

**Ocean Man First Nation**  
**Consolidated Financial Statements**  
*March 31, 2021*



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## **Management's Responsibility**

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To the Members of Ocean Man First Nation:

The accompanying consolidated financial statements of Ocean Man First Nation 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 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; 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.

April 25, 2023

**(Signature on file)**

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Chief

## Independent Auditor's Report

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To the Members of Ocean Man First Nation:

### **Qualified Opinion**

We have audited the consolidated financial statements of Ocean Man First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

Generally accepted accounting principles require the presentation of budget information for comparison to the First Nation's revenues and expenditures. The consolidated budgeted revenues and expenditures and surplus (deficit) have not been reported in these consolidated financial statements. The effect of this departure from generally accepted accounting principles is a disclosure omission that has no effect on reported revenues, expenditures and annual surplus for the year ended March 31, 2021.

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 qualified 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

## Independent Auditor's Report *continued*

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

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

April 25, 2023

*MNP LLP*

Chartered Professional Accountants

**MNP**

**Ocean Man First Nation**  
**Consolidated Statement of Financial Position**  
As at March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	5,315,867	3,077,891
Accounts receivable (Note 4)	727,302	547,285
Member advances (Note 5)	2,560	5,674
<b>Subtotal of current assets</b>	<b>6,045,729</b>	3,630,850
<b>Restricted cash (Note 6)</b>	<b>826,215</b>	894,521
<b>Funds held in trust (Note 7)</b>	<b>6,628,418</b>	6,444,090
<b>Portfolio investments (Note 8)</b>	<b>4,218</b>	81,730
<b>Debt Reserve Fund - First Nation Finance Authority (Note 9)</b>	<b>114,056</b>	-
<b>Investment in Nation business entities (Note 10)</b>	<b>1,201,334</b>	100,000
<b>Total financial assets</b>	<b>14,819,970</b>	11,151,191
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	105,439	91,441
Deferred revenue (Note 11)	796,843	820,397
Native Claims loan funding (Note 12)	106,903	106,903
Current portion of long-term debt (Note 13)	239,299	142,812
<b>Subtotal of current liabilities</b>	<b>1,248,484</b>	1,161,553
<b>Long-term debt (Note 13)</b>	<b>3,340,411</b>	1,379,485
<b>Total financial liabilities</b>	<b>4,588,895</b>	2,541,038
<b>Net financial assets</b>	<b>10,231,075</b>	8,610,153
<b>Non-financial assets</b>		
Tangible capital assets	13,011,318	13,021,694
Prepaid expenses and deposits	199,933	57,561
<b>Total non-financial assets</b>	<b>13,211,251</b>	13,079,255
<b>Accumulated surplus (Note 14)</b>	<b>23,442,326</b>	21,689,408

Approved on behalf of the First Nation

*(Signature on file)*

Chief

*(Signature on file)*

Councillor

*(Signature on file)*

Councillor

**Ocean Man First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2021*

	<i>Schedules</i>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>			
Federal government funding (Note 19)		<b>4,735,290</b>	3,705,401
Indigenous Services Canada		<b>175,457</b>	175,457
Canada Mortgage and Housing Corporation			
		<b>4,910,747</b>	3,880,858
Yorkton Tribal Administration Inc.		<b>608,908</b>	483,453
Land leases		<b>538,771</b>	520,347
Other		<b>384,794</b>	291,904
First Nations Trust		<b>129,480</b>	175,118
Oil, gas and seismic		<b>95,805</b>	116,898
Saskatchewan Indigenous Cultural Centre		<b>81,557</b>	33,359
Interest income		<b>75,961</b>	103,860
Rental income		<b>70,653</b>	22,065
Surface leases and right-of-way		<b>65,963</b>	80,641
Taxation bylaw		<b>52,288</b>	51,811
Royalty and mineral lease bonuses (OL-6496)		<b>42,404</b>	653,095
Painted Hand Community Development Corporation		<b>27,672</b>	137,026
Forfeited federal government funding (Note 20)		<b>-</b>	(19,430)
		<b>7,085,003</b>	6,531,005
<b>Program expenses</b>			
Band Government	3	<b>885,303</b>	634,559
Band Project Revenue	4	<b>529,518</b>	733,381
Capital	5	<b>322,759</b>	317,838
Community infrastructure	6	<b>701,370</b>	486,050
Education	7	<b>2,004,358</b>	2,160,280
Health	8	<b>266,316</b>	495,373
Reserves and Trusts	9	<b>167,656</b>	168,854
Social Services	10	<b>317,165</b>	324,965
		<b>5,194,445</b>	5,321,300
<b>Surplus before other items</b>		<b>1,890,558</b>	1,209,705
<b>Other income (expense)</b>			
Earnings (loss) from investment in Second Wind Limited Partnership		<b>(137,640)</b>	-
<b>Surplus</b>		<b>1,752,918</b>	1,209,705
<b>Accumulated surplus, beginning of year</b>		<b>21,689,408</b>	20,479,703
<b>Accumulated surplus, end of year (Note 14)</b>		<b>23,442,326</b>	21,689,408

**Ocean Man First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Surplus</b>	<b>1,752,918</b>	1,209,705
Purchases of tangible capital assets	(426,778)	(109,553)
Amortization of tangible capital assets	437,154	429,533
Acquisition of prepaid expenses, net	10,376	319,980
	(142,372)	-
<b>Increase in net financial assets</b>	<b>1,620,922</b>	1,529,685
<b>Net financial assets, beginning of year</b>	<b>8,610,153</b>	7,080,468
<b>Net financial assets, end of year</b>	<b>10,231,075</b>	8,610,153

**Ocean Man First Nation**  
**Consolidated Statement of Cash Flows**  
For the year ended March 31, 2021

	2021	2020
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	1,752,918	1,209,705
Non-cash items		
Amortization	437,154	429,533
	<b>2,190,072</b>	1,639,238
Changes in:		
Accounts receivable	(180,017)	(78,215)
Due from members	3,113	(3,894)
Prepaid expenses and deposits	(142,372)	-
Accounts payable and accruals	13,999	(282)
Deferred revenue	(23,554)	(18,259)
	<b>1,861,241</b>	1,538,588
<b>Financing activities</b>		
Advances of long-term debt	2,267,000	-
Repayment of long-term debt	(209,587)	(146,807)
	<b>2,057,413</b>	(146,807)
<b>Capital activities</b>		
Purchases of tangible capital assets	(426,778)	(109,553)
<b>Investing activities</b>		
Partnership equity withdrawal from PHC Holdings Limited Partnership (Note 10)	77,512	66,106
Transfer to restricted cash	68,306	(140,193)
Net change in Debt Reserve Fund - FNFA	(114,056)	-
Increase in funds held in trust	(184,328)	(838,427)
Investment in Nation business entities	(1,101,334)	-
	<b>(1,253,900)</b>	(912,514)
<b>Increase in cash resources</b>	<b>2,237,976</b>	369,714
<b>Cash resources, beginning of year</b>	<b>3,077,891</b>	2,708,177
<b>Cash resources, end of year</b>	<b>5,315,867</b>	3,077,891

## 1. Operations

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

### Impact on operations of COVID-19 (coronavirus)

In early March 2020 the global outbreak of COVID-19 (coronavirus) began to have significant impact on governments, businesses, and other organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were subsequently impacted by COVID-19 due to distancing measures, reduced gaming revenues from First Nations Trust, and reduced office hours. As the First Nation provides essential services to its members, Indigenous Services Canada has increased the amount of financial resources provided to the First Nation in order to ensure the safe and orderly provision of services. The First Nation's total revenues and financial position were not negatively impacted as a result.

## 2. Significant accounting policies

These consolidated financial statements have been, prepared in accordance with Canadian public sector accounting standards set out in the CPA Canada Handbook - Public Sector Accounting as issued by the Accounting Standards Board in Canada 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;
- Ocean Man First Nation Housing Authority;
- Lost Horse Hills Ranch Inc;
- Ocean Man Developments Inc. (Inactive); and,
- 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.

Under the modified equity method of accounting, only Ocean Man 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 Ocean Man First Nation.

Organizations accounted for by the modified equity basis include:

Second Wind Power Inc.; and,  
Second Wind Power Limited Partnership.

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

***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.

***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 and cash equivalents***

Cash and cash equivalents 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, lawyers trust, as well as funds managed by a project manager. The CMHC reserves are used to pay eligible expenditures of the CMHC housing units, lawyers trust funds to be disbursed in accordance with trust requirements, 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.

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

***Funds held in 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.

***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.

**Tax revenue**

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

**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 Trust Fund**

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

**2. 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, 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 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 8 reportable segments: Band Government, Band Project Revenue, Capital, Community Infrastructure, Education, Health, Reserves and Trusts, and Social Services. 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.

**3. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
Cash in bank	4,024,867	2,992,891
Term deposits, bearing interest at 0.55%, maturing April 8, 2021	1,206,000	-
Term deposits, bearing interest at 0.95% maturing in October and November 2021	85,000	85,000
	<b>5,315,867</b>	<b>3,077,891</b>

**4. Accounts receivable**

	<b>2021</b>	2020
Tundra Energy Marketing Ltd.	-	200,000
Other	<b>26,211</b>	34,934
Goods and Services Tax	<b>67,117</b>	67,038
Canada Mortgage and Housing Corporation - subsidy	<b>277,580</b>	102,123
Indigenous Services Canada	<b>124,329</b>	1,968
Painted Hand Community Development Corporation	<b>10,094</b>	25,343
First Nation Trust	<b>97,110</b>	-
Land leases	-	16,680
Yorkton Tribal Council	<b>170,009</b>	166,164
Rent revenue	<b>21,817</b>	-
	<b>794,267</b>	614,250
Less: allowance for doubtful accounts	<b>(66,965)</b>	(66,965)
	<b>727,302</b>	547,285

**5. Member advances**

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

	<b>2021</b>	2020
Amounts due from members	<b>206,417</b>	211,915
Allowance for doubtful accounts	<b>(203,857)</b>	(206,241)
	<b>2,560</b>	5,674

**6. Restricted cash**

	<b>2021</b>	2020
Project management bank account	<b>103,246</b>	127,893
CMHC reserve bank account	<b>321,397</b>	315,056
MLT - Funds Held in Lawyers' Trust Account	<b>401,572</b>	451,572
	<b>826,215</b>	894,521

Project management bank account 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. Funds held in lawyers' trust account are disbursed in accordance with the terms of the funds held in trust.

**7. 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.

	2021	2020
<b>Capital Trust</b>		
Balance, beginning of year	5,808,674	5,148,534
Royalties and mineral lease bonuses (OL-6496)	42,404	660,140
Balance, end of year	<b>5,851,078</b>	5,808,674
<b>Revenue Trust</b>		
Balance, beginning of year	635,416	457,131
Interest	75,961	97,644
Surface leases and right-of-way	65,963	80,641
Balance, end of year	<b>777,340</b>	635,416
	<b>6,628,418</b>	6,444,090

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
<b>Revenue Trust</b>						
No withdrawals		-	-	-	-	
<b>Total withdrawals</b>						

**8. Portfolio investments**

	2021	2020
<b>Measured at cost:</b>		
PHC Holdings Limited Partnership - 14.28%	<b>4,218</b>	81,730

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.

**9. Debt Reserve Fund - FNFA**

The First Nation Finance Authority ("FNFA") holds a 5% deposit on loans issued to the Nation.

	2021	2020
Principal on deposit	113,350	-
Interest	706	-
	<b>114,056</b>	-

## 10. Investments in partnerships and government business entities

The Nation holds a 99.96% ownership interest in Ocean Man Developments LP. Ocean Man Developments LP was established on October 21, 2016. The operations of Ocean Man Developments LP include a 5.99% ownership interest in Tomahawk Energy Services LP. The investment in Ocean Man Developments LP has been fully consolidated within the financial statements. The general partner Ocean Man Developments Inc. holds a 0.04% interest in Ocean Man Developments LP.

The Nation holds a 99.96% ownership interest in Second Wind Power Limited Partnership. Second Wind Power Limited Partnership was established on August 28, 2020. The operations of Second Wind Power Limited Partnership include electric power generation, transmission and distribution. The investment in Second Wind Power Limited Partnership has been accounted for in accordance with the modified equity method. The general partner Second Wind Power Inc. holds a 0.04% interest in Second Wind Power Limited Partnership.

The First Nation has investments in the following entities:

	<i>Opening balance</i>	<i>Contributions</i>	<i>Undistributed Earnings</i>	<i>2021 Ending balance</i>
<b>Business Partnerships and Wholly-owned – Modified Equity:</b>				
Second Wind Power Limited Partnership - (99.96%)	-	1,238,974	(137,585)	1,101,389
Second Wind Power Inc. - (100%)	-	-	(55)	(55)
Ocean Man Developments LP - (100%)	100,000	-	-	100,000
	<b>100,000</b>	<b>1,238,974</b>	<b>(137,640)</b>	<b>1,201,334</b>

The First Nation's investment in Second Wind Power Limited Partnership was established for the purposes of maintaining business entities operated on the Nation.

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

<i>Second Wind Power LP As at December 31, 2020</i>	
<b>Assets</b>	
Cash	797
Property, plant and equipment	919,118
<b>Total assets</b>	<b>919,915</b>
 <b>Partners' Capital</b>	 <b>919,915</b>
 <b>Total revenue</b>	 <b>-</b>
<b>Total expenses</b>	<b>137,640</b>
<b>Net income</b>	<b>(137,640)</b>
<b>Comprehensive income</b>	<b>(137,640)</b>

**11. 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	22,082	-	11,491	10,591
ISC housing	637,550	-	340,938	296,612
Capital projects - contingency fund	-	22,713	-	22,713
Non-capital deferred revenue	-	585,660	198,733	386,927
	<b>820,397</b>	<b>608,373</b>	<b>631,927</b>	<b>796,843</b>

**12. 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.

**13. Long-term debt**

The following loans are secured by ministerial 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>	<i>2021</i>	<i>2020</i>
I	-	-	-	-	-
IV	1,078	1.44%	1-Feb-2022	<b>72,350</b>	84,160
V	1,125	2.68%	1-Oct-2023	<b>90,785</b>	101,717
VI	1,772	1.14%	1-Jun-2021	<b>106,649</b>	126,581
VII	4,175	2.68%	1-Oct-2023	<b>340,219</b>	380,684
VIII	2,991	1.14%	1-Jun-2021	<b>349,762</b>	381,491
IX	3,310	2.68%	1-Oct-2023	<b>419,505</b>	447,664
				<b>1,379,270</b>	1,522,297
First Nation Financial Authority - Bond Series bearing interest at 2.5% repayable in monthly blended principal and interest installments of \$12,288, matures June 16, 2030; secured by First Nation Trust and land lease revenues.					
				<b>2,200,440</b>	-
				<b>3,579,710</b>	1,522,297
Less: current portion					
				<b>239,299</b>	142,812
				<b>3,340,411</b>	1,379,485

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

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:

2022	239,299
2023	244,650
2024	250,129
2025	255,741
2026	261,489

**14. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2021</b>	2020
Equity in Ottawa Trust Funds (Note 7):		
Balance, beginning of year	6,444,090	5,605,664
Royalties, interest, lease, and other revenue	184,328	838,426
	<b>6,628,418</b>	6,444,090
Equity in CMHC reserves (Note 15):		
Balance, beginning of year	439,102	462,763
Reserve allocation	40,300	40,300
Interest	6,769	5,528
Withdrawals	(1,875)	(69,489)
	<b>484,296</b>	439,102
Equity in tangible capital assets:		
Balance, beginning of year	11,499,398	11,672,570
Acquisition of tangible capital assets	426,778	109,555
Repayment of long-term debt	143,027	146,806
Amortization	(437,154)	(429,533)
	<b>11,632,049</b>	11,499,398
Equity in Native Claims loan:		
Balance, beginning of year	(106,903)	(106,903)
Equity in portfolio investments & nation business entities:		
Balance, beginning of year	181,730	247,836
Earnings (loss)	(137,640)	-
Advances of long-term debt	(2,267,000)	-
Repayment of long-term debt	66,560	-
Contributions	1,238,974	-
Withdrawals	(77,512)	(66,106)
	<b>(994,888)</b>	181,730

**14. Accumulated surplus (Continued from previous page)**

Unrestricted surplus:

Balance, beginning of year	3,231,991	2,597,773
Transfer from (to) equity in Ottawa Trust Funds	(184,328)	(838,426)
Transfer to equity in CMHC reserves	(45,194)	23,661
Transfer from tangible capital assets	(132,651)	173,172
Transfer from (to) equity in portfolio investment & nation business entities	1,176,618	66,106
Annual surplus (deficit)	1,752,918	1,209,705
	5,799,354	3,231,991
	<b>23,442,326</b>	21,689,408

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, 2021 \$nil (2020 - \$nil) is required to be on deposit to fund this reserve. The unfunded portion at March 31, 2021 is \$nil (2020 - \$nil).

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, 2021 \$484,296 (2020 - \$439,102) is required to be on deposit to fund this reserve. The unfunded portion at March 31, 2021 is \$195,399 (2020 - underfunded \$156,436).

**16. Credit arrangements**

At March 31, 2021, 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 3.7% and is secured by assignment of government funding.

**17. Segments**

During the year, the First Nation had 8 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.

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

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

**Social Services** - activities include delivering social programs.

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

**17. Segments** (Continued from previous page)

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.

**18. Economic dependence**

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

**19. Federal government funding reconciliation**

	2021	2020
<b>Indigenous Services Canada</b>		
Balance per ISC confirmation	<b>4,769,789</b>	3,685,175
Add (deduct): 2018/2019 sewage pump station	-	18,258
Add: Basic needs	-	1,968
	<b>4,769,789</b>	3,705,401
Balance per Statement of Operations - ISC	<b>4,735,290</b>	3,705,401
Less: Sewage pumping station revenue recognized in the current year	(11,491)	-
Less: ISC housing revenue recognized in the current year	(340,937)	-
Less: ISC low pressure water	(7,115)	-
Less: ISC school renovation	(15,616)	-
Add: ISC Contingency fund	22,731	-
Add: ISC - Non capital deferred revenue	386,927	-
Reconciled balance	<b>4,769,789</b>	3,705,401

**20. Forfeited federal government funding reconciliation**

	2021	2020
<b>Indigenous Services Canada</b>		
Provincial School - Direct Services	-	3,510
Immunization Prevention and promotion	-	697
Governance Capacity Development reconciliation	-	1,235
HIV/AIDS prevention	-	48
HCC service delivery	-	638
Children's oral health	-	2,034
NNADAP	-	11,268
	<b>-</b>	<b>19,430</b>

**21. Comparative figures**

Certain figures on the 2020 consolidated financial statements have been reclassified to conform with the 2021 consolidated financial statement presentation.

**Ocean Man First Nation**  
**Schedule 1 Consolidated Schedule of Tangible Capital Assets**

For the year ended March 31, 2021

	<i>Buildings</i>	<i>CMHC housing</i>	<i>First Nation housing</i>	<i>Water and sewer infrastructure</i>	<i>Vehicles and equipment</i>	<i>Computer equipment</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	5,267,418	4,604,690	1,001,201	1,320,463	500,157	121,489	12,815,418
Acquisition of tangible capital assets	49,905	-	-	-	9,705	14,739	74,349
<b>Balance, end of year</b>	<b>5,317,323</b>	<b>4,604,690</b>	<b>1,001,201</b>	<b>1,320,463</b>	<b>509,862</b>	<b>136,228</b>	<b>12,889,767</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	2,043,552	1,704,152	582,977	482,617	385,378	121,489	5,320,165
Annual amortization	197,744	115,117	25,153	33,427	47,380	3,685	422,506
<b>Balance, end of year</b>	<b>2,241,296</b>	<b>1,819,269</b>	<b>608,130</b>	<b>516,044</b>	<b>432,758</b>	<b>125,174</b>	<b>5,742,671</b>
<b>Net book value of tangible capital assets</b>	<b>3,076,027</b>	<b>2,785,421</b>	<b>393,071</b>	<b>804,419</b>	<b>77,104</b>	<b>11,054</b>	<b>7,147,096</b>
<b>Net book value of tangible capital assets 2020</b>	<b>3,223,866</b>	<b>2,900,538</b>	<b>418,224</b>	<b>837,846</b>	<b>114,779</b>	<b>-</b>	<b>7,495,253</b>



**Ocean Man First Nation**  
**Schedule 1 Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2021*

	<i>Subtotal</i>	<i>Furniture and fixtures</i>	<i>Land</i>	<i>Projects under construction</i>	<i>2021</i>	<i>2020</i>
<b>Cost</b>						
Balance, beginning of year	12,815,418	186,840	5,449,027	55,217	18,506,502	18,396,948
Acquisition of tangible capital assets	74,349	-	-	352,429	426,778	109,554
Balance, end of year	12,889,767	186,840	5,449,027	407,646	18,933,280	18,506,502
<b>Accumulated amortization</b>						
Balance, beginning of year	5,320,165	164,643	-	-	5,484,808	5,055,275
Annual amortization	422,506	14,648	-	-	437,154	429,533
Balance, end of year	5,742,671	179,291	-	-	5,921,962	5,484,808
<b>Net book value of tangible capital assets</b>						
Net book value of tangible capital assets 2020	7,495,253	22,197	5,449,027	407,646	13,011,318	13,021,694

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

**Ocean Man First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
Contracted services	892,117	801,244
Salaries and benefits	821,905	738,300
Professional fees	441,238	307,725
Amortization	437,154	429,533
Tuition	355,124	366,576
Supplies	340,897	119,384
Repairs and maintenance	322,312	451,394
Honorarium and per diems	232,300	231,195
Office supplies and training materials	230,251	310,883
Social assistance	188,953	284,356
Land transaction management	155,074	155,538
Student allowance	135,010	144,586
Travel	122,593	323,813
Insurance	118,360	116,292
Utilities	95,136	116,393
Interest on long-term debt	74,437	33,658
Member assistance	48,536	57,204
Per capita distribution	46,800	54,400
Contribution	25,753	65,555
Project expenses	22,737	38,596
Program expense	18,560	12,089
GST and sales tax	8,792	8,286
Equipment lease	7,602	148
Administration	7,200	1,490
Bad debts (recovery)	7,184	(59)
Elders fees	6,725	735
Workshops and meetings	6,184	37,724
Student expenses	5,700	-
Bank charges and interest	4,522	4,042
Property taxes - LHHR Inc.	3,786	2,534
Community donations	3,654	48,032
Taxation bylaws	3,140	4,434
Community and cultural events	2,025	43,376
Student projects and incentives	2,000	8,382
Medical transportation	484	1,737
Advertising and promotion	200	-
Youth activities	-	1,725
	<b>5,194,445</b>	<b>5,321,300</b>

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	556,289	476,572
Other	30,200	16,100
Rental income	100	-
Interest income	-	6,216
	<b>586,589</b>	498,888
<b>Expenses</b>		
Contracted services	333,227	211,062
Honorarium and per diems	219,650	219,776
Professional fees	147,891	89,623
Travel	68,607	99,132
Per capita distribution	46,800	-
Interest on long-term debt	44,036	-
Member assistance	39,788	41,976
Utilities	21,148	12,193
Repairs and maintenance	17,241	13,182
Office supplies and training materials	16,386	10,709
Bad debts (recovery)	7,184	36
Supplies	5,350	1,947
Salaries and benefits	5,203	1,227
Workshops and meetings	3,489	9,067
Equipment lease	3,310	-
Community donations	3,120	2,350
Bank charges and interest	2,939	1,608
Community and cultural events	2,025	24,936
Student projects and incentives	2,000	-
Elders fees	245	735
Administration	(104,336)	(105,000)
	<b>885,303</b>	634,559
<b>Deficit</b>	<b>(298,714)</b>	(135,671)

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Canada Mortgage and Housing Corporation	175,457	175,457
Other	249,203	179,264
First Nations Trust	129,480	175,118
Yorkton Tribal Administration Inc.	104,509	58,548
Interest income	75,961	97,644
Surface leases and right-of-way	65,963	80,641
Royalty and mineral lease bonuses (OL-6496)	42,404	653,095
Rental income	28,037	13,410
Painted Hand Community Development Corporation	867	56,000
	<b>871,881</b>	1,489,177
<b>Expenses</b>		
Professional fees	254,726	212,110
Amortization	115,117	115,117
Repairs and maintenance	32,108	100,179
Interest on long-term debt	30,400	33,384
Contribution	25,753	65,555
Contracted services	23,286	18,212
Program expense	18,560	-
Office supplies and training materials	16,623	109,944
GST and Sales tax	8,792	8,286
Supplies	3,029	-
Travel	745	5,426
Bank charges and interest	252	400
Salaries and benefits	127	-
Per capita distribution	-	54,400
Insurance	-	68
Workshops and meetings	-	10,300
	<b>529,518</b>	733,381
<b>Surplus before other items</b>	<b>342,363</b>	755,796
<b>Other income (expense)</b>		
Earnings (loss) from investment in Nation Business	(137,640)	-
<b>Surplus</b>	<b>204,723</b>	755,796

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

*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	<b>353,151</b>	80,675
<b>Expenses</b>		
Amortization	322,037	314,416
Repairs and maintenance	722	621
Contracted services	-	2,801
	<b>322,759</b>	317,838
<b>Surplus (deficit)</b>	<b>30,392</b>	(237,163)

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	696,936	131,100
Rental income	40,741	8,655
Other	800	4,367
	<b>738,477</b>	144,122
<b>Expenses</b>		
Supplies	194,201	-
Contracted services	150,433	62,572
Repairs and maintenance	136,950	245,116
Insurance	116,947	82,739
Utilities	37,735	60,262
Salaries and benefits	36,954	31,570
Professional fees	14,086	-
Member assistance	8,240	-
Elders fees	2,315	-
Travel	1,800	1,811
Equipment lease	1,709	-
Bad debts (recovery)	-	(95)
Honorarium and per diems	-	1,050
Community and cultural events	-	1,025
	<b>701,370</b>	486,050
<b>Surplus (deficit)</b>	<b>37,107</b>	(341,928)

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	1,987,810	2,068,688
Yorkton Tribal Administration Inc.	472,175	388,546
Other	103,091	92,172
Saskatchewan Indigenous Cultural Centre	81,557	33,359
Painted Hand Community Development Corporation	26,805	81,026
Forfeited federal government funding	-	(4,745)
	<b>2,671,438</b>	2,659,046
<b>Expenses</b>		
Salaries and benefits	753,429	662,961
Tuition	355,124	366,576
Office supplies and training materials	178,692	188,667
Student allowance	135,010	144,586
Repairs and maintenance	131,263	91,743
Supplies	121,365	61,539
Contracted services	112,662	221,626
Administration	111,536	106,490
Travel	44,405	194,463
Utilities	27,782	37,565
Project expenses	22,737	38,596
Student expenses	5,700	-
Workshops and meetings	2,295	-
Insurance	1,413	33,485
Bank charges and interest	945	1,182
Honorarium and per diems	-	419
Interest on long-term debt	-	275
Youth activities	-	1,725
Student projects and incentives	-	8,382
	<b>2,004,358</b>	2,160,280
<b>Surplus</b>	<b>667,080</b>	498,766

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous and Northern Affairs Canada	437,961	435,436
Yorkton Tribal Administration Inc.	32,223	36,359
Rental income	1,775	-
Other	1,500	-
Forfeited federal government funding	-	(14,685)
	<b>473,459</b>	457,110
<b>Expenses</b>		
Contracted services	176,618	257,911
Salaries and benefits	24,977	42,542
Office supplies and training materials	18,550	1,564
Supplies	16,953	55,898
Honorarium and per diems	12,650	9,950
Utilities	4,620	3,873
Repairs and maintenance	4,028	552
Equipment lease	2,583	148
Travel	1,963	22,980
Social assistance	1,035	-
Community donations	534	45,682
Medical transportation	484	1,737
Professional fees	469	5,000
Workshops and meetings	400	18,357
Bank charges and interest	294	309
Member assistance	158	12,055
Community and cultural events	-	16,815
	<b>266,316</b>	495,373
<b>Surplus (deficit)</b>	<b>207,143</b>	(38,263)

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	144,199	113,362
Land leases	538,771	520,347
Oil, gas and seismic	95,805	116,898
Taxation bylaw	52,288	51,811
	<b>831,063</b>	802,418
<b>Expenses</b>		
Land transaction management	155,074	155,538
Contracted services	4,090	5,748
Property taxes - LHHR Inc.	3,786	2,534
Taxation bylaws	3,140	4,434
Salaries and benefits	1,216	-
Member assistance	350	-
Community and cultural events	-	600
	<b>167,656</b>	168,854
<b>Surplus</b>	<b>663,407</b>	633,564

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

For the year ended March 31, 2021

	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	<b>558,944</b>	399,568
<b>Expenses</b>		
Social assistance	187,918	284,356
Contracted services	91,801	21,314
Professional fees	24,066	991
Travel	5,072	-
Elders fees	4,165	-
Utilities	3,850	2,500
Advertising and promotion	200	-
Bank charges and interest	93	542
Member assistance	-	3,173
Program expense	-	12,089
	<b>317,165</b>	324,965
<b>Surplus</b>	<b>241,779</b>	74,603