supplier accounts	152,195	481,247
Wages payable	43,420	-
Employee source deductions payable	40,760	-
Credit card	10,945	-
Sales tax payable	6,899	3,922
	<u>\$ 1,662,544</u>	<u>\$ 1,746,825</u>

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, 2020

### 10. Unexpended revenue

ISC 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 ISC, deferred to the following year, or transferred to another ISC 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 "Unexpended funds" on the financial statements.

	<b>2019: Beginning of year</b>	<b>Current year deferral</b>	<b>Revenue recognized</b>	<b>2020</b>
<b>ISC Capital funding</b>				
Water Treatment	\$ 20,295	\$ 13,935	\$ (20,295)	\$ <b>13,935</b>
School Control	6,966	6,966	(6,966)	<b>6,966</b>
School	2,179,947	3,259,795	(2,179,947)	<b>3,259,795</b>
Lagoon	56,347	48,393	(56,347)	<b>48,393</b>
	<b>2,263,555</b>	<b>3,329,089</b>	<b>(2,263,555)</b>	<b>3,329,089</b>
Lands - Specific Claims	24,362	-	(24,362)	-
Governance capacity - leadership	12,000	12,000	(12,000)	<b>12,000</b>
Governance capacity - membership	12,000	12,000	(12,000)	<b>12,000</b>
Governance capacity - IM/IT	20,000	20,000	(20,000)	<b>20,000</b>
Governance capacity - financial management	50,000	50,000	(50,000)	<b>50,000</b>
Governance capacity - basic administration	8,000	8,000	(8,000)	<b>8,000</b>
Governance capacity - planning/ risk management	-	39,240	-	<b>39,240</b>
Governance capacity - law making	-	12,500	-	<b>12,500</b>
Governance capacity - HR management	-	12,500	-	<b>12,500</b>
Solid waste feasibility study	-	10,000	-	<b>10,000</b>
Police Management Board	-	25,750	-	<b>25,750</b>
Headstart	-	109,581	-	<b>109,581</b>
Prevention	134,880	52,069	(134,880)	<b>52,069</b>
Jordan's Principle - Health	105,196	-	(105,196)	-
Northern Lights Project	21,929	45,137	(21,929)	<b>45,137</b>
	<b>\$ 2,651,922</b>	<b>\$ 3,737,866</b>	<b>\$ (2,651,922)</b>	<b>\$ 3,737,866</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, 2020

### 11. Long-term debt

The First Nation has the following long-term debt outstanding, and mortgages outstanding with Canada Mortgage and Housing Corporation (CMHC). The CMHC mortgages are secured by ministerial loan guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from CMHC to assist with the payment of principal and interest of the mortgages.

	2020	2019
Bank loan with First Nations Bank repayable at \$4,541 every three months plus interest monthly at the prime rate + 2.50%. Loan matures in 2022. Secured with a general security agreement.	\$ 131,689	\$ 149,853
Bank loan with First Nations Bank repayable at \$2,904 per month including interest at the prime rate + 2.45%. Loan matures in 2023. Secured with a general security agreement.	301,401	308,879
Finance contract with Ford Credit repayable at \$1,270 per month including interest at 4.39%. Loan matures in 2021. Secured by the vehicle being financed.	7,524	22,136
Finance contract with Ford Credit repayable at \$1,164 per month including interest at 4.39%. Loan matures in 2021. Secured by the vehicle being financed.	6,893	20,279
Finance contract with Case New Holland repayable at \$2,577.53 per month including interest at 5.75%. Secured with a general security agreement.	118,401	48,089
Finance contract with Ford Credit repayable at \$1,345 per month including interest at 5.99%. Loan matures in 2023. Secured by the vehicle being financed.	44,226	57,320
Finance contract with Ford Credit repayable at \$1,099 per month including interest at 2.99%. Loan matures in 2023. Secured by the vehicle being financed.	27,653	39,884
Finance contract with Penner Oil, repayable at \$0.0407 per litre of fuel purchased. The loan charges interest of 5.5%. The contract financed the acquisition of fuel equipment. Secured with a general security agreement.	39,057	83,773
Bank loan with First Nations Bank repayable at \$77,308 quarterly plus interest at 6.91%. Loan matures in 2024. Secured with a general security agreement.	1,236,933	1,546,165
	<b>1,913,777</b>	<b>2,276,378</b>
<b>CMHC Mortgages</b>		
CMHC, repayable at \$1,044/month including interest at 1.82%. The mortgage's term expires August 1, 2020.	53,115	64,560
CMHC, repayable at \$1,654/month including interest at 1.08%. The mortgage term expires August 1, 2020.	99,703	118,364
CMHC, repayable at \$1,610/month including interest at 1.62%. The mortgage term expires August 1, 2020.	142,095	158,968
CMHC, repayable at \$2,116/month including interest at .76%. The mortgage term expires October 1, 2020.	124,547	148,679
CMHC, repayable at \$5,208/month including interest at 2.13%. The mortgage term expires October 1, 2022.	681,714	729,171
CMHC, repayable at \$1,965/month including interest at 1.86%. The mortgage term expires April 1, 2024	192,059	211,862
CMHC, repayable at \$1,941/month including interest at .94%. The mortgage term expires September 1, 2020.	334,128	354,171
CMHC, repayable at \$5,501/month including interest at 2.50%. The mortgage term expires June 1, 2023.	967,624	1,008,954
CMHC, repayable at \$3,002/month including interest at 2.22%. The mortgage term expires January 1, 2024.	288,821	318,095
CMHC, repayable at \$4,555/month including interest at 1.77%. The mortgage term expires August 1, 2020.	485,471	531,114
CMHC, repayable at \$4,587/month including interest at 1.30%. The mortgage term expires December 1, 2020.	552,041	599,577
CMHC, repayable at \$5,147/month including interest at 1.13%. The mortgage term expires July 1, 2021.	656,852	710,862
CMHC, repayable at \$5,114/month including interest at 1.86%. The mortgage term expires August 1, 2020.	680,197	728,443
CMHC, repayable at \$19,336/month including interest at 2.39%. The mortgage term expires March 1, 2023.	2,592,728	2,760,775
CMHC, repayable at \$7,360/month including interest at 1.69%. The mortgage term expires September 1, 2024.	1,135,536	1,021,627
CMHC phase 16 advance. Repayments do not commence until the interest adjustment date is determined.	692,159	-
	<b>9,678,790</b>	<b>9,465,222</b>
	<b>\$11,592,567</b>	<b>\$11,741,600</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, 2020

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## 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:

	<b>Bank debt &amp; financing contracts</b>	<b>CMHC Mortgages</b>	<b>Total</b>
2021	\$ 379,344	\$ 673,259	<b>\$ 1,052,603</b>
2022	389,426	685,839	<b>1,075,265</b>
2023	404,489	698,673	<b>1,103,162</b>
2024	411,673	711,766	<b>1,123,439</b>
2025 and thereafter	328,845	6,909,253	<b>7,238,098</b>
	<b>\$ 1,913,777</b>	<b>\$ 9,678,790</b>	<b>\$11,592,567</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, 2020

### 12. Tangible Capital Assets

March 31, 2020	Land	CMHC Houses	First Nation Houses	Buildings	Infrastructure & Roads	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>									
Balance, beginning of year	\$ 11,186	\$ 12,319,203	\$ 11,420,156	\$ 14,713,574	\$ 10,379,712	\$ 1,754,719	\$ 592,161	\$ 2,184,762	\$ 53,375,473
Additions	-	1,188,092	233,913	772,623	-	201,536	187,860	526,532	3,110,556
Disposals	-	-	-	-	-	(133,000)	-	(1,001,546)	(1,134,546)
<b>Balance, end of year</b>	<b>11,186</b>	<b>13,507,295</b>	<b>11,654,069</b>	<b>15,486,197</b>	<b>10,379,712</b>	<b>1,823,255</b>	<b>780,021</b>	<b>1,709,748</b>	<b>55,351,483</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	-	2,621,809	9,929,934	5,759,795	2,252,110	1,427,333	478,478	-	22,469,459
Amortization	-	626,964	285,504	294,159	198,141	36,214	44,004	-	1,484,986
Reduction	-	-	-	-	-	(53,200)	-	-	(53,200)
<b>Balance, end of year</b>	<b>-</b>	<b>3,248,773</b>	<b>10,215,438</b>	<b>6,053,954</b>	<b>2,450,251</b>	<b>1,410,347</b>	<b>522,482</b>	<b>-</b>	<b>23,901,245</b>
<b>Net Book Value, end of Year</b>	<b>11,186</b>	<b>10,258,522</b>	<b>1,438,631</b>	<b>9,432,243</b>	<b>7,929,461</b>	<b>412,908</b>	<b>257,539</b>	<b>1,709,748</b>	<b>31,450,238</b>
<b>March 31, 2019</b>									
<b>Cost</b>									
Balance, beginning of year	11,186	12,319,203	11,420,156	13,159,762	3,205,007	1,754,719	592,161	9,438,679	51,900,873
Additions	-	-	-	1,553,812	7,174,705	-	-	1,474,600	10,203,117
Disposals	-	-	-	-	-	-	-	(8,728,517)	(8,728,517)
<b>Balance, end of year</b>	<b>11,186</b>	<b>12,319,203</b>	<b>11,420,156</b>	<b>14,713,574</b>	<b>10,379,712</b>	<b>1,754,719</b>	<b>592,161</b>	<b>2,184,762</b>	<b>53,375,473</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	-	2,039,119	9,735,229	5,346,424	2,198,152	1,348,196	380,696	-	21,047,816
Amortization	-	582,690	194,705	413,371	53,958	79,137	97,782	-	1,421,643
<b>Balance, end of year</b>	<b>-</b>	<b>2,621,809</b>	<b>9,929,934</b>	<b>5,759,795</b>	<b>2,252,110</b>	<b>1,427,333</b>	<b>478,478</b>	<b>-</b>	<b>22,469,459</b>
<b>Net Book Value, end of year</b>	<b>\$ 11,186</b>	<b>\$ 9,697,394</b>	<b>\$ 1,490,222</b>	<b>\$ 8,953,779</b>	<b>\$ 8,127,602</b>	<b>\$ 327,386</b>	<b>\$ 113,683</b>	<b>\$ 2,184,762</b>	<b>\$ 30,906,014</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, 2020

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## 13. Accumulated surplus

	2020	2019
Operating fund	\$ 258,324	\$ (621,249)
Equity in capital assets	19,837,680	19,164,414
Equity in investments	6,642,772	6,476,872
CMHC replacement reserves	1,187,621	1,049,553
CMHC operating reserve	565,137	381,937
	<b>\$28,491,534</b>	<b>\$26,451,527</b>

- The operating fund reports on the general activities of the First Nation's administration;
- Equity in 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;
- Equity in investments reports on commercial business operations owned by the First Nation; and
- The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

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, 2020

## 14. Reconciliation of ISC revenue

ISC revenue consists of the following

	2020	2019
ISC - Block Contribution	\$ 10,451,843	\$ 9,512,175
ISC - Set contribution	269,030	164,255
ISC - Flexible Contribution	2,441,493	2,591,558
ISC - Fixed Contribution	575,802	1,433,467
Receivable (payable) to ISC	(100,545)	(9,600)
	<b>\$ 13,637,623</b>	<b>\$ 13,691,855</b>

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

	2020	2019
Balance received per ISC confirmation	\$ 13,738,168	\$ 13,701,455
<b>Current year receivable (payable)</b>		
Income assistance	(85,545)	-
Governance capacity development	(15,000)	(9,600)
	<b>\$ 13,637,623</b>	<b>\$ 13,691,855</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, 2020

## 15. Expenses by object

	2020	2020	2019
	Budget	Actual	Actual
Salaries and benefits	\$ 6,852,266	\$ 7,978,772	\$ 7,157,211
Cost of Sales	-	3,309,738	3,757,248
Contracted Services	767,550	1,873,627	2,610,587
Social Assistance	2,272,293	1,737,426	1,890,770
Amortization	-	1,484,986	1,421,643
Fees	524,828	1,113,821	524,848
Student Tuition & Allowances	672,167	1,003,545	936,944
Supplies	506,536	862,242	423,950
Activities	892,463	857,461	987,643
Travel	615,200	849,954	818,195
Other operating expenses	122,264	723,636	187,080
Utilities	388,803	530,334	442,330
Professional fees	140,800	489,011	509,278
Repairs and maintenance	265,725	459,466	373,278
Rent	230,200	375,494	237,042
Assistance	237,920	341,163	559,004
Interest and bank charges	432,717	336,605	537,355
Meetings & workshops	169,080	175,625	320,003
Extraordinary item	-	163,841	-
Telephone	88,100	115,694	184,961
Insurance	78,000	105,470	124,348
Bad debt expense (recovery)	-	98,657	10,089
Vehicle operation	102,279	77,283	154,363
Honorarium	94,000	73,292	63,736
Allowances	14,500	13,750	18,250
Professional Development	17,000	13,206	17,228
LLRC Costs	4,000	2,836	8,340
Project Management	-	-	25,542
Advertising and Sponsorship	-	-	17,140
<b>Total expenses before transfers</b>	<b>15,488,691</b>	<b>25,166,935</b>	<b>24,318,406</b>
Transfer to capital assets	-	(1,546,433)	(1,474,599)
	<b>\$15,488,691</b>	<b>\$23,620,502</b>	<b>\$22,843,807</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, 2020

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### 16. CMHC housing restricted funds

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First 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 \$132,900 to the reserve. At March 31, 2020, the reserve is required to be funded to a level of \$1,190,519 (2019 - \$1,049,553). At March 31, 2020, the cash balance in the reserve is \$1,185,215 (2019 - \$1,015,570).
- 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, 2020, the reserve is required to be funded to a level of \$556,965 (2019 - \$381,936). At March 31, 2019, the cash balance in the reserve is \$1,293 (2019 - \$1,317).

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.

### 17. 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.

### 18. 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.

### 19. Economic dependence

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

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2020

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## 20. ISC funding

The First Nation (Recipient) receives funding from Indigenous Services Canada (ISC) by entering into an agreement with ISC.

There are five approaches that ISC 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 ISC 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 ISC. A plan must be submitted and approved by ISC 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 ISC.
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 ISC 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 ISC.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2020

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## 21. Segmented information

As previously discussed in note 1 (k) the First Nation conducts its business through reportable segments as follows:

### 1 - Indigenous Services Canada (ISC)

**Reserves & Trust:** 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.

**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 ISC'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.

**Social Services:** 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.

**Infrastructure:** 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.

**Band 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.

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, 2020

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### 21. Segmented information continued

Capital: 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.

#### 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.

### 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:

	<b>2020</b>	<b>2019</b>
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%

During the year, the Makwa Sahgaiehcan First Nation contributed \$250,980 to the pension plan.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2020

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

	2020	2019
Current Surplus (deficit)	\$ 2,040,007	\$ 443,105
<b>Less capital related revenues included in annual surplus:</b>		
Federal government transfers recognized	(532,891)	(327,620)
	1,507,116	115,485
Less equity from MLTC RDI	(287,191)	(887,339)
Add amortization expense included in annual surplus	1,484,986	1,421,643
	<b>\$ 2,704,911</b>	<b>\$ 649,789</b>

## 24. Financial Instruments

Financial assets include cash, restricted assets, trust funds held by the Federal Government, inventory held for resale, accounts receivable, investment in Makwa Lake Development Co., investments, and limited partnership interests and are measured at amortized cost as presented on the consolidated balance sheet, except for the trust funds held by the Federal Government which are measured at fair value, and the investment in Makwa Lake Development Co and limited partnership interests, which are measured using the modified equity method.

Financial liabilities include bank indebtedness, accounts payable, unexpended revenue, and long-term debt and are measured at amortized cost as presented on the consolidated balance sheet.

The First Nation is not subject to currency risk, credit risk, or other price risk. The following are the significant risks to which the First Nation is exposed.

### 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.

### 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.

### 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 First Nation is exposed are interest rate risk and price risk.

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, 2020

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### 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. COVID-19

The COVID-19 outbreak in Saskatchewan has resulted in impacts to the First Nation's operations during the fiscal year and these impacts have continued subsequent to year end. These developments resulted in additional government resources provided than in the previous fiscal year to accommodate for increased expenses related to the pandemic. The First Nation continues to amend operations as needed to address government regulations related to the outbreak.

### 27. Comparative figures

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

### 28. Prior Period Adjustment

During the fiscal year it was discovered that expenses related to capital projects had not been properly capitalized in previous years, and that revenue related to capital projects had not been properly deferred. As a result, capital assets have been increased by \$6,942,349, deferred revenue has been increased by \$56,347, and equity has been increased by \$6,886,002.



# Makwa Sahgaiehcan First Nation

## Schedule #1

### Reserves & Trusts

### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 70,021	\$ 70,021	\$ 70,021
ISC - Fixed Contribution	-	-	166,172
Expense recoveries	-	4,559	11,635
Unexpended Revenue - Prior Year	-	24,362	-
Unexpended Revenue - Current Year	-	-	(24,362)
	<b>70,021</b>	<b>98,942</b>	223,466
<b>Expenses</b>			
Salaries and benefits	65,416	85,261	51,321
Professional Fees	5,000	58,342	62,398
Travel	5,000	49,260	18,114
Contracted Services	-	8,546	3,667
Meetings & workshops	2,500	4,857	19,601
Supplies	-	3,676	270
Honorarium	-	1,850	2,668
Telephone	-	900	-
Office Rent	-	-	6,336
	<b>77,916</b>	<b>212,692</b>	164,375
<b>Current surplus (deficit)</b>	<b>\$ (7,895)</b>	<b>\$ (113,750)</b>	<b>\$ 59,091</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #2

### Education

#### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 5,326,745	\$ 4,830,576	\$ 3,835,203
ISC - Flexible Contribution	89,940	210,657	375,983
ISC - Fixed Contribution	212,839	327,358	974,895
Meadow Lake Tribal Council	457,770	480,203	457,770
Expense recoveries	-	11,614	4,095
School lunch program	-	89,140	-
	<b>6,087,294</b>	<b>5,949,548</b>	<b>5,647,946</b>
<b>Expenses</b>			
Salaries and benefits	3,689,803	4,000,114	3,945,044
Student Tuition & Allowances	672,166	1,003,545	936,944
Administrative Fees	-	356,243	-
Travel	270,000	237,906	278,487
Supplies	161,500	235,921	119,500
Activities	54,000	54,465	86,106
Amortization	-	28,299	60,242
Meetings & workshops	45,000	24,660	31,170
Vehicle operation	40,000	14,647	46,994
Graduation Allowances	14,500	13,750	18,250
Equipment rent	40,000	10,818	40,216
Repairs and maintenance	3,000	10,144	8,626
Telephone	12,000	9,205	12,248
Honorarium	15,000	6,964	8,100
Awards	6,500	6,890	5,552
Contracted Services	15,000	6,000	49,997
Interest	-	5,298	7,907
Room and board	-	5,275	-
LLRC Costs	4,000	2,836	8,340
Professional Development	-	2,243	4,094
Professional Fees	10,000	2,000	754
Insurance	-	1,080	-
	<b>5,052,469</b>	<b>6,038,303</b>	<b>5,668,571</b>
<b>Current surplus (deficit)</b>	<b>\$ 1,034,825</b>	<b>\$ (88,755)</b>	<b>\$ (20,625)</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #3

### Social Services

#### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 3,518,403	\$ 3,425,426	\$ 3,378,053
ISC - Set contribution	155,540	219,447	164,255
ISC - Flexible Contribution	-	209,471	112,050
Meadow Lake Tribal Council	148,991	148,991	148,991
Receivable (payable) to ISC	-	(85,545)	-
	<b>3,822,934</b>	<b>3,917,790</b>	<b>3,803,349</b>
<b>Expenses</b>			
Social Assistance	2,272,293	1,737,426	1,888,755
CMHC Rental Support	189,000	360,926	189,000
Fees	128,794	248,093	181,989
Salaries and benefits	235,922	145,762	177,340
Activities	136,630	96,171	324,425
Supplies	42,411	48,506	45,704
Travel	7,000	15,827	20,648
Other operating expenses	25,000	13,721	41,329
Contracted Services	10,000	13,148	12,497
Telephone	-	4,306	66,592
Honorarium	-	4,050	-
Repairs and maintenance	1,600	3,536	10,638
Meetings & workshops	12,500	500	116,884
Professional fees	2,500	-	575
Amortization	-	-	10,279
	<b>3,063,650</b>	<b>2,691,972</b>	<b>3,086,655</b>
<b>Current surplus (deficit)</b>	<b>\$ 759,284</b>	<b>\$ 1,225,818</b>	<b>\$ 716,694</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #4

### Infrastructure

### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 978,508	\$ 732,047	\$ 844,679
ISC - Flexible Contribution	-	25,000	-
ISC - Fixed Contribution	50,000	150,000	27,000
Rent	5,400	10,310	4,750
Expense recoveries	-	-	1,083
Unexpended Revenue	-	(10,000)	-
Transfer from FSIN Gaming	-	100,000	100,000
	<b>1,033,908</b>	<b>1,007,357</b>	<b>977,512</b>
<b>Expenses</b>			
Amortization	-	492,447	495,739
Salaries and benefits	261,174	371,571	247,448
Utilities	298,300	339,914	293,312
Road Maintenance and Gravel	77,000	232,022	78,906
Other operating expenses	6,400	93,830	24,111
Repairs and maintenance	120,025	83,983	95,642
Supplies	84,700	81,892	55,836
Contracted Services	168,600	68,365	171,847
Insurance	78,000	46,061	85,578
Consultants	-	15,000	-
Vehicle operation	24,400	14,123	33,106
Interest	-	5,876	-
Travel	1,200	4,276	1,617
Telephone	5,900	2,604	3,917
Meetings & workshops	5,000	2,394	-
Construction	-	1,450	600
Equipment rent	-	150	-
	<b>1,130,699</b>	<b>1,855,958</b>	<b>1,587,659</b>
<b>Current surplus (deficit)</b>	<b>\$ (96,791)</b>	<b>\$ (848,601)</b>	<b>\$ (610,147)</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #5

### Band Support

### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 863,739	\$ 863,739	\$ 895,944
ISC - Fixed Contribution	-	64,240	102,000
Meadow Lake Tribal Council	-	7,500	7,500
Receivable (payable) to ISC	-	(15,000)	(9,600)
Administrative Fees	280,000	769,643	298,698
Expense recoveries	5,000	17,978	7,336
Transfer from FSIN Gaming	-	41,641	136,340
Other revenue	-	114,954	197,993
Unexpended Revenue - Prior Year	-	102,000	-
Unexpended Revenue - Current Year	-	(166,240)	(102,000)
	<b>1,148,739</b>	<b>1,800,455</b>	<b>1,534,211</b>
<b>Expenses</b>			
Salaries and benefits	767,700	839,218	664,802
Amortization	-	285,504	214,214
Travel	200,000	284,721	257,702
Professional fees	122,000	205,331	102,076
Interest and bank charges	86,400	114,350	311,014
Telephone	63,000	67,033	74,578
Supplies	33,600	52,919	33,381
Honorarium	60,000	51,010	48,350
Other operating expenses	4,600	45,825	50,538
Insurance	-	17,924	-
Meetings & workshops	24,000	15,814	17,464
Vehicle operation	-	7,516	1,950
Professional Development	10,000	6,182	6,134
Activities	4,000	5,320	1,020
Bad debt expense (recovery)	-	2,265	(9,899)
	<b>1,375,300</b>	<b>2,000,932</b>	<b>1,773,324</b>
<b>Current surplus before the undernoted</b>	<b>(226,561)</b>	<b>(200,477)</b>	<b>(239,113)</b>
Extraordinary item	-	(163,841)	-
<b>Current surplus (deficit)</b>	<b>\$ (226,561)</b>	<b>\$ (364,318)</b>	<b>\$ (239,113)</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #6

Capital  
Schedule of Operations  
For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 530,034	\$ 530,034	\$ 488,276
ISC - Flexible Contribution	250,000	1,818,000	2,065,000
Canada Mortgage and Housing	-	67,201	123,806
Meadow Lake Tribal Council	-	31,598	30,327
Transfer from FSIN Gaming	140,000	-	-
Unexpended Revenue - Prior Year	-	2,263,555	562,198
Unexpended Revenue - Current Year	-	(3,329,089)	(2,263,555)
	<b>920,034</b>	<b>1,381,299</b>	<b>1,006,052</b>
<b>Expenses</b>			
Contracted Services	428,500	1,260,690	2,134,774
Professional fees	-	177,243	265,629
Supplies	-	129,714	21,172
Utilities	-	106,169	49,012
Salaries and benefits	66,500	106,010	85,643
Repairs and maintenance	-	50,286	-
Lot servicing	-	44,276	-
Administrative Fees	-	6,360	-
Rent	-	3,600	115
Meetings & workshops	-	3,434	368
Travel	5,000	2,461	8,582
Vehicle operation	-	1,626	3,719
Other operating expenses	-	559	-
Honorarium	-	500	-
Interest and bank charges	-	-	163
Project Management	-	-	25,542
Transfer to capital assets	-	(1,093,124)	(1,474,599)
	<b>500,000</b>	<b>799,804</b>	<b>1,120,120</b>
<b>Current surplus (deficit)</b>	<b>\$ 420,034</b>	<b>\$ 581,495</b>	<b>\$ (114,068)</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #7

### Health

### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Set contribution	\$ -	\$ 49,583	\$ -
ISC - Flexible Contribution	-	47,413	-
Health Canada	35,000	17,948	48,723
Meadow Lake Tribal Council	3,932,409	4,436,792	3,045,387
Government of Saskatchewan	-	-	18,760
Other revenue	82,000	80,645	32,894
Transfer from FSIN Gaming	100,000	95,000	40,000
Unexpended Revenue - Prior Year	-	240,075	-
Unexpended Revenue - Current Year	-	(161,651)	(240,075)
	<b>4,149,409</b>	<b>4,805,805</b>	<b>2,945,689</b>
<b>Expenses</b>			
Salaries and benefits	1,647,134	1,868,898	1,333,100
Activities	682,833	663,956	514,564
Fees	366,033	396,035	267,506
Travel	116,000	243,589	218,902
Supplies	130,663	229,827	135,334
Equipment Purchase	-	219,396	-
Contracted Services	82,950	169,711	159,749
Meetings & workshops	77,980	116,369	101,331
Assistance	-	64,389	52,929
Horse Therapy	24,000	43,575	-
Vehicle operation	37,879	32,302	44,447
Telephone	7,200	26,559	17,869
Utilities	15,203	18,247	13,731
Amortization	-	15,293	14,689
Professional fees	-	9,300	-
Honorarium	5,000	6,618	1,050
Repairs and maintenance	500	6,492	37,614
Professional Development	7,000	4,781	7,001
Youth Centre Costs	-	502	1,378
Social Assistance	-	-	2,015
Rent	1,200	-	1,375
Transfer to capital assets	-	(219,396)	-
	<b>3,201,575</b>	<b>3,916,443</b>	<b>2,924,584</b>
<b>Current surplus (deficit)</b>	<b>\$ 947,834</b>	<b>\$ 889,362</b>	<b>\$ 21,105</b>

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

# Makwa Sahgaiehcan First Nation

## Schedule #8

### Band Programs

### Schedule of Operations

For the Year Ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
<b>Revenue</b>			
ISC - Flexible Contribution	\$ 6,000	\$ 130,952	\$ 38,525
ISC - Fixed Contribution	34,204	34,204	163,400
Meadow Lake Tribal Council	193,526	325,902	179,781
Sales tax refunds	-	49,291	25,201
Limited Partnership Earnings	100,000	287,191	887,339
Revenue Trust	-	27,170	6,199
Government of Saskatchewan	5,000	26,500	4,500
Saskatchewan Lotteries	-	10,958	10,874
Northern Lights Community Development	75,000	127,859	123,837
First Nations Trust	500,000	514,046	511,765
Earnings (loss) in GBE	-	185,372	37,031
Rent	24,000	24,000	22,000
Other revenue	-	409,152	28,123
Unexpended Revenue - Prior Year	-	21,929	21,929
Unexpended Revenue - Current Year	-	(70,887)	(21,929)
Transfers to other programs	60,000	(236,641)	(379,962)
	<b>997,730</b>	<b>1,866,998</b>	<b>1,658,613</b>
<b>Expenses</b>			
Contracted Services	62,500	347,167	78,056
Assistance	237,920	276,774	506,075
Salaries and benefits	118,617	217,019	256,780
Supplies	53,663	62,732	6,624
Other operating expenses	55,764	52,519	58,403
Repairs and maintenance	63,600	48,015	53,258
Utilities	75,300	38,184	64,730
Activities	15,000	37,550	61,528
Interest and bank charges	346,317	29,327	31,854
Fees	30,001	25,073	5,200
Travel	11,000	11,644	10,641
Amortization	-	8,678	13,589
Meetings & workshops	2,100	7,597	31,058
Vehicle operation	-	7,069	24,147
Professional fees	1,300	5,145	49,247
Honorarium	14,000	2,300	3,568
Transfer to capital assets	-	(233,913)	-
	<b>1,087,082</b>	<b>942,880</b>	<b>1,254,758</b>
<b>Current surplus (deficit)</b>	<b>\$ (89,352)</b>	<b>\$ 924,118</b>	<b>\$ 403,855</b>

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



# Makwa Sahgaiehcan First Nation

## Schedule #9

### Other Programs

### Schedule of Operations

For the Year Ended March 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
Makwa Store Sales	\$ -	\$ 3,593,864	\$ 4,204,449
Rental income	-	419,976	396,576
Subsidy	-	818,475	784,344
Interest	-	-	1,083
	-	4,832,315	5,386,452
<b>Expenses</b>			
Cost of Sales	-	3,309,738	3,757,248
Amortization	-	654,766	612,891
Salaries and benefits	-	344,920	395,734
Other operating expenses	-	197,267	5,769
Interest and bank charges	-	181,754	186,416
Bad debt expense (recovery)	-	96,391	19,988
Fees	-	82,015	70,153
Insurance	-	40,405	38,770
Utilities	-	27,820	21,546
Repairs and maintenance	-	24,987	88,594
Supplies	-	17,055	6,127
Professional fees	-	15,200	28,000
Telephone	-	5,087	9,757
Travel	-	272	3,502
Advertising and Sponsorship	-	-	17,140
Meetings & workshops	-	-	2,126
	-	4,997,677	5,263,761
<b>Current surplus before transfers</b>	-	(165,362)	122,691
<b>Transfers</b>			
Transfer from Skills Link	-	-	103,622
<b>Current surplus (deficit)</b>	\$ -	\$ (165,362)	\$ 226,313

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