

Consolidated Financial Statements

Cross Lake Band of Indians

March 31, 2018

Contents

	Page
Management's Responsibility for Financial Reporting	1
Auditors' Report	2-3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Accumulated Surplus	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9-30
Other Explanatory Information (Unaudited)	
Summary Schedule of Operations	31
Schedule 1 - Statement of Operations - Administration Program	32
Schedule 2 - Statement of Operations - Capital	33
Schedule 3 - Statement of Operations - Cultural Grant	34
Schedule 4 - Statement of Operations - Daycare Program	35
Schedule 5 - Statement of Operations - Economic Development Program	36
Schedule 6 - Statement of Operations - Education Operations	37
Schedule 7 - Statement of Operations - Employment and Job Creation Program	38
Schedule 8 - Statement of Operations - Housing Operations and Maintenance Fund	39
Schedule 9 - Statement of Operations - Miscellaneous Program	40
Schedule 10 - Statement of Operations - Policing	41
Schedule 11 - Statement of Operations - Public Works	42
Schedule 12 - Statement of Operations - Health Services	43-46
Schedule 13 - Schedule of Moveable Asset Reserve	47
Schedule 14 - Statement of Operations - Social Services	48
Schedule 15 - Statement of Operations - Recreation	49
Schedule 16 - Statement of Operations – Justice Program	50
Schedule 17 - Statement of Operations - Midnorth Development Corporation	51
Schedule 18 - Statement of Operations - Multi-Channel System	52
Schedule 19 - Statement of Operations - Ponton Service Station (1977) Ltd.	53
Schedule 20 - Statement of Operations – My's Est. 98 Ltd.	54
Schedule 21 - Schedule of ISC Contribution Funded Programs	55

Management's Responsibility for Financial Reporting

The accompanying March 31, 2018, 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, 2018 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

Cross Lake, Manitoba

Council



Grant Thornton

An instinct for growth™

Independent Auditors' Report

Grant Thornton LLP
94 Commerce Drive
Winnipeg, MB
R3P 0Z3

T +1 204 944 0100
F +1 204 957 5442
www.GrantThornton.ca

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, 2018, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

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 qualified audit opinion.

Basis for qualified opinion

The financial statements do not include the financial operations of Ponton Service Station (1997) Ltd. and My's Est. 98 Ltd., which are wholly owned subsidiaries of the Band. The statement of financial position, net debt and statement of cash flows reflect the balances that were carried forward from the prior year. We were unable to obtain sufficient appropriate evidence as to the operations and carrying amounts of the entities for the current year as the information was unavailable as the records were destroyed by fire. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Cross Lake Band of Indians as at March 31, 2018, 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 31-55 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
December 14, 2018



Chartered Professional Accountants

Cross Lake Band of Indians

Consolidated Statement of Operations

Year Ended March 31

	2018 <u>Budget</u> (Note 23)	2018 <u>Actual</u>	2017 <u>Actual</u>
Revenue			
Indigenous Services Canada (Note 18)	\$ 41,759,863	\$ 41,197,177	\$ 41,279,706
Administration fees	199,800	167,599	199,156
Canada Mortgage and Housing Corporation	948,324	2,025,591	1,922,724
First Nation Safety Officer Program	168,000	174,018	174,018
Daycare program	673,695	1,176,793	733,997
Health Canada	6,098,039	7,761,403	6,521,711
Human Resource and Development Canada	1,407,220	1,450,595	1,546,595
Justice Program	100,000	100,000	100,000
Northern Flood Agreement Claim 138		17,927	636,122
Miscellaneous	2,320,977	880,596	947,138
Province of Manitoba	9,996	172,993	68,782
Recreation			1,469
Rent	499,620	238,538	220,523
Tobacco sales, rebates and other	<u>2,131,992</u>	<u>1,950,816</u>	<u>1,818,489</u>
	<u>56,317,526</u>	<u>57,314,046</u>	<u>56,170,430</u>
Expenditures			
Administration	2,857,638	5,992,879	7,425,961
Capital	1,463,496		204,672
Cultural grant	60,000	6,194	17,216
Daycare	673,695	1,106,383	742,292
Economic development	640,994	451,879	297,382
Education operations	20,595,670	20,149,135	18,028,883
Employment and job creation	1,407,001	1,499,179	1,574,822
Housing operations and maintenance	4,143,091	7,479,772	7,195,928
Justice Program	100,000	176,202	100,528
Miscellaneous	630,700	221,767	841,960
Policing	481,053	577,525	586,835
Public Works	3,509,708	4,427,379	4,181,343
Health Services	5,698,620	6,920,491	6,635,189
Social Services	11,973,775	10,757,473	12,155,052
Recreation	<u>31,350</u>	<u>30,412</u>	<u>45,916</u>
	<u>53,866,791</u>	<u>59,796,670</u>	<u>60,033,978</u>
	<u>2,450,735</u>	<u>(2,482,624)</u>	<u>(3,863,548)</u>
Other revenues (expenses), net			
Midnorth Development Corporation		(372,289)	(175,092)
Multi-Channel System		(102,824)	(89,366)
Pimicikamac Technical Services (unaudited)		4,819	7,536
Ponton Service Station (1977) Ltd.			(584,007)
My's Est. 98 Ltd.			(6,462)
		<u>(470,294)</u>	<u>(847,391)</u>
Annual surplus (deficiency)	<u>\$ 2,450,735</u>	<u>\$ (2,952,918)</u>	<u>\$ (4,710,939)</u>

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>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
Balance, beginning of year	\$ 1,532,116	\$ 14,843	\$41,200,212	\$42,747,171	\$47,403,145
Annual (deficiency) surplus		820	(2,953,738)	(2,952,918)	(4,710,939)
Replacement reserve					
Phase 4, 5 & 7 maturity and transfers	(53,077)		53,077		
Other	(15,767)			(15,767)	
Contributions	153,386			153,386	166,641
Approved repairs	<u>(378,358)</u>			<u>(378,358)</u>	<u>(111,676)</u>
	<u>(293,816)</u>	<u>820</u>	<u>(2,900,661)</u>	<u>(3,193,657)</u>	<u>(4,655,974)</u>
Balance, end of year	<u>\$ 1,238,300</u>	<u>\$ 15,663</u>	<u>\$38,299,551</u>	<u>\$39,553,514</u>	<u>\$42,747,171</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Financial Position

March 31

2018

2017

Financial Assets

Receivables (Note 3)	\$ 4,545,392	\$ 3,307,507
Pimicikamak Okimawin Trust receivable (Note 14)	2,169,176	2,143,228
Investment in business enterprises (Note 7)	3,555,979	3,218,787
Restricted cash (Note 6)	<u>5,224,468</u>	<u>1,895,048</u>

Total financial assets

15,495,015 10,564,570

Liabilities

Bank indebtedness (Note 8)	7,000,210	6,436,514
Payables and accruals (Note 4)	8,201,784	7,746,397
Long-term debt (Note 9)	12,616,465	12,319,968
Obligations under capital lease (Note 10)	660,162	578,831
Deferred revenue (Note 11)	9,408,833	4,448,070
Joint venture liabilities	<u>161,417</u>	<u>157,023</u>

Total liabilities

38,048,871 31,686,803

Net debt

(22,553,856) (21,122,233)

Non-financial assets

Tangible capital assets (Note 5)	62,102,370	63,864,404
Inventory	<u>5,000</u>	<u>5,000</u>

Total non-financial assets

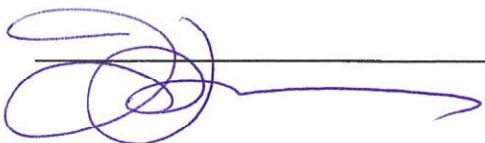
62,107,370 63,869,404

Accumulated surplus (Page 5)

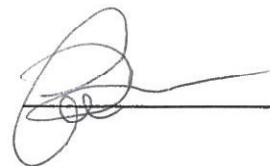
\$ 39,553,514 \$ 42,747,171

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)	2018	2017
Annual surplus (deficiency)	\$ 2,450,735	\$ (2,952,918)	\$ (4,710,939)
Acquisition of tangible capital assets	(4,064,862)	(4,064,862)	(1,524,234)
Disposition of tangible capital assets	879,654	879,654	
Decrease (increase) in buildings under construction	1,095,438	1,095,438	(2,336,630)
Amortization of tangible capital assets (depreciation)		3,836,037	3,751,117
(Decrease) increase in replacement reserve		(224,972)	54,965
	<u>360,965</u>	<u>(1,431,623)</u>	<u>(4,765,721)</u>
Acquisition of inventory		(5,000)	(5,000)
Use of inventory		5,000	5,000
Decrease (increase) in net debt	360,965	(1,431,623)	(4,765,721)
Net debt at beginning of year	<u>(21,122,233)</u>	<u>(21,122,233)</u>	<u>(16,356,512)</u>
Net debt at end of year	<u>\$(20,761,268)</u>	<u>\$(22,553,856)</u>	<u>\$(21,122,233)</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Consolidated Statement of Cash Flows

Year Ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating		
Annual deficiency	\$ (2,952,918)	\$ (4,710,939)
Net loss from business enterprises		590,469
Amortization	3,836,037	3,751,117
Replacement reserve, net of approved repairs	<u>(224,972)</u>	<u>54,965</u>
	658,147	(314,388)
Change in non-cash operating working capital		
Receivables	(1,237,885)	324,763
Pimicikamak Okimawin Trust receivable	(25,948)	
Payables and accruals	455,387	2,131,263
Deferred revenue	<u>4,960,763</u>	<u>1,500,596</u>
	<u>4,810,464</u>	<u>3,642,234</u>
Financing		
Proceeds from long-term debt	1,842,674	1,743,294
Repayment of long-term debt	(1,546,177)	(1,254,665)
Obligations under capital lease, net	81,331	25,196
Increase in joint venture liabilities	4,394	7,241
Increase of bank indebtedness	<u>563,696</u>	<u>1,611,611</u>
	<u>945,918</u>	<u>2,132,677</u>
Investing		
Decrease (increase) in buildings under construction	1,095,438	(2,336,630)
Purchase of capital assets	(4,064,862)	(1,524,234)
Disposition of capital assets	879,654	
Investment in business enterprises	<u>(337,192)</u>	<u>(33,029)</u>
	<u>(2,426,962)</u>	<u>(3,893,893)</u>
Net increase in cash and cash equivalents	3,329,420	1,881,018
Cash and cash equivalents		
Beginning of year	<u>1,895,048</u>	<u>14,030</u>
End of year	<u>\$ 5,224,468</u>	<u>\$ 1,895,048</u>
Cash and cash equivalents consist of:		
Restricted cash (Note 6)	<u>\$ 5,224,468</u>	<u>\$ 1,895,048</u>

See accompanying notes to the consolidated financial statements.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

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.

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 wholly owned incorporated entities Midnorth Development Corporation and Pimicikamak Technical Services which are recorded using the consolidation basis of accounting.

Wholly owned 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, 2018

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, 2018

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.

Inventory

Inventory consists of items relating to providing cable services and is recorded at the lower of cost and net realizable value. 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, receivables, payables and accruals.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

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	2018	2017 (Note 21)
Federal government receivables	\$ 361,758	\$ 783,168
Fire insurance proceeds	463,551	27,646
Manitoba Hydro	645,679	231,855
Manitoba Keewatinowi Okimakanak	607,674	192,421
Pimicikamak Gaming Centre	945,318	911,009
Provincial government receivables	322,757	450,729
Trade and other receivables	<u>1,198,655</u>	<u>710,679</u>
	\$ 4,545,392	\$ 3,307,507
4. Payables and accruals	2018	2017 (Note 21)
Accrued payables	\$ 1,438,295	\$ 1,277,832
Employee benefit payables	1,623,335	1,052,982
Other payables	984,578	812,929
Pimicikamak Okimawin	614,285	479,224
Pimicikamak Okimawin – Business purchase loan	605,000	
Trade payables	<u>2,936,291</u>	<u>4,123,430</u>
	\$ 8,201,784	\$ 7,746,397

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

5. Tangible capital assets		<u>2018</u>		<u>2017</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	\$ 22,956	\$ 15,044	\$ 15,671
My's Restaurant	390,600	102,955	287,645	299,630
Equipment	15,400	12,493	2,907	3,633
Water trucks	145,715	144,636	1,079	1,349
Computer equipment	140,155	137,596	2,559	3,199
Daycare facility	1,234,780	707,839	526,941	548,897
Recreation	439,537	256,808	182,729	190,343
Vehicles	73,797	55,028	18,769	23,461
Bridges and roads	7,491,994	5,669,870	1,822,124	2,009,423
Water and sewer pipes	17,153,164	8,928,786	8,224,378	8,653,207
Trailers	112,000	6,630	105,370	109,760
Playgrounds	947,320	872,944	74,376	92,970
Assets under capital lease	<u>2,133,318</u>	<u>986,852</u>	<u>1,146,466</u>	<u>973,476</u>
	<u>30,315,780</u>	<u>17,905,393</u>	<u>12,410,387</u>	<u>12,925,019</u>
Band housing				
Buildings	11,468,387	6,807,505	4,660,882	4,910,523
Automotive equipment	<u>453,111</u>	<u>384,085</u>	<u>69,026</u>	<u>78,576</u>
	<u>11,921,498</u>	<u>7,191,590</u>	<u>4,729,908</u>	<u>4,989,099</u>
Social housing				
Land	395,500		395,500	395,500
Site development	3,371,441	732,419	2,639,022	2,748,981
Buildings	<u>50,041,185</u>	<u>17,996,458</u>	<u>32,044,727</u>	<u>31,228,851</u>
	<u>53,808,126</u>	<u>18,728,877</u>	<u>35,079,249</u>	<u>34,373,332</u>
Education				
Buildings	22,213,018	15,517,031	6,695,987	7,327,221
Equipment	1,337,914	1,334,314	3,600	14,400
Automotive	<u>2,125,134</u>	<u>1,737,431</u>	<u>387,703</u>	<u>248,088</u>
	<u>25,676,066</u>	<u>18,588,776</u>	<u>7,087,290</u>	<u>7,589,709</u>
Other entities				
	<u>9,805,878</u>	<u>8,251,534</u>	<u>1,554,344</u>	<u>1,650,615</u>
Buildings under construction				
CMHC Phase 21 housing				2,216,835
CMHC Phase 22 housing	41,681		41,681	
CMHC Phase 23 housing	27,854		27,854	
Hospital Project	<u>1,171,657</u>		<u>1,171,657</u>	<u>119,795</u>
	<u>1,241,192</u>		<u>1,241,192</u>	<u>2,336,630</u>
	<u>\$132,768,540</u>	<u>\$ 70,666,170</u>	<u>\$ 62,102,370</u>	<u>\$ 63,864,404</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

6. Restricted cash

- i) Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited in amounts determined annually by CMHC. The required replacement reserve for 2018 is \$214,717 (2017: \$185,280). 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 CMHC from time to time. The funds in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal. At year end, the funds in reserve consisted of the following:

	<u>2018</u>	<u>2017</u>
Restricted cash	\$ -	\$ -

As of March 31, 2018, there was a shortfall of \$1,238,300 (2017: \$1,532,116) in the Replacement Reserve account. Accordingly, the projects are not in compliance with the operating agreement.

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

	<u>2018</u>	<u>2017</u>
Restricted cash	\$ 15,663	\$ 14,843

- iii) In the prior 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, additional funding of \$3,700,000 was received from Health Canada and \$250,000 from Pimicikamak Okimawin. During the year, \$1,051,862 was spent towards the construction of the new hospital and the balance is held in trust.

	<u>2018</u>	<u>2017</u>
Restricted cash	\$ 4,778,343	\$ 1,880,205

- iii) In the current year, insurance claim proceeds are directly provided by insurers to CMHC and will be reimbursed once insurance repairs commence. As of March 31, 2018, no repairs have been incurred by the Band.

	<u>2018</u>	<u>2017</u>
Restricted cash	\$ 430,462	\$ -

7. 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.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

7. Investment in business enterprises (continued)

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.

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

	<u>2018</u>	<u>2017</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>928,769</u>	<u>591,577</u>
	<u>\$ 3,555,979</u>	<u>\$ 3,218,787</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. Subsequent to year end, the entity's records were destroyed as a result of a fire that occurred on site. No information was obtained for the current year; therefore, no amortization of purchase price premium was incurred in the current year. The unamortized purchase price premium as of March 31, 2018 is \$729,450 (2017: \$729,450).

8. Bank indebtedness

The Band has an authorized line of credit of \$2,500,000 (2017: \$2,500,000). The balance of bank indebtedness, at year end, consisted of the following:

	<u>2018</u>	<u>2017</u>
Overdraft	\$ 13,276,374	\$ 10,008,618
Line of credit	2,285,000	2,400,000
Cash	<u>(8,561,164)</u>	<u>(5,972,104)</u>
	<u>\$ 7,000,210</u>	<u>\$ 6,436,514</u>

The line of credit is secured by a general security agreement that constitutes a first ranking security interest in all personal property of the Band.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

9. Long-term debt	<u>2018</u>	<u>2017</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.	\$ 922,002	\$ 868,994
Indigenous Services 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	64,300
Midnorth Development Corporation loans		
Term loans, including various equipment and vehicle loans, with interest ranging from 2.25% to 17.88%, with maturities ranging from June 2018 to September 2022, assets pledged as collateral	793,225	761,871
Mortgages - subsidized		
Vanguard Credit Union		
Repayable at \$2,500 (2017: \$2,370) monthly, including interest at 2.95% (2017: 2.95%) compounded monthly, with maturity on April 1, 2020.	55,076	81,480
CMHC		
Fully paid during the year	-	26,402
CMHC		
Repayable at \$6,275 monthly, including interest at 1.10% compounded semi-annually, with maturity at June 1, 2018	18,800	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.	480,061	550,885
CMHC		
Repayable at \$5,618 per month including interest at 1.31%, compounded semi-annually, with maturity at December 1, 2021 and amortization to January 1, 2027	562,150	627,410
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>498,937</u>	<u>549,487</u>
Subtotal (carry forward)	<u>\$ 3,394,551</u>	<u>\$ 3,630,547</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

9. Long-term debt (continued)	<u>2018</u>	<u>2017</u>
Subtotal (carried forward)	\$ 3,394,551	\$ 3,630,547
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	532,073	580,910
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	508,217	550,653
CMHC		
Repayable at \$3,857 (2017: \$3,822) monthly, including interest at 1.84% (2017: 1.71%) compounded semi-annually, with maturity at September 1, 2022 and amortization to July 1, 2032	582,976	622,220
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	1,119,730	1,193,066
CMHC		
Repayable at \$9,880 monthly, including interest at 1.03%, compounded semi-annually, with maturity at October 1, 2021 and amortization to August 1, 2036	1,988,467	2,095,912
Royal Bank of Canada		
Refinanced through CMHC during the year		53,487
CMHC		
Repayable at \$1,758 monthly, including interest at 1.54% compounded monthly, with maturity at September 1, 2019.	31,260	
CMHC		
Fully paid during the year	-	52,848
CMHC		
Fully paid during the year	-	116,321
CMHC		
Repayable at \$6,416 monthly, including interest at 2.04% compounded semi-annually, with maturity November 1, 2018	50,973	132,493
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	282,877	365,025
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	1,819,982	1,899,535
CMHC		
Repayable at \$15,013 monthly, including interest at 2.04% compounded semi-annually, with maturity January 1, 2023 and amortization to January 1, 2033	<u>2,305,359</u>	<u>1,026,951</u>
Total long-term debt	<u>\$ 12,616,465</u>	<u>\$ 12,319,968</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

9. Long-term debt (continued)

During the year, the Band paid \$143,922 (2017: \$160,042) in interest on long-term debt.

All of the above CMHC mortgages are secured by a Ministerial Guarantee, CMHC undertaking to insure and an assignment of fire insurance.

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

2019	\$ 1,784,916
2020	786,862
2021	764,756
2022	753,610
2023	708,879

10. Obligations under capital lease 2018 2017

Repayments are due as follows:

2018	\$	\$ 264,653
2019	330,304	232,219
2020	212,269	114,183
2021	140,068	41,982
2022	89,528	
2023	<u>54,308</u>	<u> </u>
Total minimum lease payments	826,477	653,037
Less amounts representing interest	<u>(166,315)</u>	<u>(74,206)</u>
Present value of net minimum capital lease payments	\$ 660,162	\$ 578,831

Interest rates on capital leases range from 5.95% to 27.44% with maturity dates ranging from February 1, 2019 to December 1, 2022.

Total interest on leases for the year was \$39,905 (2017: \$40,142).

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

11. Deferred revenue	<u>2018</u>	<u>2017</u>
Deferred revenue consists of the following:		
Northern Flood Agreement Claim 138	\$ 1,627,480	\$ 2,156,352
Northern Flood Agreement Claim 138 – Phase 21	510,945	
Health Canada	5,830,205	1,880,205
CMHC insurance claim proceeds	679,513	
Indigenous Services Canada (Note 18)	699,630	
Manitoba Keewatinowi Okimakanak Daycare Capital Expenditure Fund	<u>61,060</u>	<u>411,513</u>
	<u>\$ 9,408,833</u>	<u>\$ 4,448,070</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, there was an internal allocation of \$521,372 that was used towards the water & sewage costs of the Phase 21 construction project. The Band Administration incurred \$7,500 (2017: \$636,122) of expenses related to sewer and water projects. From the \$521,372 allocated to the Phase 21 construction project, \$10,427 was recognized into revenue to match the amortization of the capitalized costs of the project.

In 2017, the Band received \$2,000,000 from Health Canada for the development of a new hospital and \$119,795 was spent towards the initial construction. During the current year, additional funding of \$3,700,000 was received from Health Canada and \$250,000 from Pimicikamak Okimawin. During the year, \$1,051,862 was spent towards the construction of the new hospital and the remaining balance of \$4,778,343 is held in trust.

In the current year, insurance claim proceeds are directly provided by insurers to CMHC and would be reimbursed once insurance repairs commence. In the current year, \$430,462 has been paid and \$463,551 is receivable. As of March 31, 2018, \$214,500 of the insurance proceeds has been recognized as revenue in regards to a fire at 1265 Saggitawak that resulted in a total loss to a 4-plex that forms part of Phase 19 - 34 unit project. A corresponding writedown of the net book value of the Phase 19 project was recorded for \$879,654.

In the current year, ISC provided the Band with \$250,000 for the major renovations, extensions & repair project, and \$449,630 for the waste disposal program as part of the overall funding. As of March 31, 2018, no expenditures have been incurred by the Band on these projects.

In 2017, the Band received a lump sum payment of \$493,196 from MKO for the First Nations and Inuit Child Care Initiative (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, additional contributions of \$81,000 were provided and \$431,452 of eligible expenditures were incurred.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

12. Members' surplus	<u>2018</u>	<u>2017</u>
Restricted		
Ottawa Trust Fund		
Surplus, beginning of year	\$ 14,843	\$ 14,030
Other income	<u>820</u>	<u>813</u>
Surplus, end of year	15,663	14,843
Replacement reserve	<u>1,238,300</u>	<u>1,532,116</u>
Total restricted surplus	<u>1,253,963</u>	<u>1,546,959</u>
Unrestricted		
Surplus, beginning of year	<u>41,200,212</u>	<u>45,844,693</u>
Surplus (deficit) for the year		
General Operating Fund	(4,437,747)	(2,336,964)
Education	912,947	8,874
Health Services	1,177,945	206,370
Social Services	(83,512)	(1,675,370)
Equity in earnings of Band controlled entities	<u>(470,294)</u>	<u>(847,391)</u>
	<u>(2,900,661)</u>	<u>(4,644,481)</u>
Total unrestricted surplus	<u>38,299,551</u>	<u>41,200,212</u>
Total Equity	<u>\$ 39,553,514</u>	<u>\$ 42,747,171</u>
Represented by		
General Operating Fund	\$ 59,072,110	\$ 63,509,857
Education	(1,129,975)	(2,042,922)
Health Services	1,362,940	184,995
Social Services	(15,885,084)	(15,801,572)
Equity in Band controlled entities	(5,120,440)	(4,650,146)
Ottawa Trust Fund	15,663	14,843
Replacement Reserve	<u>1,238,300</u>	<u>1,532,116</u>
	<u>\$ 39,553,514</u>	<u>\$ 42,747,171</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

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 nil as at March 31, 2018 (2017: \$937,076).
- 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.

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.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

15. Government transfers

	<u>2018</u>			<u>2017</u>		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:						
ISC	\$ 37,279,945	\$ 3,917,232	\$ 41,197,177	\$ 37,427,158	\$ 3,852,548	\$ 41,279,706
Health Canada	7,761,403		7,761,403	6,521,711		6,521,711
Canada Mortgage and Housing Corp.	2,025,591		2,025,591	1,922,724		1,922,724
Human Resources and Development Canada	1,450,595		1,450,595	1,546,595		1,546,595
First Nations and Inuit Child Care Initiative	1,049,643		1,049,643	616,030		616,030
Department of Justice	70,000		70,000	70,000		70,000
	<u>\$ 49,637,177</u>	<u>\$ 3,917,232</u>	<u>\$ 53,554,409</u>	<u>\$ 48,104,218</u>	<u>\$ 3,852,548</u>	<u>\$ 51,956,766</u>
Provincial government transfers:						
First Nation Safety Officer Program	\$ 174,018	\$	\$ 174,018	\$ 174,018	\$	\$ 174,018
Manitoba Justice	30,000		30,000	30,000		30,000
Province of Manitoba	163,903		163,903	66,294		66,294
Tax rebates and other	<u>1,443,176</u>		<u>1,443,176</u>	<u>1,299,153</u>		<u>1,299,153</u>
	<u>\$ 1,811,097</u>	<u>\$ -</u>	<u>\$ 1,811,097</u>	<u>\$ 1,569,465</u>	<u>\$ -</u>	<u>\$ 1,569,465</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>2018</u>	<u>2017</u>
Net assets, beginning of year	\$ 14,843	\$ 14,030
Income earned	<u>820</u>	<u>813</u>
Net assets, end of year	<u>\$ 15,663</u>	<u>\$ 14,843</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

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 Services Canada.

18. Indigenous Services Canada revenue reconciliation

	<u>2018</u>	<u>2017</u>
ISC revenue per statement of operations	\$ 41,197,177	\$ 41,279,706
ISC deferred revenue (Note 11)	699,630	-
Less: prior year deferred revenue	<u>-</u>	<u>(155,000)</u>
ISC net funding per confirmation	<u>\$ 41,896,807</u>	<u>\$ 41,124,706</u>

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 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, 2018

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.

Liquidity risk

Liquidity risk is the risk that the Band will encounter difficulty in meeting obligations associated with financial liabilities. The Band is exposed to this risk mainly in respect of its long-term debt and payables and accrued liabilities.

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

20. Expense by object

The following is a summary of expenses by object.

	<u>2018</u>	<u>2017</u>
Administration fees	\$ 154,193	\$ 167,270
Amortization	3,463,519	3,426,824
Bad debt	171,911	513,011
Basic needs	9,254,830	10,635,146
Community services	2,243,768	2,092,005
Contract services		10,000
Insurance	531,016	1,199,466
Insurance proceeds write-down		274,983
Interest and bank charges	965,411	1,172,335
Living allowances	1,289,025	1,031,642
Moveable asset reserve	4,644	1,789
Office	532,262	647,513
Other	1,790,603	1,462,292
Professional fees	771,702	1,370,100
Program costs	1,780,397	3,601,153
Purchases	341,179	419,640
Rent	218,744	202,550
Repairs and maintenance	2,700,347	1,117,165
Replacement reserve	214,717	185,280
Salaries and benefits	24,558,252	21,312,776
Supplies and equipment	1,843,697	2,108,122
Training	1,667,743	2,606,347
Travel	1,979,820	2,151,344
Tuition	825,867	754,748
Utilities	1,058,545	1,054,838
Vehicle	554,824	515,639
Writedown of Phase 19 due to fire	<u>879,654</u>	
	<u>\$ 59,796,670</u>	<u>\$ 60,033,978</u>

Cross Lake Band of Indians

Notes to the Consolidated Financial Statements

March 31, 2018

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 \$1,118,239 (2017: \$854,959). 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, 2018

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	\$ 2,450,735	\$	\$ 2,450,735
Acquisition of tangible capital assets		(4,064,862)	(4,064,862)
Disposition of tangible capital assets		879,654	879,654
Decrease in work in progress		1,095,438	1,095,438
Loss (gain) on disposal of assets			
Proceeds on sale of capital assets			
Amortization of tangible capital assets (depreciation)			
(Decrease) increase in replacement reserve			
	<u>2,450,735</u>	<u>(2,089,770)</u>	<u>360,965</u>
Acquisition of inventory			
Acquisition of prepaids			
Use of inventory			
Use of prepaids			
	<u></u>	<u></u>	<u></u>
Increase in net debt	<u>\$ 2,450,735</u>	<u>\$ (2,089,770)</u>	360,965
Net debt at beginning of year			<u>(21,122,233)</u>
Net debt at end of year			<u>\$(20,761,268)</u>

Cross Lake Band of Indians

Notes to Consolidated Financial Statements

March 31, 2018

23. Budgeted figures (continued)

Statement of Operations

	<u>Approved Fiscal Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget per Financial Statements</u>
Revenue			
Indigenous Services Canada	\$ 41,759,863	\$	\$ 41,759,863
Administration fees	199,800		199,800
Canada Mortgage and Housing Corporation	948,324		948,324
First Nation Safety Officer Program	168,000		168,000
Daycare program	673,695		673,695
Health Canada	6,098,039		6,098,039
Human Resource and Development Canada	1,407,220		1,407,220
Justice Program	100,000		100,000
Miscellaneous	2,320,977		2,320,977
Province of Manitoba	9,996		9,996
Rent	499,620		499,620
Tobacco sales, rebates and other	<u>2,131,992</u>		<u>2,131,992</u>
	<u>56,317,526</u>		<u>56,317,526</u>
Expenditures			
Administration	2,857,638		2,857,638
Capital	1,063,496		1,063,496
Cultural grant	60,000		60,000
Daycare	673,695		673,695
Economic development	640,994		640,994
Education operations	20,595,670		20,595,670
Employment and job creation	1,407,001		1,407,001
Housing operations and maintenance	4,143,091		4,143,091
Justice Program	100,000		100,000
Miscellaneous	630,700		630,700
Policing	481,053		481,053
Public Works	3,509,708		3,509,708
Health Services	5,698,620		5,698,620
Social Services	11,973,775		11,973,775
Recreation	<u>31,350</u>		<u>31,350</u>
	<u>53,866,791</u>		<u>53,866,791</u>
Annual surplus	<u>\$ 2,450,735</u>	<u>\$</u>	<u>\$ 2,450,735</u>

Cross Lake Band of Indians Notes to the Consolidated Financial Statements

March 31, 2018

24. Segment disclosure

	Education			Health			Economic Development			Housing			Community Services		
	<u>Budget</u> <u>2018</u>	<u>2018</u>	<u>2017</u>	<u>Budget</u> <u>2018</u>	<u>2018</u>	<u>2017</u>	<u>Budget</u> <u>2018</u>	<u>2018</u>	<u>2017</u>	<u>Budget</u> <u>2018</u>	<u>2018</u>	<u>2017</u>	<u>Budget</u> <u>2018</u>	<u>2018</u>	<u>2017</u>
Revenues															
Federal Government	\$20,852,068	\$20,791,330	\$17,742,010	\$6,098,039	\$7,761,403	\$6,521,711	\$	\$ 258,073	\$ 254,102	\$1,308,224	\$4,493,447	\$ 3,817,547	\$3,459,160	\$4,638,722	\$5,024,939
Provincial Government														204,018	204,018
Economic Activities															
Net income (loss) from investment in government business enterprises									(590,469)						
Other revenue	230,193	270,752	295,747		337,033	319,847		4,361,827	5,075,668	300,000	626,211	45,583	733,695	1,392,696	973,993
Total Revenue	<u>21,082,261</u>	<u>21,062,082</u>	<u>18,037,757</u>	<u>6,098,039</u>	<u>8,098,436</u>	<u>6,841,558</u>		<u>4,619,900</u>	<u>4,739,301</u>	<u>1,608,224</u>	<u>5,119,658</u>	<u>3,863,130</u>	<u>4,192,855</u>	<u>6,235,436</u>	<u>6,202,950</u>
Expenses															
Salaries and benefits	14,439,919	13,959,596	11,894,092	4,207,044	4,207,044	3,426,654		3,725,497	4,213,915	929,317	765,540	921,722	1,851,038	2,937,102	2,305,605
Amortization		767,449	773,619	87,970	87,970	65,073		372,518	324,292		1,418,887	1,406,203			
Debt servicing	42,072	82,744	62,816	15,389	15,389	33,219		83,023	80,240	1,561,248	44,107	255,676			
Other expenses	<u>6,113,679</u>	<u>5,339,346</u>	<u>5,298,356</u>	<u>1,388,217</u>	<u>2,610,088</u>	<u>3,110,242</u>	<u>640,994</u>	<u>1,102,961</u>	<u>1,011,526</u>	<u>1,652,526</u>	<u>5,251,238</u>	<u>4,612,327</u>	<u>4,031,769</u>	<u>4,886,173</u>	<u>4,943,347</u>
Total expenses	<u>20,595,670</u>	<u>20,149,135</u>	<u>18,028,883</u>	<u>5,698,620</u>	<u>6,920,491</u>	<u>6,635,188</u>	<u>640,994</u>	<u>5,283,999</u>	<u>5,629,973</u>	<u>4,143,091</u>	<u>7,479,772</u>	<u>7,195,928</u>	<u>5,882,807</u>	<u>7,823,275</u>	<u>7,248,952</u>
Annual (deficit) surplus	<u>\$ 486,591</u>	<u>\$ 912,947</u>	<u>\$ 8,874</u>	<u>\$ 399,419</u>	<u>\$ 1,177,945</u>	<u>\$ 206,370</u>	<u>\$ (640,994)</u>	<u>\$ (664,099)</u>	<u>\$ (890,672)</u>	<u>\$ (2,534,867)</u>	<u>\$ (2,360,114)</u>	<u>\$ (3,332,798)</u>	<u>\$ (1,689,952)</u>	<u>\$ (1,587,839)</u>	<u>\$ (1,046,002)</u>

Cross Lake Band of Indians Notes to the Consolidated Financial Statements

March 31, 2018

24. Segment disclosure (continued)

	Social Services			Band Government			Inter-segment Eliminations			Consolidated Totals		
	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017
Revenues												
Federal Government	\$ 10,400,957	\$ 10,575,589	\$ 10,400,957	\$ 3,986,202	\$ 3,986,202	\$ 7,580,940	\$	\$		\$ 50,381,446	\$ 52,504,766	\$ 51,342,206
Provincial Government		9,090	2,488	1,597,989	1,597,989	1,296,665				1,569,988	1,811,097	1,503,171
Economic Activities				576,000	90,414	192,034				576,000	90,414	192,034
Net income (loss) from investment in government business enterprises												
Other revenue	36,000	89,282	76,237	2,490,204	381,847	1,658,431		(190,053)	(236,819)	3,790,092	7,269,595	(590,469)
	<u>10,436,957</u>	<u>10,673,961</u>	<u>10,479,682</u>	<u>12,899,190</u>	<u>6,056,452</u>	<u>10,728,070</u>		<u>(190,053)</u>	<u>(236,819)</u>	<u>56,317,526</u>	<u>61,675,872</u>	<u>60,655,629</u>
Total Revenue												
Expenses												
Salaries and benefits	1,490,575	1,355,813	1,328,610	917,738	1,333,157	1,438,092				23,835,631	28,283,749	25,526,690
Amortization					1,189,213	1,181,930				87,970	3,836,037	3,751,117
Debt servicing	30,000	56,726	73,336	202,200	766,445	747,288				1,850,909	1,048,434	1,252,575
Other expenses	10,453,200	9,534,987	10,991,925	3,811,896	2,925,830	5,105,282		(190,053)	(236,819)	28,092,281	31,460,570	34,836,186
	<u>11,973,775</u>	<u>10,947,526</u>	<u>12,391,871</u>	<u>4,931,834</u>	<u>6,214,645</u>	<u>8,472,592</u>		<u>(190,053)</u>	<u>(236,819)</u>	<u>53,866,791</u>	<u>64,628,790</u>	<u>65,366,568</u>
Total expenses												
Annual (deficit) surplus	\$ (1,536,818)	\$ (273,565)	\$ (1,912,189)	\$ 7,967,356	\$ (158,193)	\$ 2,255,478	\$	\$		\$ 2,450,735	\$ (2,952,918)	\$ (4,710,939)