

Consolidated Financial Statements

Cross Lake Band of Indians

March 31, 2017

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Management's Responsibility for Financial Reporting

The accompanying March 31, 2017, consolidated financial statements of the Cross Lake Band of Indians and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the Cross Lake Band of Indians.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains appropriate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

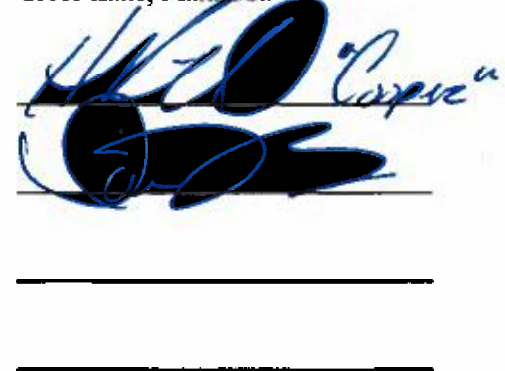
The March 31, 2017 consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.


Chief



Council

Cross Lake, Manitoba





Grant Thornton

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Independent Auditors' Report

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To the Chief and Council of
Cross Lake Band of Indians

We have audited the accompanying consolidated financial statements of Cross Lake Band of Indians, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Band's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Unqualified opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cross Lake Band of Indians as at March 31, 2017, and the consolidated results of its operations, changes in accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other explanatory material

Supplemental information presented in the schedules on pages 30-54 are not a part of the basic financial statements. Such supplemental information has been subjected only to auditing procedures applied to the audit of the basic consolidated financial statements taken as a whole.

Winnipeg, Canada
October 17, 2017

Grant Thornton LLP
Chartered Professional Accountants

Cross Lake Band of Indians

Consolidated Statement of Operations

Year Ended March 31

	2017 <u>Budget</u> (Note 23)	2017 <u>Actual</u>	2016 <u>Actual</u>
Revenue			
Indigenous and Northern Affairs Canada (Note 18)	\$ 36,763,280	\$ 41,279,706	\$ 35,833,722
Administration fees (Schedule 1)	239,800	199,156	376,922
Canada Mortgage and Housing Corporation (Schedule 8)	948,324	1,922,724	1,151,296
First Nation Safety Officer Program (Schedule 10)	168,000	174,018	51,429
Daycare program (Schedule 4)	672,996	733,997	639,873
Health Canada (Schedule 12)	5,228,665	6,521,711	5,634,592
Human Resource and Development Canada (Schedule 7)	1,407,220	1,546,595	1,407,220
Justice Program (Schedule 16)		100,000	
Northern Flood Agreement Claim 138 (Schedule 1)		636,122	8,372,474
Miscellaneous	1,133,548	947,138	273,366
Province of Manitoba	9,996	68,782	9,310
Recreation (Schedule 15)		1,469	
Rent	199,620	220,523	219,047
Tobacco sales, rebates and other	2,318,995	1,818,489	1,905,048
	<u>49,090,444</u>	<u>56,170,430</u>	<u>55,874,299</u>
Expenditures			
Administration (Schedule 1)	2,807,970	7,425,961	5,737,643
Capital (Schedule 2)	100,000	204,672	
Cultural grant (Schedule 3)	60,000	17,216	81,100
Daycare (Schedule 4)	673,331	742,292	609,134
Economic development (Schedule 5)	248,466	297,382	96,131
Education operations (Schedule 6)	16,391,287	18,028,883	15,896,598
Employment and job creation (Schedule 7)	1,407,220	1,574,822	1,405,760
Housing operations and maintenance (Schedule 8)	4,143,778	7,195,928	5,009,266
Justice Program (Schedule 16)		100,528	
Miscellaneous (Schedule 9)	733,800	841,960	625,055
Policing (Schedule 10)	352,753	586,835	556,821
Public Works (Schedule 11)	3,106,420	4,181,343	3,796,449
Health Services (Schedule 12)	5,218,329	6,635,188	5,724,908
Social Services (Schedule 14)	12,990,600	12,155,052	11,754,400
Recreation (Schedule 15)	63,500	45,916	82,133
	<u>48,297,454</u>	<u>60,033,978</u>	<u>51,375,398</u>
	<u>792,990</u>	<u>(3,863,548)</u>	<u>4,498,901</u>
Other revenues (expenses), net			
Midnorth Development Corporation (Schedule 17)		(175,092)	(302,068)
Multi-Channel System (Schedule 18)		(89,366)	11,648
Pimicikamac Technical Services (unaudited)		7,536	9,508
Ponton Service Station (1977) Ltd. (Schedule 19)		(584,007)	13,401
My's Est. 98 Ltd. (Schedule 20)		(6,462)	(129,227)
		<u>(847,391)</u>	<u>(396,738)</u>
Annual surplus (deficit)	\$ 792,990	\$ (4,710,939)	\$ 4,102,163

Segment Disclosure (Note 24)

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Changes in Accumulated Surplus

Year Ended March 31

	Replacement <u>Reserve</u>	Ottawa <u>Trust</u> (Note 16)	<u>Surplus</u>	<u>2017</u> <u>Total</u>	2016 <u>Total</u>
Balance, beginning of year	<u>\$ 1,544,422</u>	<u>\$ 14,030</u>	<u>\$45,844,693</u>	<u>\$47,403,145</u>	<u>\$43,242,106</u>
Annual (deficit) surplus		813	(4,711,752)	(4,710,939)	4,102,163
Replacement reserve					
Phase 3 maturity and transfers	(67,271)		67,271		
Contributions	166,641			166,641	196,120
Approved repairs	<u>(111,676)</u>			<u>(111,676)</u>	<u>(137,244)</u>
	<u>(12,306)</u>	<u>813</u>	<u>(4,644,481)</u>	<u>(4,655,974)</u>	<u>4,161,039</u>
Balance, end of year	<u>\$ 1,532,116</u>	<u>\$ 14,843</u>	<u>\$41,200,212</u>	<u>\$42,747,171</u>	<u>\$47,403,145</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Financial Position

March 31 2017 2016

Financial Assets

Receivables (Note 3)	\$ 3,307,507	\$ 3,632,270
Pimicikamak Okimawin Trust receivable (Note 14)	2,143,228	2,143,228
Investment in business enterprises (Note 6)	3,218,787	3,776,227
Restricted cash (Note 5)	<u>1,895,048</u>	<u>14,030</u>

Total financial assets 10,564,570 9,565,755

Liabilities

Bank indebtedness (Note 7)	6,436,514	4,824,903
Payables and accruals (Note 8)	7,746,397	5,615,134
Long-term debt (Note 9)	12,319,968	11,831,339
Obligations under capital lease (Note 10)	578,831	553,635
Deferred revenue (Note 11)	4,448,070	2,947,474
Joint venture liabilities	<u>157,023</u>	<u>149,782</u>

Total liabilities 31,686,803 25,922,267

Net debt (21,122,233) (16,356,512)

Non-financial assets

Tangible capital assets (Note 4)	63,864,404	63,754,657
Inventory	<u>5,000</u>	<u>5,000</u>

Total non-financial assets 63,869,404 63,759,657

Accumulated surplus (Page 5) \$ 42,747,171 \$ 47,403,145

Contingencies (Note 13)

On behalf of the Chief and Council



Chief



Councillor

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Changes in Net Debt

March 31	Budget (Note 23)	2017	2016
Annual surplus (deficit)	\$ 792,990	\$ (4,710,939)	\$ 4,102,163
Acquisition of tangible capital assets	(1,524,234)	(1,524,234)	(3,065,159)
Decrease (increase) in work in progress	(2,336,630)	(2,336,630)	2,045,225
Amortization of tangible capital assets (depreciation)		3,751,117	3,602,099
Increase in replacement reserve		<u>54,965</u>	<u>58,876</u>
	<u>(3,067,874)</u>	<u>(4,765,721)</u>	<u>6,743,204</u>
Acquisition of inventory		(5,000)	(5,000)
Use of inventory		<u>5,000</u>	<u>5,000</u>
Decrease (increase) in net debt	(3,067,874)	(4,765,721)	6,743,204
Net debt at beginning of year	<u>(16,356,512)</u>	<u>(16,356,512)</u>	<u>(23,099,716)</u>
Net debt at end of year	<u>\$(19,424,386)</u>	<u>\$(21,122,233)</u>	<u>\$(16,356,512)</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Cash Flows

Year Ended March 31

2017

2016

Increase (decrease) in cash and cash equivalents

Operating		
Annual (deficit) surplus	\$ (4,710,939)	\$ 4,102,163
Net loss from business enterprises	590,469	115,826
Amortization	3,751,117	3,602,099
Replacement reserve, net of approved repairs	<u>54,965</u>	<u>58,876</u>
	(314,388)	7,878,964
Change in non-cash operating working capital		
Receivables	324,763	(1,047,946)
Pimicikamak Okimawin Trust receivable		25,948
Payables and accruals	2,131,263	(644,384)
Deferred revenue	<u>1,500,596</u>	<u>(2,477,526)</u>
	<u>3,642,234</u>	<u>3,735,056</u>
Financing		
Proceeds from long-term debt	1,743,294	1,160,688
Repayment of long-term debt	(1,254,665)	(1,298,053)
Obligations under capital lease, net	25,196	(15,779)
Increase in joint venture liabilities	7,241	9,135
Increase (repayment) of bank indebtedness	<u>1,611,611</u>	<u>(2,559,503)</u>
	<u>2,132,677</u>	<u>(2,703,512)</u>
Investing		
(Increase) decrease in work in progress	(2,336,630)	2,045,225
Purchase of capital assets	(1,524,234)	(3,065,159)
Investment in business enterprises	<u>(33,029)</u>	<u>(10,800)</u>
	<u>(3,893,893)</u>	<u>(1,030,734)</u>
Net increase in cash and cash equivalents	1,881,018	810
Cash and cash equivalents		
Beginning of year	<u>14,030</u>	<u>13,220</u>
End of year	<u>\$ 1,895,048</u>	<u>\$ 14,030</u>
Cash and cash equivalents consist of:		
Restricted cash (Note 5)	<u>\$ 1,895,048</u>	<u>\$ 14,030</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

1. Nature of entity

Cross Lake Band of Indians is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of the band members of Cross Lake Band of Indians at Cross Lake, Manitoba.

2. Summary of significant accounting policies

Basis of accounting

These financial statements were prepared in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investment in subsidiary operations

These consolidated financial statements include the General Operating Fund, Education Authority, Social Services, Health Services and Multi-Channel System, which have a net investment cost of nil.

These consolidated financial statements also include investments in the incorporated entities Midnorth Development Corporation and Pimicikamak Technical Services which are recorded using the consolidation basis of accounting.

Business enterprises include My's Est. 98 Ltd., Ponton Service Station (1977) Ltd., Tree Suns Junction Inc., and Cross Lake Mineral Exploration Inc. and are recorded using the modified equity basis of accounting.

Non-consolidated financial statements are reported separately.

Basis of preparation of consolidated financial statements

The band maintains a separate self-balancing set of accounts for each entity. The General Operating Fund includes the following statements of operations:

Administration	Capital
Daycare	Economic Development
Employment and Job Creation	Housing Operations and Maintenance
Miscellaneous	Operations and Maintenance
Recreation	

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Basis of preparation of consolidated financial statements (continued)

Several entities are reported and audited separately and have not been included in these financial statements. The funding for each of these entities, trusts and segregated bank accounts are restricted for the specific purposes intended. These entities are not controlled by Chief and Council of the Band and not considered appropriate for consolidation.

Pimicikamak Okimawin Trust
Pimicikamak Arena #1 Trust
Cross Lake Sport Complex Inc.
Domestic Fishing Fund
Safety and Monitoring Fund

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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories or supplies.

Program surpluses

Programs funded by government agencies (Education, Health, and Social Services) may be subject to recovery by the contributing agencies in accordance with funding arrangements.

Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. Certain assets which have historical or cultural value, including works of art, historical documents and historical or cultural artifacts, are not recognized as tangible capital assets.

Tangible capital assets are reported at gross cost. Assets under construction are not amortized until the asset is available to be put into service. Amortization of tangible capital assets is recognised as an expense in the Statement of Operations.

Pension plans

The Band maintains a defined contribution pension plan for its personnel. Expenditures for this plan are equal to the Band's required contribution for the year.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Amortization

Tangible capital assets recorded are amortized annually. Assets are amortized over their expected useful life using the following rates and methods:

Band housing	4% declining balance and 4% and 2.5% straight-line basis
Bridges and roads	2.5% straight-line basis
Building and improvements	4% declining balance
Heavy equipment	20% declining balance
Office equipment	20% declining balance
Playgrounds	20% declining balance
Vehicles	20% declining balance
Water treatment plant	5% declining balance
Water and sewer pipes	4% declining balance and 2.5 % straight-line basis
Site development	4% declining balance
Social housing	4% declining balance
Trailers	4% declining balance

In the year of acquisition, 50% of the normal amortization is recorded.

Bank indebtedness

Bank indebtedness includes cash on hand, balances with banks and term deposits net of bank overdraft. Bank borrowings are considered to be financing activities.

Revenue recognition

The Band follows the deferral method of accounting for restricted revenues. Revenues restricted by legislation, regulation or agreement and not available for general government purposes are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Consolidated Contribution Agreement Funding is funding approved by Health Canada for specific programs. Any operating surpluses related to Consolidated Contribution Agreement funding are recorded on the consolidated statement of financial position as a payable to Health Canada until such time as Health Canada reviews the financial statements. At that time, Health Canada determines what portion of the approved surplus may be retained by the band, or repaid to Health Canada.

Conversely, any operating deficits related to Consolidated Contribution Agreement funding arrangements are recorded on the consolidated statement of financial position as a receivable from Health Canada until such time as Health Canada reviews the financial statements. At that time, Health Canada determines their final funding approvals which indicate the portion of the deficit that will be paid to the band. Any unapproved costs not paid by Health Canada are absorbed by the band.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Any adjustments will be reflected in the year the final statement of recommended costs is received from Health Canada.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on a weighted average basis.

Use of estimates

In preparing the Band's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. The items subject to estimate are amortization, investment in business enterprises, payables and accruals and receivables.

Net debt

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

3. Receivables	2017	2016
Business entities receivables	\$ 163,581	\$ 178,696
Canada Mortgage and Housing Corporation	63,780	78,853
Canada Mortgage and Housing Corporation – retrofit	450,000	
Colliers International	21,450	
Contractors	41,637	42,906
Cross Lake Islanders' Jr. Hockey	234,436	151,889
Department of Justice	17,500	
Fire insurance proceeds	27,646	302,629
Gaming Commission	92,661	
Health Canada	59,388	275,622
Indigenous and Northern Affairs Canada	192,500	31,728
Manitoba Hydro	231,855	220,853
Manitoba Justice	3,000	
Manitoba Keewatinowi Okimakanak	192,421	372,341
NFA Implementation		265,084
Other	38,501	77,437
Pimicikamak Gaming Centre	911,009	476,308
Province of Manitoba	447,729	635,862
Reimbursable travel		291,715
Loans receivable	93,413	230,347
Sports complex	25,000	
	\$ 3,307,507	\$ 3,632,270

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

4. Tangible capital assets		<u>2017</u>		<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Operating fund				
Building - 425 Settee Dr.	\$ 38,000	\$ 22,329	\$ 15,671	\$ 16,324
My's Restaurant	390,600	90,970	299,630	312,115
Equipment	15,400	11,767	3,633	4,542
Water trucks	145,715	144,366	1,349	1,686
Computer equipment	140,155	136,956	3,199	3,998
Daycare facility	1,234,780	685,883	548,897	571,768
Recreation	439,537	249,194	190,343	233,502
Vehicles	73,797	50,336	23,461	29,327
Bridges and roads	7,491,994	5,482,571	2,009,423	2,196,723
Water and sewer pipes	17,153,164	8,499,957	8,653,207	9,082,036
Trailers	112,000	2,240	109,760	-
Playgrounds	947,320	854,350	92,970	116,213
Assets under capital lease	1,724,779	751,303	973,476	836,763
	<u>29,907,241</u>	<u>16,982,222</u>	<u>12,925,019</u>	<u>13,404,997</u>
Band housing				
Buildings	11,468,387	6,557,864	4,910,523	5,166,401
Automotive equipment	446,261	367,685	78,576	51,852
	<u>11,914,648</u>	<u>6,925,549</u>	<u>4,989,099</u>	<u>5,218,253</u>
Social housing				
Land	395,500		395,500	395,500
Site development	3,371,441	622,460	2,748,981	2,863,522
Buildings	48,173,375	16,944,524	31,228,851	32,520,514
	<u>51,940,316</u>	<u>17,566,984</u>	<u>34,373,332</u>	<u>35,779,536</u>
Education				
Buildings	22,213,018	14,885,797	7,327,221	7,958,455
Equipment	1,337,914	1,323,514	14,400	28,800
Automotive	1,860,104	1,612,016	248,088	269,353
	<u>25,411,036</u>	<u>17,821,327</u>	<u>7,589,709</u>	<u>8,256,608</u>
Other entities				
	<u>9,441,662</u>	<u>7,791,047</u>	<u>1,650,615</u>	<u>1,095,263</u>
Work in progress				
CMHC Phase 21 housing	2,216,835		2,216,835	
Hospital Project	119,795		119,795	-
	<u>2,336,630</u>		<u>2,336,630</u>	<u>-</u>
	<u>\$130,951,533</u>	<u>\$ 67,087,129</u>	<u>\$ 63,864,404</u>	<u>\$ 63,754,657</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

5. Restricted cash

- i) Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be credited in amounts determined annually by C.M.H.C. The required replacement reserve for 2017 is \$185,280 (2016: \$196,120). These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the C.M.H.C. from time to time. The funds in the account may only be used as approved by the C.M.H.C. Withdrawals are credited to interest first and then principal. At year end, the funds in reserve consisted of the following:

	<u>2017</u>	<u>2016</u>
Restricted cash	\$ -	\$ -

As of March 31, 2017, there was a shortfall of \$1,532,116 (2016: \$1,544,422) in the Replacement Reserve account. Accordingly, the projects are not in compliance with the operating agreement. During 2012, the replacement reserve bank account was closed by the bank due to inactivity.

- ii) Ottawa Trust as detailed in Note 16. At year end, the restricted funds consisted of the following:

	<u>2017</u>	<u>2016</u>
Restricted cash	\$ 14,843	\$ 14,030

- iii) In the current year, the Band received restricted cash in the amount of \$2,000,000 from Health Canada for the construction of a new hospital. During the year, \$119,795 was spent towards the construction of the new hospital and the balance is held in trust.

	<u>2017</u>	<u>2016</u>
Restricted cash	\$ 1,880,205	\$ -

6. Investment in business enterprises

The commercial business enterprises that are included in the Band's reporting entity, as described in Note 2 to these financial statements includes My's Est. 98 Ltd., Tree Suns Junction Inc., Ponton Service Station (1997) Ltd., and Cross Lake Mineral Exploration Inc.

Tree Suns Junction Inc. is a holding company for the operations of Ponton Service Station (1997) Ltd, which is a gas station fully owned by the Cross Lake Band of Indians, and operated off band land.

Ponton Service Station (1997) Ltd. is a holding company for the operations of My's Est. 98 Ltd., which is a restaurant fully owned by the Cross Lake Band of Indians, and operated off band land.

Cross Lake Mineral Explorations Inc., is a wholly-owned private corporation of the Cross Lake First Nation, with the purpose of developing their interest in local natural resources and the development of the Pipestone Vanadium Project. The costs incurred to date relate to the exploration and development of the potential mining operation and management believes that the value of this asset has not diminished.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

6. Investment in business enterprises (continued)

The investments in business enterprises have been accounted for using the modified equity basis of accounting. The investment balances are as follows:

	<u>2017</u>	<u>2016</u>
Cross Lake Mineral Exploration Inc.	\$ 2,627,210	\$ 2,627,210
Tree Suns Junction Inc. (Ponton Service Station 1997 Ltd. and My's Est. 98 Ltd.)	<u>591,577</u>	<u>1,149,017</u>
	<u>\$ 3,218,787</u>	<u>\$ 3,776,227</u>

The purchase of Ponton Service Station (1997) Ltd. through the shares of the holding company Tree Suns Junction Inc., resulted in a purchase price premium of \$1,042,066, which represents the cost of the acquired business in excess of the fair value of net identifiable assets acquired. The band has chosen to amortize this purchase price premium over 20 years and believes that future earnings will be in excess of the unamortized purchase premium. The other revenue from Ponton Service Station (1997) Ltd. reported on the Statement of Operations reflects the net amount of income after amortization of the purchase price premium. The unamortized purchase price premium as of March 31, 2017 is \$729,450 (2016: \$781,552).

7. Bank indebtedness

The Band has an authorized line of credit of \$2,500,000 (2016: \$2,500,000). The balance of bank indebtedness, at year end, consisted of the following:

	<u>2017</u>	<u>2016</u>
Overdraft	\$ 10,008,618	\$ 3,267,865
Line of credit	2,400,000	2,440,000
Cash	<u>(5,972,104)</u>	<u>(882,962)</u>
	<u>\$ 6,436,514</u>	<u>\$ 4,824,903</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

8. Payables and accruals	2017	2016 (Note 21)
Accrued audit fee	\$ 241,000	\$ 241,000
Accrued interest	126,417	130,592
Accrued payables		272,774
Accrued wages and benefits	700,921	406,104
Accrued wages and benefits - business entities	209,494	71,367
AECOM	46,025	
Business entities payables	558,844	891,359
Bell MTS	11,232	20,381
Best Buy Homes	448,500	458,800
Christie's	58,303	98,093
Cleanworks Sanitary Supplies		15,511
Contractors	74,178	59,881
Elders Trust	449,636	449,636
Grant Thornton LLP	102,268	67,156
KGS Consulting Ltd.	190,910	
Manitoba First Nation Education	111,821	42,694
Manitoba Hydro	13,894	500,572
Manitoba Learning Resource Centre	12,411	17,971
Meiko Sipi Science Academy	33,750	
Meyers, Norris, Penny LLP	17,219	41,102
Mistassineek Gas & Fuel	48,057	44,198
MLT Aikins	105,000	
Nixon & Associates	49,071	
NFA Implementation		154,074
North Mart	527,078	36,783
Other	326,246	121,653
Olthius, Kleer, Townshend LLP	19,204	73,409
Payroll savings payable	152,691	137,606
Peter Grant & Associates	41,139	41,139
Pimicikamak Gas Bar & C-Store	32,063	
Pimicikamak Okimawin	447,161	181,909
Red River College	33,431	
Savings bonds payable	33,000	33,000
Springhill Lumber Wholesale Ltd.	771,076	183,681
Stittco Energy Limited	66,101	29,713
Sun Life Financial Services	867,291	306,725
Taylor McCaffrey	202,872	214,068
Thompson Home Hardware	28,307	
Trade payables	73,133	66,673
The Incorporated Community of Cross Lake	93,540	58,485
University of Manitoba	30,471	
University of the North	212,777	50,000
University of Winnipeg	39,593	
Wardrop Engineering Inc.	31,677	31,677
Wilson's Business Solutions	48,150	41,677
Xerox Canada Ltd.	60,445	23,671
	\$ 7,746,397	\$ 5,615,134

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

9. Long-term debt	<u>2017</u>	<u>2016</u>
Term loans		
Manitoba Hydro		
Loan payable no set date of maturity, interest accumulating at 6.1% per annum retroactive until such funds are paid in full.	\$ 868,994	\$ 819,033
Indigenous and Northern Affairs Canada		
Loan payable with maturity at March 31, 2021, interest-free unless the Band is in default or the promissory note comes to maturity.	64,300	
Midnorth Development Corporation loans		
Various equipment and vehicle loans, with interest ranging from 6.99% to 10.87%, with maturities ranging from March 2018 to January 2021	761,871	414,160
Mortgages - subsidized		
Vanguard Credit Union		
Repayable at \$2,370 (2016: \$2,500) monthly, including interest at 2.95% (2016: 4.84%) compounded monthly, with maturity on April 1, 2020.	81,480	107,223
CMHC		
Repayable at \$6,609 monthly, including interest at 0.99% compounded monthly, with maturity at June 1, 2017.	26,402	98,414
Royal Bank of Canada		
Refinanced through CMHC during the year		166,801
CMHC		
Repayable at \$6,275 monthly, including interest at 1.10% compounded semi-annually, with maturity at June 1, 2018	99,718	
CMHC		
Repayable at \$6,000 per month, including interest 1.39%, compounded semi-annually with maturity at June 1, 2020 and amortization to March 1, 2025.	550,885	608,865
CMHC		
Repayable at \$5,618 (2016: \$5,710) per month including interest at 1.31% (2016: 1.64%), compounded semi-annually, with maturity at December 1, 2021 and amortization to January 1, 2027	627,410	679,891
CMHC		
Repayable at \$4,540 monthly including interest at 1.62% compounded semi-annually, with maturity at March 1, 2018 and amortization to February 1, 2028	<u>549,487</u>	<u>590,249</u>
Subtotal (carry forward)	<u>\$ 3,630,547</u>	<u>\$ 3,484,636</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

9. Long-term debt (continued)	<u>2017</u>	<u>2016</u>
Subtotal (carried forward)	\$ 3,630,657	\$ 3,484,636
CMHC		
Repayable at \$4,627 monthly including interest at 2.04% compounded semi-annually, with maturity at March 1, 2019 and amortization to November 1, 2028	580,910	619,645
CMHC		
Repayable at \$4,007 monthly, including interest at 1.83%, compounded semi-annually, with maturity at December 1, 2019 and amortization to December 1, 2029	550,653	584,413
CMHC		
Repayable at \$3,822 monthly, including interest at 1.71% compounded semi-annually, with maturity at September 1, 2017 and amortization to July 1, 2032	622,220	653,421
CMHC		
Repayable at \$7,078 monthly, including interest at 1.62% compounded semi-annually, with maturity at March 1, 2018 and amortization to January 1, 2033	1,193,066	1,251,244
CMHC		
Repayable at \$9,880 (2016: \$11,121) monthly, including interest at 1.03% (2016: 2.26%), compounded semi-annually, with maturity at October 1, 2021 and amortization to August 1, 2036	2,095,912	2,175,976
Royal Bank of Canada, fully paid during the year		31,514
Royal Bank of Canada		
Repayable at \$2,149 monthly, including interest at 3.80% compounded monthly, with maturity September 1, 2017.	53,487	76,754
CMHC		
Repayable at \$5,902 monthly, including interest at 1.62% compounded semi-annually, with maturity November 1, 2017.	52,848	116,402
CMHC		
Repayable at \$11,704 monthly, including interest at 1.68% compounded semi-annually, with maturity December 1, 2017.	116,321	242,065
CMHC		
Repayable at \$6,416 monthly, including interest at 2.04% compounded semi-annually, with maturity November 1, 2018.	132,493	199,696
CMHC		
Repayable at \$6,826 monthly, including interest at 2.04% compounded semi-annually, with maturity March 1, 2019 and amortization to October 1, 2021	365,025	432,032
CMHC		
Repayable at \$7,462 monthly, including interest at 0.94% compounded semi-annually, with maturity September 1, 2020 and amortization to May 1, 2040	1,899,535	1,963,541
CMHC		
Bridge financing on Phase 21 Housing	<u>1,026,951</u>	
Total long-term debt (carry forward)	<u>\$ 12,319,968</u>	<u>\$ 11,831,339</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

9. Long-term debt (continued)	<u>2017</u>	<u>2016</u>
Total long-term debt (carried forward)	\$ 12,319,968	\$ 11,831,339
Less current portion		
Cross Lake Band of Indians	<u>1,863,893</u>	<u>2,324,025</u>
	<u>\$ 10,456,075</u>	<u>\$ 9,507,314</u>

During the year, the Band paid \$160,042 (2016: \$200,717) in interest on long-term debt.

Principal payment requirements on above loans for the next five years are as follows:

2018	\$ 1,863,893
2019	743,306
2020	649,361
2021	626,495
2022	673,516

10. Obligations under capital lease	<u>2017</u>	<u>2016</u>
Repayments are due as follows:		
2017	\$	\$ 227,916
2018	264,653	165,662
2019	232,219	140,152
2020	114,183	67,263
2021	<u>41,982</u>	<u>25,665</u>
Total minimum lease payments	653,037	626,658
Less amounts representing interest	<u>(74,206)</u>	<u>(73,023)</u>
Present value of net minimum capital lease payments	<u>\$ 578,831</u>	<u>\$ 553,635</u>

Interest rates on capital leases range from 5.95% to 9.99% with maturity dates ranging from April 1, 2017 to September 1, 2020.

Total interest on leases for the year was \$40,142 (2016: \$42,979).

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

11. Deferred revenue 2017 2016

Deferred revenue consists of the following:

Northern Flood Agreement Claim 138	\$ 2,156,352	\$ 2,792,474
Indigenous and Northern Affairs Canada		
Grant – Water/Waterwaste training (Note 18)	-	155,000
Health Canada	1,880,205	-
Manitoba Keewatinowei Okimakanak Daycare Capital		
Expenditure Fund	<u>411,513</u>	<u>-</u>
	<u>\$ 4,448,070</u>	<u>\$ 2,947,474</u>

In 2016, Northern Flood Agreement Claim was settled and the Band received a lump sum payment of \$5,584,948. Half of this amount was deferred to future periods as 50% of the amount is to be used for sewer and water projects. In the current year, the Band incurred \$636,122 of expenses related to sewer and water projects.

In the current year, the Band received \$2 million from Health Canada for the development of a new hospital in the subsequent year. During the year, \$119,795 was spent towards the construction of the new hospital and the balance of \$1,880,205 is held in trust.

The Band also received a lump sum payment of \$493,196 from MKO for the FNICCI Capital Expenditure Plan, which is to be used for the repairs and renovation of the Cross Lake Early Childhood Education Centre. During the year, \$81,683 of eligible expenses were incurred and revenue realized.

12. Members' surplus 2017 2016

Restricted

Ottawa Trust Fund	\$ 14,030	\$ 13,220
Surplus, beginning of year	<u>813</u>	<u>810</u>
Other income		
Surplus, end of year	14,843	14,030
Replacement reserve	<u>1,532,116</u>	<u>1,544,422</u>
Total restricted surplus	<u>1,546,959</u>	<u>1,558,452</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

12. Members' surplus (continued)	<u>2017</u>	<u>2016</u>
Unrestricted		
Surplus, beginning of year	<u>45,844,693</u>	<u>41,646,257</u>
Surplus (deficit) for the year		
General Operating Fund	(2,336,964)	6,183,631
Education	8,874	(323,289)
Health Services	206,370	241,696
Social Services	(1,675,370)	(1,506,864)
Equity in earnings of Band controlled entities	<u>(847,391)</u>	<u>(396,738)</u>
	<u>(4,644,481)</u>	<u>4,198,436</u>
Total unrestricted surplus	<u>41,200,212</u>	<u>45,844,693</u>
Total Equity	<u>\$ 42,747,171</u>	<u>\$ 47,403,145</u>
Represented by		
General Operating Fund	\$ 63,509,857	\$ 65,846,821
Education	(2,042,922)	(2,051,796)
Health Services	184,995	(21,375)
Social Services	(15,801,572)	(14,126,202)
Equity in Band controlled entities	(4,650,146)	(3,802,755)
Ottawa Trust Fund	14,843	14,030
Replacement Reserve	<u>1,532,116</u>	<u>1,544,422</u>
	<u>\$ 42,747,171</u>	<u>\$ 47,403,145</u>

13. Contingencies

- a) Cross Lake Band of Indians has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreement.
- b) The Band has entered into a Block III Residential Arrears agreement with Manitoba Hydro. Under the terms of this agreement, certain residents of Cross Lake have entered into an agreement with Manitoba Hydro for repayment of arrears over a period of ten years without interest or penalties. The Band has guaranteed the payments of its residents to a maximum of \$340,000 per year. The total outstanding under this agreement is \$937,076 as at March 31, 2017 (2016: \$1,254,533).
- c) In addition, in the normal course of its operations, Cross Lake Band of Indians becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Cross Lake Band of Indians financial statements.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

14. Pimicikamak Okimawin Trust receivable

The Pimicikamak Okimawin Trust (P.O.T.) receivable arose when the Cross Lake Band of Indians paid for campaign and legal expenses on behalf of P.O.T. These expenses related to ongoing attempts and pressures to have the Northern Flood Agreement (NFA) implemented.

15. Government transfers

	<u>2017</u>			<u>2016</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u> (Note 21)	<u>Capital</u>	<u>Total</u> (Note 21)
Federal government transfers:						
INAC	\$ 37,427,158	\$ 3,852,548	\$ 41,279,706	\$ 32,139,257	\$ 3,694,465	\$ 35,833,722
Health Canada	6,521,711		6,521,711	5,634,592		5,634,592
Canada Mortgage and Housing Corp.	1,922,724		1,922,724	1,151,296		1,151,296
Human Resources and Development Canada	1,546,595		1,546,595	1,407,220		1,407,220
First Nations and Inuit Child Care Initiative	616,030		616,030	534,346		534,346
Department of Justice	70,000		70,000			
	<u>\$ 48,104,218</u>	<u>\$ 3,852,548</u>	<u>\$ 51,956,766</u>	<u>\$ 40,866,711</u>	<u>\$ 3,694,465</u>	<u>\$ 44,561,176</u>
Provincial government transfers:						
First Nation Safety Officer Program	\$ 174,018	\$	\$ 174,018	\$ 51,429	\$	\$ 51,429
Manitoba Justice	30,000		30,000			
Province of Manitoba	66,294		66,294			
Tax rebates and other	<u>1,299,153</u>		<u>1,299,153</u>	<u>1,344,309</u>		<u>1,344,309</u>
	<u>\$ 1,569,465</u>	<u>\$ -</u>	<u>\$ 1,569,465</u>	<u>\$ 1,395,738</u>	<u>\$ -</u>	<u>\$ 1,395,738</u>

16. Ottawa Trust

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

The changes in net assets of the Trust Fund during the year are as follows:

	<u>2017</u>	<u>2016</u>
Net assets, beginning of year	\$ 14,030	\$ 13,220
Income earned	<u>813</u>	<u>810</u>
Net assets, end of year	<u>\$ 14,843</u>	<u>\$ 14,030</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

17. Economic dependence

Cross Lake Band of Indians receives a major portion of its revenues pursuant to a funding agreement with the Department of Indigenous and Northern Affairs Canada.

18. Indigenous and Northern Affairs Canada revenue reconciliation

	<u>2017</u>	<u>2016</u>
INAC revenue per statement of operations	\$ 41,279,706	\$ 35,833,722
INAC deferred revenue (Note 11)	-	155,000
Less: prior year deferred revenue	<u>(155,000)</u>	<u>(620,000)</u>
INAC net funding per confirmation	<u>\$ 41,124,706</u>	<u>\$ 35,368,722</u>

The Band incurred \$155,000 of costs relating to water/wastewater training and that portion has been brought into revenue in the current year.

19. Financial instruments and financial risk management

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instruments have been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities classified as held for trading are measured at fair value with gains and losses recognized in net earnings. Financial assets classified as available for sale, held to maturity, loans and receivables and other financial liabilities (other than those held for trading) are measured at amortized cost using the effective interest method of amortization.

The Band has designated its financial instruments, as follows:

<u>Financial Statement Item</u>	<u>Classification</u>	<u>Measurement</u>
Bank indebtedness	Held for trading	Fair value
Investments	Held for trading	Fair value
Restricted cash	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Pimicikamak Okimawin Trust receivable	Loans and receivables	Amortized cost
Payables and accruals	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Joint venture liabilities	Other financial liabilities	Amortized cost

The carrying value of bank indebtedness, receivables and payables and accruals approximate fair value due to the immediate or short-term maturities of these instruments.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

19. Financial instruments and financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as cash flow risk, or on the fair value of other financial instruments known as interest rate price risk.

The Band is exposed to interest rate cash flow risk due to the fact that they have long-term debt and a line of credit. They are limited to interest rate cash flow risk on their mortgages as they are subject to fixed interest rates. The Band does not trade in financial instruments and is not exposed to interest rate price risk.

Credit risk

Credit risk arises from the possibility that entities that owe funds to the Band may experience financial difficulty and not be able to fulfil their commitment. The maximum exposure to credit risk is equal to the carrying value of the receivables.

20. Expense by object

The following is a summary of expenses by object.

	<u>2017</u>	<u>2016</u>
Administration fees	\$ 167,270	\$ 172,596
Bad debt	513,011	44,083
Basic needs	10,635,146	10,389,907
Community services	2,092,005	1,977,302
Contract services	10,000	13,750
Depreciation	3,426,824	3,418,199
Insurance	1,199,466	916,004
Insurance proceeds write-down	274,983	
Interest and bank charges	1,172,335	1,042,145
Living allowances	1,031,642	1,015,874
Moveable asset reserve	1,789	5,577
Office	647,513	568,829
Other	1,462,292	1,870,805
Professional fees	1,370,100	719,842
Program costs	3,601,153	1,027,527
Purchases	419,640	320,888
Rent	202,550	178,588
Repairs and maintenance	1,117,165	1,029,606
Replacement reserve	185,280	196,120
Salaries and benefits	21,312,776	20,024,826
Supplies and equipment	2,108,122	1,430,894
Training	2,606,347	1,324,465
Travel	2,151,344	1,631,122
Tuition	754,748	679,879
Utilities	1,054,838	890,322
Vehicle	515,639	486,248
	<u>\$ 60,033,978</u>	<u>\$ 51,375,398</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

21. Comparative figures

Certain prior year comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

22. Defined contribution pension plan

The expense for the Band pension plan for the year was \$854,959 (2016: \$829,245). The plan is funded equally by the Band and the Band's employees at rates of 5.0% to 8.0% of the employees' salaries. The funds are invested in mutual funds as directed by the Band's individual employees' investment directives.

Cross Lake Band of Indians

Notes to Consolidated Financial Statements

March 31, 2017

23. Budgeted figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal budget in the statement of change in net debt and statement of operations has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal budget to the budget per the financial statements:

Statement of Changes in Net Debt

	<u>Approved Fiscal Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget per Financial Statements</u>
Annual surplus (deficit)	\$ 792,990	\$	\$ 792,990
Acquisition of tangible capital assets		(1,524,234)	(1,524,234)
(Increase) decrease in work in progress		(2,336,630)	(2,336,630)
Loss (gain) on disposal of assets			
Proceeds on sale of capital assets			
Amortization of tangible capital assets (depreciation)			
(Decrease) increase in replacement reserve			
	<u>792,990</u>	<u>(3,860,864)</u>	<u>(3,067,874)</u>
Acquisition of inventory			
Acquisition of prepaids			
Use of inventory			
Use of prepaids			
	<u></u>	<u></u>	<u></u>
	<u></u>	<u></u>	<u></u>
Increase in net debt	<u>\$ 792,990</u>	<u>\$ (3,860,864)</u>	<u>(3,067,874)</u>
Net debt at beginning of year			<u>(16,356,512)</u>
Net debt at end of year			<u>\$(19,424,386)</u>

Cross Lake Band of Indians

Notes to Consolidated Financial Statements

March 31, 2017

23. Budgeted figures (continued)

Statement of Operations

	<u>Approved Fiscal Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget per Financial Statements</u>
Revenue			
Indigenous and Northern Affairs Canada	\$ 36,763,280	\$	\$ 36,763,280
Administration fees	239,800		239,800
Canada Mortgage and Housing Corporation	948,324		948,324
First Nation Safety Officer Program	168,000		168,000
Daycare program	672,996		672,996
Health Canada	5,228,665		5,228,665
Human Resource and Development Canada	1,407,220		1,407,220
Miscellaneous	1,133,548		1,133,548
Province of Manitoba	9,996		9,996
Rent	199,620		199,620
Tobacco sales, rebates and other	<u>2,318,995</u>		<u>2,318,995</u>
	<u>49,090,444</u>		<u>49,090,444</u>
Expenditures			
Administration	2,807,970		2,807,970
Capital	100,000		100,000
Cultural grant	60,000		60,000
Daycare	673,331		673,331
Economic development	248,466		248,466
Education Authority	16,391,287		16,391,287
Employment and job creation	1,407,220		1,407,220
Housing operations and maintenance	4,143,778		4,143,778
Miscellaneous	733,800		733,800
Policing	352,753		352,753
Public Works	3,106,420		3,106,420
Health Services	5,218,329		5,218,329
Social Services	12,990,600		12,990,600
Recreation	<u>63,500</u>		<u>63,500</u>
	<u>48,297,454</u>		<u>48,297,454</u>
Annual deficit	<u>\$ 792,990</u>	<u>\$</u>	<u>\$ 792,990</u>

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Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

24. Segment disclosure

	Education			Health			Economic Development			Housing			Community Services		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
Revenues															
Federal Government	\$15,523,293	\$17,742,010	\$15,195,711	\$5,228,665	\$6,521,711	\$5,634,592	\$	\$254,102	\$	\$948,324	\$3,817,547	\$1,151,296	\$3,459,162	\$5,024,939	\$2,929,244
Provincial Government														204,018	
Economic Activities															
Net income (loss) from investment in government business enterprises								(590,469)	(115,826)						
Other revenue	362,623	295,747	377,598		319,847	332,012		5,075,668	3,805,581		45,583	150,592	732,996	973,993	946,625
Total Revenue	15,885,916	18,037,757	15,573,309	5,228,665	6,841,558	5,966,604		4,739,301	3,689,755	948,324	3,863,130	1,301,888	4,192,158	6,202,950	3,875,869
Expenses															
Salaries and benefits	11,556,915	11,894,092	11,062,968	3,426,654	3,426,654	3,357,879		4,213,915	3,109,956	831,756	921,722	795,300	1,644,398	2,305,605	2,215,601
Amortization		773,619	772,408		65,073	41,253		324,292	183,900		1,406,203	1,431,614			
Debt servicing	42,072	62,816	62,319	33,219	33,219	12,862		80,240	27,950	1,561,248	255,676	199,678			
Other expenses	4,792,300	5,298,356	3,998,903	1,758,456	3,110,242	2,312,914	248,466	1,011,526	860,818	1,750,774	4,612,327	2,582,674	4,018,826	4,943,347	4,315,798
Total expenses	16,391,287	18,028,883	15,896,598	5,218,329	6,635,188	5,724,908	248,466	5,629,973	4,182,624	4,143,778	7,195,928	5,009,266	5,663,224	7,248,952	6,531,399
Annual (deficit) surplus	\$ (505,371)	\$ 8,874	\$ (323,289)	\$ 10,336	\$ 206,370	\$ 241,696	\$ (248,466)	\$ (890,672)	\$ (492,869)	\$ (3,195,454)	\$ (3,332,798)	\$ (3,707,378)	\$ (1,471,066)	\$ (1,046,002)	\$ (2,655,530)

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2017

24. Segment disclosure (continued)

	Social Services			Band Government			Inter-segment Eliminations			Consolidated Totals		
	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016	Budget 2017	2017	2016
Revenues												
Federal Government	\$ 10,400,959	\$ 10,400,957	\$ 10,176,658	\$ 8,955,086	\$ 7,580,940	\$ 9,050,759	\$	\$	\$	\$ 44,515,489	\$ 51,342,206	\$ 44,138,260
Provincial Government		2,488	7,320	1,469,988	1,296,665	1,336,989				1,469,988	1,503,171	1,344,309
Economic Activities					192,034	114,479					192,034	114,479
Net income (loss) from investment in government business enterprises											(590,469)	(115,826)
Other revenue	60,000	76,237	63,558	1,949,348	1,658,431	8,702,925		(236,819)	(296,057)	3,104,967	8,208,687	14,082,834
Total Revenue	10,460,959	10,479,682	10,247,536	12,374,422	10,728,070	19,205,152		(236,819)	(296,057)	49,090,444	60,655,629	59,564,056
Expenses												
Salaries and benefits	1,495,800	1,326,610	1,174,211	1,116,680	1,438,092	1,418,874				20,072,203	25,526,690	23,134,789
Amortization					1,181,930	1,172,924					3,751,117	3,602,099
Debt servicing	10,200	73,336	92,327	540,800	747,288	674,958				2,187,539	1,252,575	1,070,094
Other expenses	11,484,600	10,991,925	10,783,919	1,984,290	5,105,282	3,095,942		(236,819)	(296,057)	26,037,712	34,836,186	27,654,911
Total expenses	12,990,600	12,391,871	12,050,457	3,641,770	8,472,592	6,362,698		(236,819)	(296,057)	48,297,454	65,366,568	55,461,893
Annual (deficit) surplus	\$ (2,529,641)	\$ (1,912,189)	\$ (1,802,921)	\$ 8,732,652	\$ 2,255,478	\$ 12,842,454	\$	\$	\$	\$ 792,990	\$ (4,710,939)	\$ 4,102,163

Cross Lake Band of Indians

Summary Schedule of Operations

Year Ended March 31, 2017

(Unaudited)

	<u>INAC</u>	<u>Other</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Annual Surplus (Deficit) 2017</u>	<u>Budget</u>	<u>Annual Surplus (Deficit) 2016</u>
Administration Program (Schedule 1)	\$ 7,152,268	\$ 1,724,725	\$ 8,876,993	\$ 7,425,961	\$ 1,451,032	\$ 3,667,914	\$ 8,321,575
Capital (Schedule 2)	428,672		428,672	204,672	224,000	3,752,550	3,694,465
Cultural Grant (Schedule 3)				17,216	(17,216)		(21,100)
Daycare Program (Schedule 4)		733,997	733,997	742,292	(8,295)	(335)	30,739
Economic Development Program (Schedule 5)	254,102		254,102	297,382	(43,280)	(248,466)	(96,131)
Education Authority (Schedule 6)	17,742,010	295,747	18,037,757	18,028,883	8,874	(505,371)	(323,289)
Employment and Job Creation Program (Schedule 7)		1,546,595	1,546,595	1,574,822	(28,227)		1,460
Housing Operations and Maintenance Fund (Schedule 8)	1,894,823	1,968,307	3,863,130	7,195,928	(3,332,798)	(3,195,454)	(3,707,378)
Miscellaneous Program (Schedule 9)		1,422,405	1,422,405	841,960	580,445	1,312,188	826,413
Policing (Schedule 10)		177,196	177,196	586,835	(409,639)	(184,753)	(494,697)
Public Works (Schedule 11)	3,406,874		3,406,874	4,181,343	(774,469)	(1,222,478)	(2,385,855)
Health Services (Schedule 12)		6,841,558	6,841,558	6,635,188	206,370	10,336	241,696
Social Services (Schedule 14)	10,400,957	78,725	10,479,682	12,155,052	(1,675,370)	(2,529,641)	(1,506,864)
Recreation (Schedule 15)		1,469	1,469	45,916	(44,447)	(63,500)	(82,133)
Justice Program (Schedule 16)		100,000	100,000	100,528	(528)		
Midnorth Development Corporation (Schedule 17)					(175,092)		(302,068)
Multi-Channel System (Schedule 18)					(89,366)		11,648
Ponton Service Station (1977) Ltd. (Schedule 19)					(584,007)		13,401
My's Est. 98 Ltd. (Schedule 20)					(6,462)		(129,227)
Pimicikamac Technical Services					7,536		9,508
Total	\$41,279,706	\$14,890,724	\$56,170,430	\$60,033,978	\$ (4,710,939)	\$ 792,990	\$ 4,102,163