

Ocean Man First Nation #69
Consolidated Financial Statements
March 31, 2019





Ocean Man First Nation #69

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For the year ended March 31, 2019

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Management's Responsibility



To the Members of Ocean Man First Nation #69:

The accompanying consolidated financial statements of Ocean Man First Nation #69 are the responsibility of management and have been approved by Council.

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

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

The Ocean Man First Nation #69 Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council who also acts as management fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and report directly to the Members of Ocean Man First Nation #69; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

February 28, 2020

(Signature on file)

Chief

Independent Auditor's Report

To the Members of Ocean Man First Nation #69:

Opinion

We have audited the financial statements of Ocean Man First Nation #69 (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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 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 financial statements.

Independent Auditor's Report (continued)

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Prince Albert, Saskatchewan

February 28, 2020

MNP **LLP**

Chartered Professional Accountants



Ocean Man First Nation #69
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Current		
Cash and cash equivalents (Note 4)	2,708,177	1,174,187
Accounts receivable (Note 5)	469,070	78,974
Member advances (Note 6)	1,780	1,779
Subtotal of current assets	3,179,027	1,254,940
Restricted cash (Note 9)	754,328	576,177
Portfolio investments (Note 7)	247,836	206,932
Funds held in trust (Note 8)	5,605,665	5,367,687
Total financial assets	9,786,856	7,405,736
Liabilities		
Current		
Accounts payable and accruals	91,725	292,484
Deferred revenue (Note 10)	838,655	160,765
Native Claims loan funding (Note 11)	106,903	106,903
Current portion of long-term debt (Note 12)	146,074	147,324
Subtotal of current liabilities	1,183,357	707,476
Long-term debt (Note 12)	1,523,030	1,671,323
Total financial liabilities	2,706,387	2,378,799
Net financial assets	7,080,469	5,026,937
Contingency (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	13,341,673	13,740,330
Prepaid expenses and deposits	57,561	50,448
Total non-financial assets	13,399,234	13,790,778
Accumulated surplus (Note 14)	20,479,703	18,817,715

Approved on behalf of the First Nation

(Signature on file)

Chief



Ocean Man First Nation #69

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget (Note 22)	2019 Actual	<i>2018 Actual</i>
Federal government funding (Note 19)				
Indigenous Services Canada		2,371,183	3,125,563	2,462,211
First Nations and Inuit Health Branch		340,877	368,091	337,520
Canada Mortgage and Housing Corporation		214,939	174,095	176,947
		2,926,999	3,667,749	2,976,678
Oil, gas and seismic		50,000	939,829	205,617
Land leases		435,000	460,952	448,871
Yorkton Tribal Administration Inc.		156,694	357,999	216,265
Other		296,940	353,878	224,763
First Nations Trust		173,000	175,919	172,910
Painted Hand Community Development Corporation		-	134,161	167,390
Surface leases and right-of-way		48,000	132,991	33,243
Interest income		107,500	127,428	122,340
Saskatchewan Indigenous Cultural Centre		-	72,190	-
Rental income		201,600	68,187	149,825
Taxation bylaw		50,000	56,861	51,862
Royalty revenue		40,000	49,778	19,756
Earnings in PHC Holdings Limited Partnership		130,000	-	-
Forfeited federal government funding (Note 20)		-	(11,070)	(2,641)
		4,615,733	6,586,852	4,786,879
Program expenses				
Band Government	3	363,850	626,260	493,099
Band Project Revenue	4	1,210,527	614,422	891,950
Capital	5	406,074	364,407	395,219
Community Infrastructure	6	403,570	391,757	447,837
Economic Development	7	10,300	10,300	10,300
Education	8	1,384,302	1,953,881	1,614,588
Health	9	392,345	361,295	368,723
Reserves and Trusts	11	120,000	185,462	172,930
Social Services	12	324,765	415,399	451,681
Investment in Business Enterprises	13	-	1,681	2,038
		4,615,733	4,924,864	4,848,365
Surplus (deficit)		-	1,661,988	(61,486)
Accumulated surplus, beginning of year		18,817,715	18,817,715	18,879,201
Accumulated surplus, end of year		18,817,715	20,479,703	18,817,715

The accompanying notes are an integral part of these financial statements



Ocean Man First Nation #69

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Annual surplus (deficit)	-	1,661,988	(61,486)
Purchases of tangible capital assets	-	(30,110)	(63,070)
Amortization of tangible capital assets	435,117	428,767	457,983
	435,117	398,657	394,913
Acquisition of prepaid expenses, net	-	(7,113)	-
Use of prepaid expenses, net	-	-	43,107
Increase in net financial assets	435,117	2,053,532	376,534
Net financial assets, beginning of year	4,845,586	5,026,937	4,650,403
Net financial assets, end of year	5,280,703	7,080,469	5,026,937

The accompanying notes are an integral part of these financial statements



Ocean Man First Nation #69

Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	1,661,988	(61,486)
Non-cash items		
Amortization	428,767	457,983
	2,090,755	396,497
Changes in:		
Accounts receivable	(390,096)	81,536
Due from members	(1)	4,385
Prepaid expenses and deposits	(7,113)	43,107
Accounts payable and accruals	(200,759)	(13,342)
Deferred revenue	677,890	-
	2,170,676	512,183
Financing activities		
Repayment of long-term debt	(149,543)	(161,888)
Native Claims loan proceeds	-	106,903
	(149,543)	(54,985)
Capital activities		
Purchases of tangible capital assets	(30,110)	(63,070)
Investing activities		
Partnership equity withdrawal from PHC Holdings Limited Partnership	59,096	71,747
Transfer to restricted cash	(178,151)	(211,446)
Investment in Tomahawk Energy Services LP	(100,000)	-
Decrease (increase) in funds held in trust (Note 8)	(237,978)	96,443
	(457,033)	(43,256)
Increase in cash resources	1,533,990	350,872
Cash resources, beginning of year	1,174,187	823,315
Cash resources, end of year	2,708,177	1,174,187

The accompanying notes are an integral part of these financial statements



Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

1. Operations

The Ocean Man First Nation #69 (the "First Nation") is located in the Province of Saskatchewan, and provides various services to its members. The Ocean Man First Nation #69 financial reporting entity includes the operations of the First Nation and all related entities which are controlled by the First Nation.

2. Change in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to PS 3430 *Restructuring Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook.

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Section.

3. Significant accounting policies

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

Reporting entity

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

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

- Ocean Man First Nation #69;
- Ocean Man First Nation Housing Authority; and,
- Lost Horse Hills Ranch Inc.
- Ocean Man Developments LP

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department. Lost Horse Hills Ranch Inc. reports using a fiscal year-end of October 31 compared to the First Nation fiscal year-end of March 31. The operating result of Lost Horse Hills Ranch Inc. are included in the consolidated financial statements using its year-end date of October 31.

Other economic interests

The First Nation is a member of Yorkton Tribal Council (YTC). YTC is an organization of six Nations. YTC's mandate is to enhance the services provided to member Nations.

The First Nation is also a member of Yorkton Tribal Council Child and Family Services Inc. (YTCCFS). The mandate of YTCCFS is to provide child and family protection and prevention services on reserve to the members.

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

Basis of presentation

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

Cash resources

Cash resources includes balances with banks and short-term investments. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Restricted cash

Restricted cash consists of funds held in the CMHC replacement reserve and operating reserve bank accounts, as well as funds managed by a project manager. The CMHC reserves are used to pay eligible expenditures of the CMHC housing units and the project manager is responsible for completion of capital projects.

Portfolio investments

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Land purchased is recorded at purchase price plus acquisition costs.

Amortization

Tangible capital assets are amortized annually using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	25 years
CMHC housing	40 years
First Nation housing	40 years
Water and sewer infrastructure	10-50 years
Vehicles and equipment	5 years
Computer equipment	4 years
Furniture and fixtures	5 years

Projects under construction are not amortized until they are put into use.

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

Funds held in Ottawa Trust Fund

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

- Capital trust monies derived from non-renewable resource transactions, the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received. These monies are reported on by the Government of Canada.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Revenue recognition

Government transfers

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

Non-government funding

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

Other revenue

Lease revenue is recognized over the lease term. Other revenue are earned from services provided by the First Nation and are recognized when the service has been provided.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to funds held in the Ottawa Trust Fund is recognized when amounts can be reasonably estimated and collectability is known.

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the reporting period. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Legal provisions are recorded when the likelihood of loss and amount of settlement can be determined. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites for which the First Nation is responsible.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

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 will not recognize any liability as it is not expected any economic benefit will be given up. No liabilities for contaminated sites have been reported in these financial statements.

Segments

The First Nation conducts its business through 11 reportable segments: Band Government, Band Project Revenue, Capital, Community Infrastructure, Education, Economic Development, Health, Ottawa Trust, Reserves and Trusts, Social Services, and Investment in Commercial Enterprises. These operating segments are established by Chief and Council to facilitate the achievement of the First Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

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

4. Cash and cash equivalents

	2019	2018
Cash in bank	2,545,749	930,759
Guaranteed Investment Certificate, bearing interest at 0.75% maturing in June 2019	77,428	77,428
Term deposit	-	81,000
Term deposits, bearing interest at 1.9% maturing in October and November 2019	85,000	85,000
	2,708,177	1,174,187

Chief and Council has designated \$77,428 held in Guaranteed Investment Certificates to be used for fencing, dugouts, water, and land improvements.



Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

5. Accounts receivable

	2019	2018
Tundra Energy Marketing Ltd.	400,000	-
Other	14,556	14,466
Goods and Services Tax	67,044	67,284
CMHC - subsidy	14,394	14,394
Painted Hand Community Development Corporation	15,303	16,959
First Nations and Inuit Health Branch	3,000	-
Land leases	14,171	-
Yorkton Tribal Council	7,626	32,545
	536,094	145,648
Less: allowance for doubtful accounts	(67,024)	(66,674)
	469,070	78,974

6. Member advances

Advances due from members are unsecured, non-interest bearing and without fixed terms of repayment.

	2019	2018
Amounts due from members	210,051	215,524
Allowance for doubtful accounts	(208,271)	(213,745)
	1,780	1,779

7. Portfolio investments

	2019	2018
Measured at cost:		
PHC Holdings Limited Partnership - 14.28%	147,836	206,932
Tomahawk Energy Services LP - 5.99%	100,000	-

The Nation's portfolio investments are in entities which are not traded publicly and for which no active market exists to determine fair value. As such, no fair value of portfolio investment has been provided. The Nation has reported the investments at cost.



Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

8. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the First Nation's Council, with the consent of the Minister of Indigenous Services Canada.

	2019	2018
Capital Trust		
Balance, beginning of year	5,166,756	5,361,562
Royalties	49,778	19,756
	5,216,534	5,381,318
Less: Transfers to Nation	68,000	214,561
Balance, end of year	5,148,534	5,166,757
Revenue Trust		
Balance, beginning of year	200,930	102,568
Interest	123,210	118,319
Surface leases and right-of-way	132,991	33,243
	457,131	254,130
Less: Transfers to Nation	-	53,200
Balance, end of year	457,131	200,930
	5,605,665	5,367,687

Date and No. of BCR	Date Funds Released to First Nation	Balance Beginning of Year	Amount Received from Trust Fund	Actual Amount Spent	Balance End of Year	Purpose for Release of Funds
Revenue Trust						
2017-18/24	May 29, 2018	-	68,000	68,000	-	See Note A
Total withdrawals		-	68,000	68,000	-	

Note A: Audit Fees - See Band Project Revenue - Professional Fees expense .

Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

9. Restricted cash

	2019	2018
Project management bank account	128,495	88,154
CMHC reserve bank account	310,889	306,672
MLT - Funds Held in Trust	314,944	-
	754,328	394,826

Restricted cash consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by ISC. Funds held in the CMHC replacement reserve bank account are to be used to pay eligible expenditures of the CMHC housing units.

10. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount recognized as revenue</i>	<i>Balance, end of year</i>
ISC low pressure water	7,115	-	-	7,115
ISC school renovation	73,650	-	-	73,650
ISC new school feasibility study	80,000	-	-	80,000
ISC sewage pump station	-	45,000	4,660	40,340
ISC lift station	-	663,000	25,450	637,550
	160,765	708,000	30,110	838,655

11. Native Claims loan funding

The First Nation is seeking compensation for failure of the Crown to provide certain benefits. The balance payable represents funds advanced via Promissory Notes by the Government of Canada to the First Nation to finance its costs to pursue the claim. The promissory Notes are non-interest bearing and are to be repaid by the earlier of March 31, 2022 or the date on which the claim is settled.

Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

12. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on-reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<i>CMHC Phase</i>	<i>Monthly Payment Including Interest</i>	<i>Interest Rate</i>	<i>Renewal Date</i>	2019	2018
I	-	-	-	-	11,241
IV	1,078	1.44%	1-Feb-2022	118,580	118,580
V	1,125	2.68%	1-Oct-2023	133,111	133,111
VI	1,772	1.14%	1-Jun-2021	185,022	185,022
VII	4,175	2.68%	1-Oct-2023	496,903	496,903
VIII	2,991	1.14%	1-Jun-2021	474,502	474,502
IX	3,310	2.68%	1-Oct-2023	530,149	530,149
				1,662,340	1,801,069
Stoughton Credit Union term loan repayable in monthly installments of \$575 including interest at 6.75%; secured by 2014 GMC Savana van, with net book value of nil; matures May 2020.				6,764	12,956
Stoughton Credit Union term loan				-	4,622
				1,669,104	1,818,647
Less: current portion				146,074	147,324
				1,523,030	1,671,323

Principal repayments on long-term debt in each of the next five years, assuming loans are renewed at similar rates and terms, are estimated as follows:

2020	146,074
2021	141,798
2022	144,336
2023	146,923
2024	149,560

13. Contingency

An individual has filed a lawsuit claiming damages against Her Majesty the Queen in Right of Canada (the "Queen") relating to the re-establishment of the Ocean Man and Pheasant Rump First Nations in 1990. In the event that the individual's claim against the Queen is successful the Queen has filed third party claims against Ocean Man and Pheasant Rump First Nations for damages arising from the above lawsuit against the Queen. The action filed by the claimant has not progressed beyond the examination for discovery phase and no further activity by the claimant has transpired since 2009. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of the third party claim against Ocean Man First Nation #69 or to estimate the loss, if any, which may result.



Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

14. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in Ottawa Trust Funds (Note 8):		
Balance, beginning of year	5,367,687	5,464,130
Royalties, interest, lease, and other revenue	305,978	171,318
Withdrawals	(68,000)	(267,761)
	5,605,665	5,367,687
Equity in CMHC reserves (Note 15):		
Balance, beginning of year	403,968	378,948
Reserve allocation	65,100	41,100
Interest	4,020	4,020
Withdrawals	(10,325)	(20,100)
	462,763	403,968
Equity in tangible capital assets:		
Balance, beginning of year	11,921,684	12,154,709
Acquisition of tangible capital assets	30,110	63,070
Repayment of long-term debt	149,543	161,888
Amortization	(428,767)	(457,983)
	11,672,570	11,921,684
Equity in Native Claims loan:		
Balance, beginning of year	(106,903)	-
Loan proceeds	-	(106,903)
	(106,903)	(106,903)
Equity in portfolio investment:		
Balance, beginning of year	206,932	278,679
Acquisition of investment	100,000	-
Withdrawals	(59,096)	(71,747)
	247,836	206,932
Unrestricted surplus:		
Balance, beginning of year	1,024,347	602,735
Transfer from (to) equity in Ottawa Trust Funds	(237,978)	96,443
Transfer to equity in CMHC reserves	(58,795)	(25,020)
Transfer from tangible capital assets	249,114	233,025
Transfer from Native Claims loan funding	-	106,903
Transfer from (to) equity in portfolio investment	(40,904)	71,747
Annual surplus (deficit)	1,661,988	(61,486)
	2,597,772	1,024,347
	20,479,703	18,817,715

The First Nation does not have a moveable assets reserve.

15. Equity in CMHC Reserves

Operating Reserve

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program.

At March 31, 2019 \$39,056 (2018 - \$34,931) is required to be on deposit to fund this reserve. The unfunded portion at March 31, 2019 is \$39,056 (2018- underfunded \$381).

Replacement Reserve

As required as part of the First Nation's CMHC Housing Program, a replacement reserve has been established for replacement of capital equipment and for major repairs to the houses.

At March 31, 2019 \$423,707 (2018 - \$369,037) is required to be on deposit to fund this reserve. The unfunded portion at March 31, 2019 is \$112,817 (2018 - underfunded \$96,915).

16. Credit arrangements

At March 31, 2019, the First Nation had a line of credit totaling \$250,000, none of which was drawn. This line of credit has an interest rate of 4.25% and is secured by the assignment of government funding.

17. Segments

During the year, the First Nation had 11 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Government - includes administration and governance activities.

Band Project Revenue - other band programs not funded by ISC or FNIHB.

Capital - reports on capital projects.

Community Infrastructure - includes activities for the maintenance of the community and its infrastructure.

Education - includes the operations of education programs.

Economic Development - reports on the First Nation's economic development activities.

Health - includes the administration and delivery of the health programs.

Ottawa Trust - reports on revenue allocated to the funds and transfers to other segments.

Reserves and Trusts - includes activities for the development of the First Nation's land.

Social Services - activities include delivering social programs.

Investment in Commercial Enterprises - reports on the gains and losses of the First Nation's business enterprise investments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 3.

Details of the segment revenue and expenses are provided in the accompanying schedules. There are no revenue or expenses that have not been allocated to a segment.



Ocean Man First Nation #69

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

18. Economic dependence

Ocean Man First Nation #69 receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

19. Federal government funding reconciliation

	2019	2018
Indigenous Services Canada		
ISC funding per confirmation	3,803,453	2,469,771
Less: 2018/2019 sewage pump station	(40,340)	-
Less: 2018/2019 lift station	(637,550)	-
Less: 2017/2018 recovered funds - Provincial schools direct services	-	(7,560)
	3,125,563	2,462,211
First Nations Inuit and Health Branch		
FNIHB funding per confirmation	368,091	337,520
Canada Mortgage and Housing Corporation		
Subsidy	174,095	176,947
	3,667,749	2,976,678

20. Forfeited federal government funding reconciliation

	2019	2018
Indigenous Services Canada		
Basic Needs reconciliation	7,560	2,641
Provincial School - Direct Services	3,510	-
	11,070	2,641

21. Comparative figures

Certain figures on the 2018 consolidated financial statements have been reclassified to conform with the 2019 consolidated financial statement presentation.

22. Budget information

The budget information has been approved by the First Nation's Chief and Council on April 12, 2018.

23. Compliance with authorities

The First Nation is required to make its financial statements publicly available and submit its financial statements to Indigenous Services Canada by July 29, 2019. As the audit report is dated after July 29, 2019, the First Nation is in breach of this agreement. The possible effect of this breach has not yet been determined.

Ocean Man First Nation #69

Schedule 1 - Schedule of Tangible Capital Assets

For the year ended March 31, 2019

	Buildings	CMHC housing	First Nation housing	Water and sewer infrastructure	Vehicles and equipment	Computer equipment	Subtotal
Cost							
Balance, beginning of year	5,267,418	4,604,690	1,001,201	1,320,463	408,860	121,489	12,724,121
Acquisition of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	5,267,418	4,604,690	1,001,201	1,320,463	408,860	121,489	12,724,121
Accumulated amortization							
Balance, beginning of year	1,641,110	1,473,918	532,672	426,465	300,749	121,489	4,496,403
Annual amortization	206,693	115,117	25,152	22,725	39,190	-	408,877
Balance, end of year	1,847,803	1,589,035	557,824	449,190	339,939	121,489	4,905,280
Net book value of tangible capital assets	3,419,615	3,015,655	443,377	871,273	68,921	-	7,818,841
Net book value of tangible capital assets 2018	3,626,308	3,130,772	468,529	893,998	108,111	-	8,227,718

The accompanying notes are an integral part of these financial statements



Ocean Man First Nation #69

Schedule 1 - Schedule of Tangible Capital Assets

For the year ended March 31, 2019

	Subtotal	Furniture and fixtures	Land	Projects under construction	2019	2018
Cost						
Balance, beginning of year	12,724,121	186,840	5,449,027	6,850	18,366,838	18,303,768
Acquisition of tangible capital assets	-	-	-	30,110	30,110	63,070
Balance, end of year	12,724,121	186,840	5,449,027	36,960	18,396,948	18,366,838
Accumulated amortization						
Balance, beginning of year	4,496,403	130,105	-	-	4,626,508	4,168,525
Annual amortization	408,877	19,890	-	-	428,767	457,983
Balance, end of year	4,905,280	149,995	-	-	5,055,275	4,626,508
Net book value of tangible capital assets	7,818,841	36,845	5,449,027	36,960	13,341,673	13,740,330
Net book value of tangible capital assets 2018	8,227,718	56,735	5,449,027	6,850	13,740,330	

The accompanying notes are an integral part of these financial statements



Ocean Man First Nation #69

Schedule 2 - Consolidated Schedule of Expenses by Object

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Salaries and benefits	813,444	747,679	750,046
Contracted services	367,523	564,197	381,665
Amortization	435,117	428,767	457,983
Repairs and maintenance	465,047	412,744	419,217
Tuition	304,483	387,995	291,960
Travel	187,550	343,102	276,792
Social assistance	288,368	328,251	350,711
Professional fees	389,700	338,948	360,452
Office supplies and training materials	191,514	249,929	174,952
Honorarium and per diems	234,897	247,421	243,259
Student allowance	100,800	126,009	105,200
Land transaction management	76,000	68,412	60,268
Utilities	100,655	104,096	81,543
Supplies	80,727	107,758	79,665
Insurance	142,000	71,860	131,403
Per capita distribution	51,000	49,750	54,200
Workshops and meetings	58,398	55,491	41,315
Project expenses	-	43,863	38,467
Youth activities	21,000	41,423	18,343
Interest on long-term debt	35,500	33,909	35,041
Member assistance	25,000	31,013	28,450
Student projects and incentives	-	19,891	6,600
Contribution	-	17,370	58,592
Community donations	16,500	15,344	10,890
Medical transportation	11,800	14,009	21,726
Program expense	-	49,334	65,353
GST and Sales tax	7,500	8,280	7,621
Administration	(6,640)	6,099	78,932
Taxation bylaws	-	5,772	20,334
Community and cultural events	100,000	5,290	34,676
Bank charges and interest	5,850	2,796	6,817
Land -compliance and monitoring	-	-	24,117
Miscellaneous	-	-	(328)
Members' rent	112,000	-	62,775
Office rent	-	1,986	-
Land use planning	-	-	24,583
Bad debts (recovery)	-	(3,924)	44,745
	4,615,733	4,924,864	4,848,365



Ocean Man First Nation #69
Band Government

Schedule 3 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019	2019	2018
Revenue			
Indigenous Services Canada	194,720	514,720	441,538
Other	5,000	200,087	649
Painted Hand Community Development Corporation	-	8,920	-
Interest income	2,500	4,218	4,022
	202,220	727,945	446,209
Expenses			
Honorarium and per diems	192,600	221,696	227,667
Contracted services	23,500	151,700	56,782
Professional fees	5,700	143,404	106,376
Travel	72,000	89,146	119,597
Utilities	30,000	44,793	12,998
Repairs and maintenance	2,800	34,319	13,431
Member assistance	-	8,777	4,300
Office supplies and training materials	10,000	8,109	19,690
Salaries and benefits	50,000	5,857	-
Community donations	6,500	2,409	437
Bank charges and interest	2,750	1,867	4,661
Workshops and meetings	2,000	898	163
Bad debts (recovery)	-	41	5,703
Contribution	-	12	6,962
Administration	(34,000)	(86,768)	(85,668)
	363,850	626,260	493,099
Surplus (deficit) before transfers	(161,630)	101,685	(46,890)
Transfers between programs	-	68,000	-
Surplus (deficit)	(161,630)	169,685	(46,890)



Ocean Man First Nation #69

Band Project Revenue

Schedule 4 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
CMHC subsidy	198,939	174,095	176,947
First Nations Trust	173,000	175,919	172,910
Other	265,000	114,017	144,714
Rental income	190,000	56,983	134,098
Yorkton Tribal Administration Inc.	12,500	35,640	31,462
Painted Hand Community Development Corporation	-	10,276	55,600
	839,439	566,930	715,731
Expenses			
Amortization	115,117	115,117	115,117
Professional fees	380,000	114,575	207,564
Repairs and maintenance	150,000	110,172	125,441
Contracted services	55,000	61,185	50,530
Per capita distribution	51,000	49,750	54,200
Office supplies and training materials	42,500	46,436	42,194
Interest on long-term debt	35,000	33,110	33,536
Travel	45,000	29,430	41,562
Contribution	-	17,358	51,630
Member assistance	25,000	13,782	20,769
GST and Sales tax	7,500	8,280	7,621
Community donations	2,000	5,935	9,932
Community and cultural events	100,000	5,290	8,658
Workshops and meetings	-	2,800	5,609
Supplies	-	1,000	-
Bank charges and interest	250	202	339
Salaries and benefits	-	-	48,797
Members' rent	112,000	-	62,775
Honorarium and per diems	1,800	-	1,800
Utilities	-	-	3,876
Insurance	40,000	-	-
Youth activities	21,000	-	-
Administration	27,360	-	-
	1,210,527	614,422	891,950
Deficit before transfers	(371,088)	(47,492)	(176,219)
Transfers between programs	-	-	238,926
Surplus (deficit)	(371,088)	(47,492)	62,707



Ocean Man First Nation #69

Capital

Schedule 5 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous and Northern Affairs Canada	368,731	93,756	83,022
CMHC subsidy	16,000	-	-
	384,731	93,756	83,022
Expenses			
Amortization	320,000	313,649	342,866
Repairs and maintenance	86,074	50,758	52,353
	406,074	364,407	395,219
Deficit	(21,343)	(270,651)	(312,197)



Ocean Man First Nation #69 **Community Infrastructure**

Schedule 6 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous and Northern Affairs Canada	142,674	175,874	153,443
Rental income	11,600	11,204	15,727
	154,274	187,078	169,170
Expenses			
Repairs and maintenance	177,735	192,769	187,500
Insurance	98,000	71,860	127,903
Utilities	48,055	52,046	51,213
Contracted services	46,700	46,720	49,355
Salaries and benefits	28,080	27,000	27,711
Travel	500	912	2,476
Workshops and meetings	1,500	600	949
Office supplies and training materials	3,000	-	-
Community and cultural events	-	-	200
Bad debts (recovery)	-	(150)	530
	403,570	391,757	447,837
Deficit before transfers	(249,296)	(204,679)	(278,667)
Transfers between programs	-	-	28,835
Deficit	(249,296)	(204,679)	(249,832)



Ocean Man First Nation #69
Economic Development

Schedule 7 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Yorkton Tribal Administration Inc.	10,300	10,300	10,300
Expenses			
Workshops and meetings	7,000	7,000	10,300
Professional fees	3,300	3,300	-
	10,300	10,300	10,300
Surplus (deficit)	-	-	-



Ocean Man First Nation #69 **Education**

Schedule 8 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	1,217,065	1,776,781	1,212,217
Yorkton Tribal Administration Inc.	93,060	265,156	143,307
Painted Hand Community Development Corporation	-	97,288	79,948
Saskatchewan Indigenous Cultural Centre	-	72,190	-
Other	26,940	38,996	74,517
Forfeited federal government funding	-	(3,510)	-
	1,337,065	2,246,901	1,509,989
Expenses			
Salaries and benefits	655,661	685,445	631,964
Tuition	304,483	387,995	291,960
Office supplies and training materials	136,014	194,939	105,285
Travel	40,816	171,446	68,385
Student allowance	100,800	126,009	105,200
Contracted services	61,640	111,912	90,683
Administration	-	92,867	157,864
Project expenses	-	43,863	38,467
Youth activities	-	41,423	18,343
Supplies	30,000	39,219	50,663
Repairs and maintenance	36,438	24,726	40,492
Student projects and incentives	-	19,891	6,600
Honorarium and per diems	-	12,925	400
Interest on long-term debt	500	799	1,504
Bank charges and interest	350	309	181
Workshops and meetings	-	113	-
Professional fees	-	-	3,969
Program expense	-	-	300
Miscellaneous	-	-	(328)
Insurance	4,000	-	-
Utilities	13,600	-	-
Social assistance	-	-	2,656
	1,384,302	1,953,881	1,614,588
Surplus (deficit)	(47,237)	293,020	(104,599)



Ocean Man First Nation #69 Health

Schedule 9 - Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous and Northern Affairs Canada	9,866	9,866	9,866
First Nations and Inuit Health Branch	340,877	368,091	337,520
Yorkton Tribal Administration Inc.	40,834	32,089	30,196
Painted Hand Community Development Corporation	-	17,677	31,842
Other	-	-	4,283
	391,577	427,723	413,707
Expenses			
Contracted services	154,683	150,211	113,312
Travel	25,234	51,645	39,211
Workshops and meetings	46,898	44,079	24,295
Supplies	47,227	38,410	29,002
Salaries and benefits	74,703	29,137	41,574
Medical transportation	11,800	14,009	21,726
Honorarium and per diems	12,600	12,600	12,250
Community donations	8,000	7,000	522
Member assistance	-	6,029	3,381
Utilities	9,000	4,757	11,456
Professional fees	700	2,418	3,287
Office supplies and training materials	-	444	2,782
Bank charges and interest	1,500	406	980
Bad debts (recovery)	-	150	35,626
Insurance	-	-	3,500
Community and cultural events	-	-	25,819
	392,345	361,295	368,723
Surplus	(768)	66,428	44,984



Ocean Man First Nation #69
Ottawa Trust

Schedule 10 - Schedule of Revenue and Expenses and Surplus (Deficit)]

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Surface leases and right-of-way	48,000	132,991	33,243
Interest income	105,000	123,210	118,319
Royalty revenue	40,000	49,778	19,756
	193,000	305,979	171,318
Transfers between programs	-	(68,000)	(267,761)
Surplus (deficit)	193,000	237,979	(96,443)



Ocean Man First Nation #69

Reserves and Trusts

Schedule 11 - Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous and Northern Affairs Canada	113,362	133,162	113,362
Oil, gas and seismic	50,000	939,829	205,617
Land leases	435,000	460,952	448,871
Taxation bylaw	50,000	56,861	51,862
	648,362	1,590,804	819,712
Expenses			
Professional fees	-	72,895	37,307
Land transaction management	76,000	68,412	60,268
Supplies	-	29,129	-
Taxation bylaws	-	5,772	20,334
Contracted services	26,000	4,080	5,760
Member assistance	-	2,425	-
Office rent	-	1,986	-
Travel	-	523	561
Salaries and benefits	5,000	240	-
Repairs and maintenance	12,000	-	-
Workshops and meetings	1,000	-	-
Land use planning	-	-	24,583
Land -compliance and monitoring	-	-	24,117
	120,000	185,462	172,930
Surplus	528,362	1,405,342	646,782



Ocean Man First Nation #69

Social Services

Schedule 12 - Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous and Northern Affairs Canada	324,765	421,403	448,763
Yorkton Tribal Administration Inc.	-	14,813	1,000
Other	-	778	600
Forfeited federal government funding	-	(7,560)	(2,641)
	324,765	429,434	447,722
Expenses			
Social assistance	288,368	328,251	348,055
Program expense	-	49,334	65,053
Contracted services	-	38,389	15,244
Utilities	-	2,500	2,000
Professional fees	-	690	-
Honorarium and per diems	27,897	200	1,142
Office supplies and training materials	-	-	5,000
Administration	-	-	6,736
Supplies	3,500	-	-
Travel	4,000	-	5,000
Bank charges and interest	1,000	-	565
Bad debts (recovery)	-	(3,965)	2,886
	324,765	415,399	451,681
Surplus (deficit)	-	14,035	(3,959)



Ocean Man First Nation #69
Investment in Business Enterprises
Schedule 13 - Schedule of Revenue and Expenses and Surplus (Deficit)]
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Expenses			
Professional fees	-	1,665	1,950
Bank charges and interest	-	16	88
	-	1,681	2,038
Deficit	-	(1,681)	(2,038)