

# **Makwa Sahgaiehcan First Nation**

## **Consolidated Financial Statements**

**March 31, 2021**

# **Makwa Sahgaiehcan First Nation**

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

**March 31, 2021**

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

---

**December 3, 2021**

Date



# McClelland Debusschere

Chartered Professional Accountants  
Assurance Tax Advisory

## **Independent Auditor's Report**

---

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, 2021, and the consolidated statements of operations, changes in net assets (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, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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 Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing 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

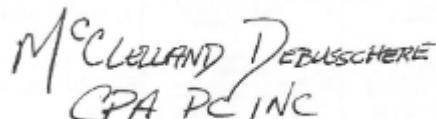
Chartered Professional Accountants  
Assurance Tax Advisory

## **Independent Auditor's Report**

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

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

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



Saskatoon, SK  
December 3, 2021

Chartered Professional Accountants

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Financial Position

March 31, 2021

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 10,617,595	\$ 1,308,702
Restricted Assets (Note 2)	3,918,834	4,544,307
Trust Funds held by Federal Government (Note 3)	334,334	279,827
Inventory held for resale (Note 4)	144,598	99,797
Accounts receivable (Note 5)	684,612	1,144,868
Due from Makwa Sahgaiehcan First Nation Construction Company LP (Note 6)	716,780	-
Investment in Makwa Lake Development Co. (Note 7)	368,109	198,859
Investments (Note 8)	7,244	7,244
Limited Partnership Interests (Note 9)	<u>10,706,548</u>	<u>6,436,670</u>
	<u><u>\$ 27,498,654</u></u>	<u><u>\$ 14,020,274</u></u>
<b>Liabilities</b>		
Accounts payable (Note 10)	2,071,203	1,662,544
Unexpended revenue (Note 11)	10,941,319	3,737,866
Long term debt (Note 12)	<u>10,825,623</u>	<u>11,592,567</u>
	<u><u>23,838,145</u></u>	<u><u>16,992,977</u></u>
<b>Net Assets (Debt)</b>	<u><u>3,660,509</u></u>	<u><u>(2,972,703)</u></u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 13)	31,076,908	31,450,238
Prepaid	<u>35,647</u>	<u>13,999</u>
	<u><u>31,112,555</u></u>	<u><u>31,464,237</u></u>
<b>Accumulated Surplus (Note 14)</b>	<u><u>\$ 34,773,064</u></u>	<u><u>\$ 28,491,534</u></u>

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, 2021

	2021 Budget	2021	2020
<b>Revenue</b>			
<b>Grants and Contributions</b>			
Indigenous Services Canada (Note 15)	\$ 12,198,023	\$ 23,445,760	\$ 13,666,150
Ottawa Trust (Note 3)	-	54,507	27,170
Health Canada	35,000	1,457	17,948
Meadow Lake Tribal Council	4,732,696	4,224,809	5,430,985
Government of Saskatchewan	5,000	-	26,500
Saskatchewan Lotteries	-	11,287	10,958
Canada Mortgage and Housing	-	857,601	885,676
Northern Lights Community Development	75,000	-	127,859
First Nations Trust	-	374,728	514,046
Sales tax refunds	-	-	49,291
Earnings (loss) in GBE (Note 7)	-	169,251	185,372
Limited Partnership Earnings (Note 9)	100,000	4,394,878	287,191
Interest	-	16,013	-
Makwa Store Sales	-	3,422,100	3,593,864
Rent	29,400	448,911	454,286
Other revenue	367,000	821,081	1,497,683
Unexpended Revenue - Prior Year (Note 11)	-	3,737,866	2,651,923
Unexpended Revenue - Current Year (Note 11)	-	(10,941,319)	(3,737,866)
	<b>17,542,119</b>	<b>31,038,930</b>	<b>25,689,036</b>
<b>Expenses</b>			
Reserves & Trusts (Schedule 1)	77,916	114,266	212,692
Education (Schedule 2)	5,052,469	6,104,734	6,038,303
Social Services (Schedule 3)	3,063,650	2,971,921	2,720,499
Infrastructure (Schedule 4)	1,130,699	1,580,993	1,855,958
Band Support (Schedule 5)	1,370,700	2,572,748	2,164,773
Capital (Schedule 6)	500,000	1,451,177	799,804
Health (Schedule 7)	3,201,575	4,033,758	3,916,443
Band Programs (Schedule 8)	1,027,082	1,735,982	942,880
Other Programs (Schedule 9)	-	4,191,821	4,997,677
	<b>15,424,091</b>	<b>24,757,400</b>	<b>23,649,029</b>
<b>Current surplus</b>			
Accumulated surplus - Beginning of the year	2,118,028	6,281,530	2,040,007
Accumulated surplus - End of the year (Note 14)	<b>\$ 28,491,534</b>	<b>\$ 28,491,534</b>	<b>\$ 26,451,527</b>
Expense by object disclosure (Note 16)	<b>\$ 30,609,562</b>	<b>\$ 34,773,064</b>	<b>\$ 28,491,534</b>

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

# Makwa Sahgaiehcan First Nation

## Consolidated Statement of Changes in Net Assets (Debt)

For the Year Ended March 31, 2021

	2021 Budget	2021	2020
Current surplus	\$ 6,281,530	\$ 6,281,530	\$ 2,040,007
Acquisition of tangible capital assets	-	(1,256,220)	(3,110,556)
Disposal of tangible capital assets	-	-	1,134,546
Amortization of tangible capital assets	-	1,629,550	1,484,986
Reduction of accumulated amortization	-	-	(53,200)
Increase in prepaid expenses	-	(21,648)	(13,999)
<b>Change in net assets (debt) during the year</b>	<b>6,281,530</b>	<b>6,633,212</b>	<b>1,481,784</b>
Net debt - Beginning of year	(2,972,703)	(2,972,703)	(4,454,487)
<b>Net assets (debt) - End of year</b>	<b>\$ 3,308,827</b>	<b>\$ 3,660,509</b>	<b>\$ (2,972,703)</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, 2021

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Current surplus	\$ 6,281,530	\$ 2,040,007
<b>Non-cash items:</b>		
Amortization	1,629,550	1,484,986
<b>Change in working capital items:</b>		
Change in trust funds held by Federal Government	(54,507)	(27,170)
Change in accounts receivable	460,256	516,536
Change in accounts payable	408,659	(84,281)
Change in unexpended revenue	7,203,454	1,085,944
Change in inventory held for resale	(44,801)	51,304
Change in prepaid	(21,648)	(13,999)
Change in due from Makwa Construction	(716,780)	-
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>15,145,713</b>	<b>5,053,327</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Change in restricted assets	625,473	(1,234,716)
Income from investments, GBE, & limited partnerships	(4,439,129)	(165,900)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(3,813,656)</b>	<b>(1,400,616)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds of long term debt	409,124	974,659
Repayment of long term debt	(1,176,068)	(1,123,694)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(766,944)</b>	<b>(149,035)</b>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Tangible capital assets additions	(1,256,220)	(3,110,556)
Tangible capital asset disposals	-	1,081,346
<b>NET CASH USED BY CAPITAL ACTIVITIES</b>	<b>(1,256,220)</b>	<b>(2,029,210)</b>
<b>Net cash increase (decreases) in cash</b>	<b>9,308,893</b>	<b>1,474,466</b>
Cash (bank indebtedness) at beginning of period	1,308,702	(165,764)
<b>Cash (bank indebtedness) at end of period</b>	<b>\$ 10,617,595</b>	<b>\$ 1,308,702</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, 2021**

---

## **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, 2021**

---

## **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, 2021.

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, 2021 there was no liability.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 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.

# **Makwa Sahgaiehcan First Nation**

**Notes to the Financial Statements**  
**For the Year Ended March 31, 2021**

---

## **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.

### **I. 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, 2021**

---

## **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, 2021**

---

## **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, 2021.

### **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, 2021

---

## 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:

	2021	2020
Funds held for capital projects	\$ 2,717,652	\$ 3,357,799
CMHC - Funded reserves	1,201,182	1,186,508
	<u>\$ 3,918,834</u>	<u>\$ 4,544,307</u>

## 3. Trust funds held by federal government

---

	2021	2020		
	Revenue	Capital	Total	Total
Surplus, beginning of year	\$ 219,761	\$ 60,066	\$ 279,827	\$ 252,657
Lease revenue	50,890	-	50,890	20,101
Interest income	3,617	-	3,617	7,069
	<u>\$ 274,268</u>	<u>\$ 60,066</u>	<u>\$ 334,334</u>	<u>\$ 279,827</u>

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.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 4. Inventory held for resale

Inventory consists of the following:

	2021	2020
Grocery & confectionary	\$ 91,970	\$ 67,690
Gas	36,784	20,352
Tobacco	15,844	11,755
	<b>\$ 144,598</b>	<b>\$ 99,797</b>

## 5. Accounts Receivable

	2021	2020
<b>Trade receivables</b>		
Trade accounts receivable	\$ 290,184	\$ 289,825
Receivable from employees	49,271	51,778
Sales tax receivable	43,207	42,108
Northern Lights Development	31,340	110,359
	<b>414,002</b>	494,070
Allowance for doubtful accounts	(303,697)	(281,003)
	<b>110,305</b>	213,067
<b>Due from government and other government organizations</b>		
Meadow Lake Tribal Council	502,856	480,591
CMHC Subsidy	71,451	89,284
Indigenous Services Canada	-	309,032
CMHC funds held in escrow	-	52,894
	<b>574,307</b>	931,801
	<b>\$ 684,612</b>	\$ 1,144,868

## 6. Due from Makwa Sahgaiehcan First Nation Construction Company LP

Makwa Sahgaiehcan First Nation conducts business transactions with Makwa Sahgaiehcan First Nation Construction Company LP. These transactions are in the normal course of business for fair consideration that is mutually agreed upon by the related parties. The balance owing to the First Nation is non-interest bearing and not subject to fixed repayment terms.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 7. 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, 2020

	2020	2019
Cash	\$ 196,724	\$ 149,431
Other Assets	<u>180,116</u>	151,036
	<b>376,840</b>	300,467
Liabilities	8,731	3,021
Equity	<u>368,109</u>	297,446
	<b>376,840</b>	300,467
Revenues	319,356	292,768
Expenses	<u>150,105</u>	107,396
<b>Net Income</b>	<b>\$ 169,251</b>	<b>\$ 185,372</b>

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

---

	2021	2020
Earnings distribution - Paid before December 31, 2019	\$ -	\$ 23,075
Earnings distribution - Paid after December 31, 2019	-	98,587
	<b>\$ -</b>	<b>\$ 121,662</b>

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 8. Investments

The First Nation holds the following Investments:

	2021	2020
<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	<b>940</b>	940
<b>Meadow Lake Co-operative Ltd.</b>		
current equity	<b>6,301</b>	6,301
	<hr/>	<hr/>
	<b>\$ 7,244</b>	\$ 7,244

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

## 9. 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:

	2021	2020
Balance, beginning of the year	\$ 6,436,670	\$ 6,334,479
Share of earnings	4,394,878	287,191
Distribution received	(125,000)	(185,000)
Balance, end of the year	<b>\$ 10,706,548</b>	\$ 6,436,670

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 10. Accounts payable

---

	2021	2020
School division tuition payable	\$ 1,506,448	\$ 1,243,890
Supplier accounts	232,749	152,195
Wages payable	142,237	43,420
Employee source deductions payable	118,834	40,760
Pension payable	47,378	164,435
Credit card	19,894	10,945
Group insurance payable	2,529	-
Sales tax payable	1,134	6,899
	<hr/> <u>\$ 2,071,203</u>	<hr/> <u>\$ 1,662,544</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, 2021

### 11. 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.

	Balance, beginning of the year	Contributions received	Amount recognized	2021
<b>ISC Capital funding</b>				
Water Treatment	\$ 13,935	\$ -	\$ (13,935)	\$ -
School Control	6,966	-	(6,966)	-
School	3,259,794	1,344,000	(129,819)	4,473,975
Lagoon	48,393	4,000,000	(489,333)	3,559,060
	3,329,088	5,344,000	(640,053)	8,033,035
<b>ISC Funding</b>				
Governance capacity - leadership	12,000	-	-	12,000
Governance capacity - membership	12,000	-	-	12,000
Governance capacity - IM/IT	20,000	-	-	20,000
Governance capacity - financial management	50,000	-	-	50,000
Governance capacity - basic administration	8,000	-	-	8,000
Governance capacity - planning/ risk management	39,240	18,437	-	57,677
Governance capacity - law making	12,500	-	-	12,500
Governance capacity - HR management	12,500	-	-	12,500
Solid waste feasibility study	10,000	-	(10,000)	-
Immediate needs housing	-	972,000	(609,800)	362,200
Nursing	-	1,207,764	(443,127)	764,637
Emergency Preparedness (Covid)	-	779,576	(646,640)	132,936
Food Funding (Covid)	-	230,800	(32,442)	198,358
Security (Covid)	-	536,230	-	536,230
EMAP (Covid)	-	293,687	-	293,687
	176,240	4,038,494	(1,742,009)	2,472,725
<b>Other Funding</b>				
Department of Finance - Police Management Board	25,750	-	(25,750)	-
MLTC - Headstart	109,582	238,545	(113,347)	234,780
MLTC - Prevention	52,069	559,162	(611,231)	-
MLTC - Jordan's Principle	-	1,014,018	(858,376)	155,642
Northern Lights Project	45,137	-	-	45,137
	232,538	1,811,725	(1,608,704)	435,559
	\$ 3,737,866	\$ 11,194,219	\$ (3,990,766)	\$ 10,941,319

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, 2021

### 12. 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.

	2021	2020
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.	\$ 113,526	\$ 131,689
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.	289,037	301,401
Finance contract with Ford Credit matured during the year	-	7,524
Finance contract with Ford Credit matured during the year	-	6,893
Finance contract with Case New Holland repayable at \$2,577 per month including interest at 5.75%. Secured by the equipment being financed (net book value - \$136,000)	93,623	118,401
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 (net book value - \$17,400).	30,351	44,226
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 (net book value - \$15,293).	15,099	27,653
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.	2,133	39,057
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.	927,701	1,236,933
	<b>1,471,470</b>	<b>1,913,777</b>
<b>CMHC Mortgages</b>		
CMHC, repayable at \$1,019/month including interest at 0.69%. The mortgage's term expires August 1, 2024.	41,294	53,115
CMHC, repayable at \$672/month including interest at 0.68%. The mortgage term expires May 1, 2025.	33,113	99,703
CMHC, repayable at \$1,561/month including interest at 0.79%. The mortgage term expires January 1, 2026.	124,540	142,095
CMHC, repayable at \$2,111/month including interest at 0.65%. The mortgage term expires March 1, 2025.	100,029	124,547
CMHC, repayable at \$5,208/month including interest at 2.13%. The mortgage term expires October 1, 2022.	633,175	681,714
CMHC, repayable at \$1,965/month including interest at 1.86%. The mortgage term expires April 1, 2024	171,853	192,059
CMHC, repayable at \$1,941/month including interest at 0.96%. The mortgage term expires March 1, 2026.	313,573	334,128
CMHC, repayable at \$5,501/month including interest at 2.50%. The mortgage term expires June 1, 2023.	925,144	967,624
CMHC, repayable at \$3,002/month including interest at 2.22%. The mortgage term expires January 1, 2024.	258,865	288,821
CMHC, repayable at \$4352/month including interest at 0.79%. The mortgage term expires January 1, 2026.	437,394	485,471
CMHC, repayable at \$4,398/month including interest at 0.45%. The mortgage term expires June 1, 2021.	503,351	552,041
CMHC, repayable at \$5,147/month including interest at 1.13%. The mortgage term expires July 1, 2021.	602,196	656,852
CMHC, repayable at \$5,591/month including interest at 0.32%. The mortgage term expires August 1, 2021.	622,222	680,197
CMHC, repayable at \$19,336/month including interest at 2.39%. The mortgage term expires March 1, 2023.	2,420,359	2,592,728
CMHC, repayable at \$7,360/month including interest at 1.69%. The mortgage term expires September 1, 2024.	1,065,763	1,135,536
CMHC new phase advances. Repayments do not commence until the interest adjustment date is determined.	1,101,282	692,159
	<b>9,354,153</b>	<b>9,678,790</b>
	<b>\$ 10,825,623</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, 2021

---

## 12. 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
2022	\$ 398,240	\$ 704,984	<b>\$ 1,103,224</b>
2023	464,102	704,807	<b>1,168,909</b>
2024	353,319	715,810	<b>1,069,129</b>
2025	25,083	719,807	<b>744,890</b>
2026	16,139	693,984	<b>710,123</b>
Subsequent	214,587	5,814,761	<b>6,029,348</b>
	<b>\$ 1,471,470</b>	<b>\$ 9,354,153</b>	<b>\$10,825,623</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, 2021

## 13. Tangible Capital Assets

March 31, 2021	Land	CMHC Houses	First Nation Houses	Buildings	Infrastructure & Roads	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>									
Balance, beginning of year	\$ 11,186	\$ 13,507,295	\$ 11,654,069	\$ 15,486,197	\$ 10,379,712	\$ 1,823,255	\$ 780,021	\$ 1,709,748	\$ 55,351,483
Additions	-	-	156,330	22,057	-	3,219	18,298	1,056,316	1,256,220
<b>Balance, end of year</b>	<b>11,186</b>	<b>13,507,295</b>	<b>11,810,399</b>	<b>15,508,254</b>	<b>10,379,712</b>	<b>1,826,474</b>	<b>798,319</b>	<b>2,766,064</b>	<b>56,607,703</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	-	3,248,773	10,215,438	6,053,954	2,450,251	1,410,347	522,482	-	23,901,245
Amortization	-	676,901	291,352	309,517	198,141	73,672	79,967	-	1,629,550
<b>Balance, end of year</b>	<b>-</b>	<b>3,925,674</b>	<b>10,506,790</b>	<b>6,363,471</b>	<b>2,648,392</b>	<b>1,484,019</b>	<b>602,449</b>	<b>-</b>	<b>25,530,795</b>
<b>Net Book Value, end of Year</b>	<b>11,186</b>	<b>9,581,621</b>	<b>1,303,609</b>	<b>9,144,783</b>	<b>7,731,320</b>	<b>342,455</b>	<b>195,870</b>	<b>2,766,064</b>	<b>31,076,908</b>
<b>March 31, 2020</b>									
<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>
Net Book Value, end of year	\$ 11,186	\$ 10,258,522	\$ 1,438,631	\$ 9,432,243	\$ 7,929,461	\$ 412,908	\$ 257,539	\$ 1,709,748	\$ 31,450,238

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, 2021

---

## 14. Accumulated surplus

	2021	2020
Operating fund	\$ 1,394,994	\$ 258,324
Equity in capital assets	20,251,286	19,837,680
Equity in investments	11,081,901	6,642,772
CMHC replacement reserves	1,311,446	1,187,621
CMHC operating reserve	733,437	565,137
	<b>\$34,773,064</b>	<b>\$28,491,534</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.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 15. Reconciliation of ISC revenue

ISC revenue consists of the following

	2021	2020
ISC - Block Contribution	\$11,374,409	\$ 10,451,843
ISC - Set contribution	236,758	234,030
ISC - Flexible Contribution	10,445,462	2,441,493
ISC - Fixed Contribution	1,405,571	639,329
Receivable (payable) to ISC	(16,440)	(100,545)
	<b>\$23,445,760</b>	<b>\$ 13,666,150</b>

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

	2021	2020
Balance received per ISC confirmation	\$23,462,200	\$ 13,738,168
<b>Current year receivable (payable)</b>		
Jordan's Principle - Education Assistance	(16,440)	-
Income assistance	-	(85,545)
Goverance capacity development	-	(15,000)
	<b>\$23,445,760</b>	<b>\$ 13,637,623</b>

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

## 16. Expenses by object

	2021	2021	2020
	Budget	Actual	Actual
Salaries and benefits	\$ 6,852,266	\$ 9,084,258	\$ 7,978,822
Cost of Sales	-	2,673,246	3,309,738
Social Assistance	2,272,293	1,922,795	1,737,426
Contracted Services	767,550	1,738,572	1,917,903
Amortization	-	1,629,550	1,484,986
Student Tuition & Allowances	672,167	1,278,674	1,003,545
Supplies	522,536	1,253,204	862,192
Fees	524,828	951,748	1,113,821
Utilities	388,803	753,460	530,334
Professional fees	140,800	750,469	489,011
Travel	615,200	606,390	849,954
Activities	892,463	524,712	885,988
Rent	230,200	398,238	375,494
Assistance	177,920	397,906	341,163
Repairs and maintenance	265,725	370,607	459,466
Interest and bank charges	432,717	277,281	336,605
Other operating expenses	101,664	214,235	679,360
Vehicle operation	102,279	180,418	77,283
Meetings & workshops	177,080	168,947	175,625
Insurance	78,000	128,691	105,470
Telephone	88,100	111,772	115,694
Honorarium	86,000	30,251	73,292
Bad debt expense (recovery)	-	22,694	98,657
Allowances	14,500	17,840	13,750
Replacement Reserve transfer	-	1	-
Professional Development	17,000	3,353	13,206
Extraordinary item	-	-	163,841
LLRC Costs	4,000	-	2,836
<b>Total expenses before transfers</b>	<b>15,424,091</b>	<b>25,489,312</b>	<b>25,195,462</b>
Transfer to capital assets	-	(731,912)	(1,546,433)
	<b>\$15,424,091</b>	<b>\$24,757,400</b>	<b>\$23,649,029</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, 2021**

---

## **17. 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, 2021, the reserve is required to be funded to a level of \$1,311,446 (2020 - \$1,187,621). At March 31, 2021, the cash balance in the reserve is \$1,199,940 (2020 - \$1,185,215).
- 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, 2021, the reserve is required to be funded to a level of \$733,437 (2020 - \$565,137). At March 31, 2021, the cash balance in the reserve is \$1,251 (2020 - \$1,293).

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.

## **18. 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.

## **19. 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.

## **20. 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, 2021**

---

## **21. 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, 2021**

---

## **22. 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.

# Makwa Sahgaiehcan First Nation

Notes to the Financial Statements  
For the Year Ended March 31, 2021

---

## 22. 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.

## 23. 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:

	2021	2020
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 \$315,768 (2020 - \$250,980) to the pension plan.

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, 2021

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

	2021	2020
Current Surplus (deficit)	\$ 6,281,530	\$ 2,040,007
<b>Less capital related revenues included in annual surplus:</b>		
Federal government transfers recognized	<u>(640,053)</u>	(532,891)
Less equity from MLTC RDI	<u>5,641,477</u>	1,507,116
Add amortization expense included in annual surplus	<u>(4,394,878)</u>	(287,191)
	<u>1,629,550</u>	1,484,986
	<u><b>\$ 2,876,149</b></u>	<u><b>\$ 2,704,911</b></u>

## 25. Financial Instruments

Financial assets include cash, restricted assets, trust funds held by the Federal Government, inventory held for resale, accounts receivable, due from Makwa Construction, 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, 2021**

---

## **26. 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.

## **27. 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.

## **28. Comparative figures**

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

# Makwa Sahgaiehcan First Nation

## Schedule #1

### Reserves & Trusts

### Schedule of Operations

For the Year Ended March 31, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 70,021	\$ 72,849	\$ 70,021
ISC - Fixed Contribution	-	25,134	-
Expense recoveries	-	-	4,559
Unexpended Revenue - Prior Year	-	-	24,362
	<b>70,021</b>	<b>97,983</b>	<b>98,942</b>
<b>Expenses</b>			
Salaries and benefits	65,416	99,312	85,261
Supplies	-	5,918	3,676
Professional Fees	5,000	3,793	58,342
Travel	5,000	1,351	49,260
Meetings & workshops	2,500	1,122	4,857
Contracted Services	-	1,120	8,546
Telephone	-	1,100	900
Honorarium	-	550	1,850
	<b>77,916</b>	<b>114,266</b>	<b>212,692</b>
<b>Current surplus (deficit)</b>	<b>\$ (7,895)</b>	<b>\$ (16,283)</b>	<b>\$ (113,750)</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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 5,230,105	\$ 5,833,551	\$ 4,830,576
ISC - Flexible Contribution	89,940	76,394	210,657
ISC - Fixed Contribution	212,839	715,539	327,358
Meadow Lake Tribal Council	457,770	454,412	480,203
Expense recoveries	-	10,041	11,614
School lunch program	-	-	89,140
Following Their Voices	-	66,075	-
Receivable (payable) to ISC	-	(16,440)	-
	<b>5,990,654</b>	<b>7,139,572</b>	<b>5,949,548</b>
<b>Expenses</b>			
Salaries and benefits	3,689,803	3,933,938	4,000,114
Student Tuition & Allowances	672,167	1,278,674	1,003,545
Supplies	161,499	377,870	235,921
Travel	270,000	213,246	237,906
Administrative Fees	-	55,553	356,243
Meetings & workshops	45,000	49,029	24,660
Repairs and maintenance	3,000	41,051	10,144
Room and board	-	24,720	5,275
Contracted Services	15,000	24,553	6,000
Activities	54,000	23,041	54,465
Graduation Allowances	14,500	17,840	13,750
Amortization	-	17,400	28,299
Telephone	12,000	10,286	9,205
Professional Fees	10,000	9,394	2,000
Honorarium	15,000	8,155	6,964
Vehicle operation	40,000	6,446	14,647
Equipment rent	40,000	5,202	10,818
Awards	6,500	3,312	6,890
Insurance	-	2,671	1,080
Professional Development	-	2,353	2,243
Interest	-	-	5,298
LLRC Costs	4,000	-	2,836
	<b>5,052,469</b>	<b>6,104,734</b>	<b>6,038,303</b>
<b>Current surplus (deficit)</b>	<b>\$ 938,185</b>	<b>\$ 1,034,838</b>	<b>\$ (88,755)</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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 3,518,403	\$ 3,629,451	\$ 3,425,426
ISC - Set contribution	155,540	236,758	219,447
ISC - Flexible Contribution	-	799,330	209,471
ISC - Fixed Contribution	-	119,031	28,527
Meadow Lake Tribal Council	148,991	158,074	148,991
Receivable (payable) to ISC	-	-	(85,545)
	<b>3,822,934</b>	<b>4,942,644</b>	<b>3,946,317</b>
<b>Expenses</b>			
Social Assistance	2,272,293	1,922,795	1,737,426
CMHC Rental Support	189,000	393,036	360,926
Fees	128,794	354,154	248,093
Salaries and benefits	235,922	214,347	145,762
Supplies	42,411	46,575	48,506
Repairs and maintenance	1,600	9,973	3,536
Travel	7,000	8,613	15,827
Contracted Services	10,000	6,069	13,148
Telephone	-	5,351	4,306
Professional fees	2,500	4,595	-
Other operating expenses	25,000	3,613	13,721
Activities	136,630	2,800	124,698
Honorarium	-	-	4,050
Meetings & workshops	12,500	-	500
	<b>3,063,650</b>	<b>2,971,921</b>	<b>2,720,499</b>
<b>Current surplus (deficit)</b>	<b>\$ 759,284</b>	<b>\$ 1,970,723</b>	<b>\$ 1,225,818</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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 978,508	\$ 409,552	\$ 732,047
ISC - Flexible Contribution	-	-	25,000
ISC - Fixed Contribution	50,000	314,282	150,000
Rent	5,400	14,975	10,310
Unexpended Revenue - Prior Year	-	10,000	-
Unexpended Revenue - Current Year	-	-	(10,000)
Transfer from FSIN Gaming	-	100,000	100,000
	<b>1,033,908</b>	<b>848,809</b>	<b>1,007,357</b>
<b>Expenses</b>			
Amortization	-	541,797	492,447
Utilities	298,300	355,295	339,914
Salaries and benefits	261,174	228,974	371,571
Supplies	84,700	94,678	81,892
Contracted Services	168,600	86,319	68,365
Insurance	78,000	82,394	46,061
Road Maintenance and Gravel	77,000	48,769	232,022
Other operating expenses	6,400	48,040	93,830
Repairs and maintenance	120,025	44,565	83,983
Consultants	-	17,401	15,000
Vehicle operation	24,400	16,208	14,123
Travel	1,200	6,299	4,276
Interest	-	6,152	5,876
Telephone	5,900	3,847	2,604
Meetings & workshops	5,000	255	2,394
Construction	-	-	1,450
Equipment rent	-	-	150
	<b>1,130,699</b>	<b>1,580,993</b>	<b>1,855,958</b>
<b>Current surplus (deficit)</b>	<b>\$ (96,791)</b>	<b>\$ (732,184)</b>	<b>\$ (848,601)</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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 863,739	\$ 885,189	\$ 863,739
ISC - Flexible Contribution	-	91,434	-
ISC - Fixed Contribution	-	-	64,240
Meadow Lake Tribal Council	-	24,478	7,500
Receivable (payable) to ISC	-	-	(15,000)
Administrative Fees	280,000	535,275	769,643
Expense recoveries	5,000	49,962	17,978
Transfer from FSIN Gaming	-	-	41,641
Other revenue	-	109,837	114,954
Unexpended Revenue - Prior Year	-	166,240	102,000
Unexpended Revenue - Current Year	-	(184,677)	(166,240)
	<u>1,148,739</u>	<u>1,677,738</u>	<u>1,800,455</u>
<b>Expenses</b>			
Salaries and benefits	767,700	1,374,161	839,218
Amortization	-	291,352	285,504
Travel	200,000	224,021	284,721
Professional fees	122,000	203,266	205,331
Supplies	33,600	136,264	52,919
Interest and bank charges	86,400	94,195	114,350
Vehicle operation	-	65,913	7,516
Telephone	63,000	61,774	67,033
Other operating expenses	-	30,728	45,825
Meetings & workshops	24,000	26,463	15,814
Bad debt expense (recovery)	-	21,806	2,265
Honorarium	60,000	20,187	51,010
Activities	4,000	19,770	5,320
Administrative Fees	-	2,848	-
Insurance	-	-	17,924
Professional Development	10,000	-	6,182
	<u>1,370,700</u>	<u>2,572,748</u>	<u>2,000,932</u>
<b>Current surplus before the undernoted</b>			
Extraordinary item	(221,961)	(895,010)	(200,477)
	-	-	(163,841)
<b>Current surplus (deficit)</b>	<u>\$ (221,961)</u>	<u>\$ (895,010)</u>	<u>\$ (364,318)</u>

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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Block Contribution	\$ 530,034	\$ 543,817	\$ 530,034
ISC - Flexible Contribution	250,000	6,316,000	1,818,000
Canada Mortgage and Housing	-	-	67,201
Meadow Lake Tribal Council	-	-	31,598
Expense recoveries	-	8,419	-
Transfer from FSIN Gaming	140,000	-	-
Unexpended Revenue - Prior Year	-	3,329,089	2,263,556
Unexpended Revenue - Current Year	-	(8,395,236)	(3,329,089)
	<b>920,034</b>	<b>1,802,089</b>	<b>1,381,300</b>
<b>Expenses</b>			
Contracted Services	428,500	1,113,693	1,304,966
Professional fees	-	332,101	177,243
Utilities	-	297,251	106,169
Salaries and benefits	66,500	287,624	106,010
Repairs and maintenance	-	102,499	50,286
Supplies	-	33,689	129,714
Meetings & workshops	-	11,630	3,434
Travel	5,000	4,037	2,461
Other operating expenses	-	258	559
Vehicle operation	-	214	1,626
Interest and bank charges	-	93	-
Administrative Fees	-	-	6,360
Rent	-	-	3,600
Honorarium	-	-	500
Transfer to capital assets	-	(731,912)	(1,093,124)
	<b>500,000</b>	<b>1,451,177</b>	<b>799,804</b>
<b>Current surplus (deficit)</b>	<b>\$ 420,034</b>	<b>\$ 350,912</b>	<b>\$ 581,496</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, 2021

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenue</b>			
ISC - Set contribution	\$ -	\$ -	\$ 14,583
ISC - Flexible Contribution	-	1,322,011	47,413
ISC - Fixed Contribution	-	75,000	35,000
Health Canada	35,000	1,457	17,948
Meadow Lake Tribal Council	3,932,409	3,418,459	4,436,792
Other revenue	82,000	12,030	80,643
Transfer from FSIN Gaming	100,000	-	95,000
Unexpended Revenue - Prior Year	-	161,651	240,076
Unexpended Revenue - Current Year	-	(1,155,057)	(161,651)
	<b>4,149,409</b>	<b>3,835,551</b>	4,805,804
<b>Expenses</b>			
Salaries and benefits	1,647,134	2,391,936	1,868,898
Activities	682,833	455,114	663,956
Fees	366,033	422,647	396,035
Supplies	130,663	226,725	229,827
Contracted Services	82,950	141,628	169,711
Travel	116,000	137,357	243,589
Amortization	-	68,565	15,293
Meetings & workshops	77,980	43,187	116,369
Assistance	-	41,495	64,389
Telephone	7,200	28,042	26,559
Vehicle operation	37,879	26,738	32,302
Utilities	15,203	22,473	18,247
Other operating expenses	-	20,000	-
Insurance	-	3,689	-
Repairs and maintenance	500	1,608	6,492
Honorarium	5,000	1,360	6,618
Professional Development	7,000	1,000	4,781
Horse Therapy	24,000	194	43,575
Equipment Purchase	-	-	219,396
Professional fees	-	-	9,300
Youth Centre Costs	-	-	502
Rent	1,200	-	-
Transfer to capital assets	-	-	(219,396)
	<b>3,201,575</b>	<b>4,033,758</b>	3,916,443
<b>Current surplus (deficit)</b>	<b>\$ 947,834</b>	<b>\$ (198,207)</b>	<b>\$ 889,361</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, 2021

	2021 Budget	2021 Actual	2020 Actual
<b>Revenue</b>			
ISC - Flexible Contribution	\$ 6,000	\$ 1,840,293	\$ 130,952
ISC - Fixed Contribution	34,204	156,585	34,204
Meadow Lake Tribal Council	193,526	169,386	325,902
Sales tax refunds	-	-	49,291
Limited Partnership Earnings	100,000	4,394,878	287,191
Ottawa Trust	-	54,507	27,170
Government of Saskatchewan	5,000	-	26,500
Saskatchewan Lotteries	-	11,287	10,958
Northern Lights Community Development	75,000	-	127,859
First Nations Trust	-	374,728	514,046
Earnings (loss) in GBE	-	169,251	185,372
Rent	24,000	22,000	24,000
Other revenue	-	29,447	409,152
Unexpended Revenue - Prior Year	-	70,887	21,929
Unexpended Revenue - Current Year	-	(1,206,348)	(70,887)
Transfers to other programs	60,000	(100,000)	(236,641)
	<b>497,730</b>	<b>5,986,901</b>	<b>1,866,998</b>
<b>Expenses</b>			
Contracted Services	62,500	365,190	347,167
Assistance	177,920	356,411	276,774
Supplies	69,663	307,568	62,682
Salaries and benefits	118,617	213,958	217,069
Professional fees	1,300	153,920	5,145
Repairs and maintenance	63,600	78,072	48,015
Vehicle operation	-	64,898	7,069
Utilities	75,300	50,916	38,184
Fees	30,001	45,943	25,073
Meetings & workshops	10,100	37,263	7,597
Activities	15,000	23,987	37,550
Interest and bank charges	346,317	16,883	29,327
Amortization	-	8,678	8,678
Travel	11,000	7,585	11,644
Other operating expenses	39,764	4,710	52,519
Honorarium	6,000	-	2,300
Transfer to capital assets	-	-	(233,913)
	<b>1,027,082</b>	<b>1,735,982</b>	<b>942,880</b>
<b>Current surplus (deficit)</b>	<b>\$ (529,352)</b>	<b>\$ 4,250,919</b>	<b>\$ 924,118</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, 2021

		2021	2021	2020
		Budget	Actual	Actual
<b>Revenue</b>				
Makwa Store Sales	\$ -	\$ 3,422,093	\$ 3,593,864	
Rental income	-	411,936	419,976	
Subsidy	-	857,601	818,475	
Interest	-	16,013	-	
		<b>4,707,643</b>	<b>4,832,315</b>	
<b>Expenses</b>				
Cost of Sales	-	2,673,246	3,309,738	
Amortization	-	701,759	654,766	
Salaries and benefits	-	340,008	344,920	
Interest and bank charges	-	159,958	181,754	
Other operating expenses	-	78,656	197,267	
Fees	-	70,603	82,015	
Insurance	-	39,937	40,405	
Utilities	-	27,524	27,820	
Professional fees	-	26,000	15,200	
Supplies	-	23,922	17,055	
Repairs and maintenance	-	44,069	24,987	
Travel	-	3,880	272	
Telephone	-	1,371	5,087	
Bad debt expense (recovery)	-	888	96,391	
		<b>4,191,821</b>	<b>4,997,677</b>	
<b>Current surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 515,822</b>	<b>\$ (165,362)</b>	

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