

# **Consolidated Financial Statements**

**Norway House Cree Nation**

March 31, 2019

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## Management's Responsibility for Financial Reporting

The accompanying March 31, 2019 consolidated financial statements of Norway House Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Norway House Cree Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian 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 First Nation maintains an appropriate system 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 First Nation's assets are appropriately accounted for and adequately safeguarded.

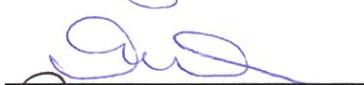
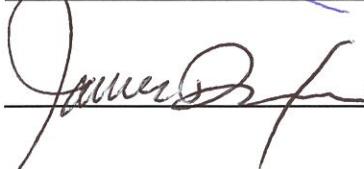
The Norway House Cree Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

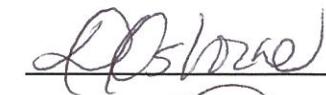
The March 31, 2019 consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

  
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Chief

Norway House, Manitoba

Council

  
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James Dyer

  
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# Independent Auditors' Report

To the Chief and Council of  
**Norway House Cree Nation**

## Opinion

We have audited the consolidated financial statements of Norway House Cree Nation ("the Entity"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in accumulated surplus, change in net debt, and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Norway House Cree Nation as at March 31, 2019, and its results of operations, its changes in accumulated surplus, its changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

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

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

*Grant Thornton LLP*

Chartered Professional Accountants

Winnipeg, Canada  
April 9, 2020

# **Norway House Cree Nation**

## **Consolidated Statement of Operations**

Year Ended March 31

**Budget**

**2019**

**2018**

(Restated-Note 3)  
(Note 21)

### **Revenues**

Indigenous Services Canada (ISC)	\$ 42,616,440	\$ 55,736,819	\$ 53,290,206
Manitoba Keewatinowi Okimakanak (MKO)	3,503,346	2,177,953	2,483,129
Health Canada	8,882,731	13,920,030	12,938,841
Province of Manitoba	1,384,306	1,669,749	2,082,389
Communications	32,865	47,553	19,995
Video lottery terminal (VLT)	26,338,048	25,970,039	27,898,206
Education	200,356	1,693,806	2,015,342
Canada Mortgage and Housing Corporation (CMHC) projects/subsidy	-	1,380,185	1,845,147
Parks, Recreation and Multi-Plex	151,000	184,205	220,430
Public Works	1,172,040	1,923,329	1,919,935
Housing	263,847	253,512	90,592
Construction	255,793	85,397	126,970
Manitoba Hydro	2,160,458	1,079,565	1,302,130
Other (Note 12)	2,572,182	5,791,724	5,680,614
Keenanow Trust Secretariat	-	2,628,347	1,680,632
Enterprises	-	11,391,653	8,478,083
	<b>89,533,412</b>	<b>125,933,866</b>	<b>122,072,641</b>

### **Expenditures**

Education	24,194,923	33,651,772	32,969,241
Employment and Training	1,704,896	1,575,616	1,225,636
Social Services	12,186,601	12,761,135	12,736,748
Band Support	15,657,933	7,289,980	10,159,554
Public Works	4,042,845	10,965,339	9,120,591
Housing	1,498,133	3,804,205	4,145,079
Health Services	9,758,157	12,932,984	7,814,659
Emergency Services	884,119	986,437	1,003,900
Restorative Justice	83,620	69,132	90,772
Safety Officer's Program	461,571	652,196	511,239
Parks, Recreation and Multi-Plex	1,907,759	2,107,539	2,209,218
Pinaow Wachi	4,201,711	2,976,977	2,917,342
Youth	12,800	17,244	12,088
VLT Operations	22,049,540	21,824,381	23,508,332
CMHC	-	1,805,061	2,073,546
Broadband	381,198	731,299	1,024,845
Keenanow Trust Secretariat	-	1,460,619	1,979,151
Enterprises	-	12,304,712	9,805,328
	<b>99,025,806</b>	<b>127,916,628</b>	<b>123,307,269</b>
<b>Annual deficit</b>	<b>\$ (9,492,394)</b>	<b>\$ (1,982,762)</b>	<b>\$ (1,234,628)</b>

See accompanying notes to the consolidated financial statements.

**Norway House Cree Nation**  
**Consolidated Statement of Change in Accumulated Surplus**

Year Ended March 31

**2019**

**2018**

(Restated - Note 3)

Accumulated surplus, beginning of year, as previously stated	\$ <b>103,881,449</b>	\$ 105,331,042
Prior period adjustment (Note 3)	<b>(123,745)</b>	(338,710)
Accumulated surplus, beginning of year, as restated	<b>103,757,704</b>	104,992,332
Annual deficit	<b>(1,982,762)</b>	(1,234,628)
Accumulated surplus, end of year	<b>\$ 101,774,942</b>	<b>\$ 103,757,704</b>

# Norway House Cree Nation

## Consolidated Statement of Financial Position

March 31

2019

2018  
(Restated - Note 3)  
(Note 21)

### Financial assets

Cash and cash equivalents (Note 6)	\$ 15,532,943	\$ -
Accounts receivable (Note 4)	4,903,529	8,517,616
Trust funds (Note 5)	<u>26,609</u>	<u>26,609</u>
<b>Total financial assets</b>	<b>20,463,081</b>	<b>8,544,225</b>

### Liabilities

Bank indebtedness (Note 6)	-	3,032,666
Accounts payable and accrued liabilities	15,875,098	16,459,471
Deferred revenue (Note 7)	7,530,330	58,619
Debt reduction trust payable	-	809,776
Long-term debt (Note 8)	<u>65,183,608</u>	<u>51,543,148</u>
<b>Total liabilities</b>	<b>88,589,036</b>	<b>71,903,680</b>

### Net debt

<b>Net debt</b>	<b>(68,125,955)</b>	<b>(63,359,455)</b>
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### Non-financial assets

Tangible capital assets (Note 10)	169,434,232	166,012,818
Inventory (Note 11)	466,665	389,896
Prepaid expenses	-	714,445
<b>Total non-financial assets</b>	<b>169,900,897</b>	<b>167,117,159</b>

### Accumulated surplus (Page 5)

\$ 101,774,942	\$ 103,757,704
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Contingencies (Note 14)

Approved on behalf of the Council:



Chief

Councillor



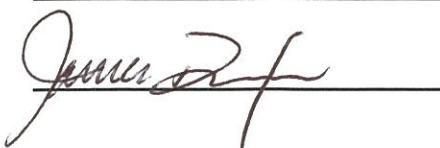
Councillor

Councillor



Councillor

Councillor



Councillor

See accompanying notes to the consolidated financial statements.

**Norway House Cree Nation**  
**Consolidated Statement of Change in Net Debt**

Year Ended March 31

Budget

2019

2018

(Restated - Note 3)

Annual deficit	\$ <b>(9,492,394)</b>	\$ <b>(1,982,762)</b>	\$ <b>(1,234,628)</b>
Acquisition of tangible capital assets	-	<b>(11,008,811)</b>	(5,532,865)
Acquisition of tangible capital assets - capital leases	-	<b>(1,682,458)</b>	(100,390)
Proceeds on disposal of tangible capital	-	<b>693,081</b>	569,564
Loss on disposal of tangible capital assets	-	<b>1,053,887</b>	-
Amortization of tangible capital assets	<b>5,218,405</b>	<b>7,522,887</b>	8,499,287
	<b>(4,273,989)</b>	<b>(5,404,176)</b>	<b>2,200,968</b>
(Acquisition) use of inventory	-	<b>(76,769)</b>	90,412
Change in prepaid expenses	-	<b>714,445</b>	(527,860)
	-	<b>637,676</b>	<b>(437,448)</b>
(Increase) decrease in net debt	<b>(4,273,989)</b>	<b>(4,766,500)</b>	1,763,520
Net debt, beginning of year	<b>(66,598,508)</b>	<b>(63,359,455)</b>	<b>(65,122,975)</b>
Net debt, end of year	<b>\$ (70,872,497)</b>	<b>\$ (68,125,955)</b>	<b>\$ (63,359,455)</b>

# Norway House Cree Nation

## Consolidated Statement of Cash Flow

Year Ended March 31

2019  
(Restated - Note 3)  
2018  
(Note 21)

Increase (decrease) in cash and cash equivalents

### Operating

Annual deficit	\$ (1,982,762)	\$ (1,234,628)
Adjustments for non-cash items		
Amortization of capital assets - general account	7,067,435	7,946,579
Amortization of capital assets - enterprises	455,452	552,708
Loss on disposal of tangible capital assets	1,053,887	-
	<hr/>	<hr/>
	6,594,012	7,264,659
Changes in non-cash working capital		
Accounts receivable	3,614,087	(951,185)
Prepaid expenses	714,445	(527,860)
Inventory	(76,769)	90,412
Accounts payable and accrued liabilities	(584,373)	702,831
Deferred revenue	7,471,711	(767,563)
	<hr/>	<hr/>
	17,733,113	5,811,294

### Financing

Repayment of debt reduction trust	(809,776)	-
Long-term debt proceeds	17,545,635	7,548,977
Long-term debt repayments	(5,587,633)	(8,991,373)
	<hr/>	<hr/>
	11,148,226	(1,442,396)

### Investing

Acquisition of tangible capital assets	(11,008,811)	(5,532,865)
Proceeds on disposal of tangible capital assets	693,081	569,564
	<hr/>	<hr/>
	(10,315,730)	(4,963,301)

Net increase (decrease) in cash and cash equivalents	18,565,609	(594,403)
Cash and cash equivalents, beginning of year	(3,006,057)	(2,411,654)
Cash and cash equivalents, end of year	\$ 15,559,552	\$ (3,006,057)

### Cash and cash equivalents consist of:

Cash and cash equivalents (Note 6)	\$ 15,532,943	\$ -
Bank indebtedness (Note 6)	-	(3,032,666)
Trust funds (Note 5)	26,609	26,609
	<hr/>	<hr/>
	\$ 15,559,552	\$ (3,006,057)

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# **Norway House Cree Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2019

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### **1. Nature of entity**

Norway House Cree Nation (NHCN) is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of the First Nation citizens of Norway House Cree Nation at Norway House, Manitoba

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### **2. Summary of significant accounting policies**

#### **Basis of accounting**

These consolidated financial statements were prepared in accordance with Canadian public sector accounting standards using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

#### **Reporting entity**

The NHCN reporting entity includes NHCN government and all related entities that are either owned or controlled by NHCN. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

#### **Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise. These business enterprises are included in the consolidated financial statements on a modified equity basis.

##### *Consolidation method*

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. The other government organizations that were consolidated are the following:

Unincorporated departments including:

Norway House Cree Nation CMHC Housing Projects  
Norway House Cree Nation Gaming Commission

Unincorporated entities including:

York Boat Inn  
York Boat Diner

Keenanow Trust Secretariat  
Kinosao Sipi Muchipinowin Program

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# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

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March 31, 2019

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### 2. Summary of significant accounting policies (continued)

#### Principles of consolidation (continued)

Incorporated entities including:

Kinosao Sipi Business Development Corporation	Molson Lake Lodge 1978 Limited
Playgreen Development Corp	4744757 Manitoba Ltd.
4015029 Manitoba Ltd.	Pinaow Wachi Inc.
NHCN Broadband Inc.	Norway House Pharmacy Ltd.
Jean Folster Place Inc.	7133805 Manitoba Ltd.
10026002 Manitoba Ltd.	

There are no organizations that have been accounted for using the modified equity basis.

#### 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.

Amortization based on the estimated useful life of the asset is calculated commencing in the year of acquisition as follows:

Buildings	40 year straight-line basis and 4% declining balance basis
Equipment	30%, 20% and 10% declining balance basis
Machinery	10% declining balance basis
Vehicles	30% declining balance basis
Paving and winter road	4% declining balance basis
Assets under capital lease	straight-line basis over the lease term
Water and sewer equipment	30 year straight-line basis

In the year of acquisition, one-half of the applicable rate is applied.

#### *Construction in progress*

Assets under construction are not amortized until the asset is available for use. At completion, the construction costs are closed out to the appropriate asset classification and amortized over its estimated useful life.

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# **Norway House Cree Nation**

## **Notes to the Consolidated Financial Statements**

March 31, 2019

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### **2. Summary of significant accounting policies (continued)**

#### **Tangible capital assets (continued)**

##### *Assets under capital lease*

Leases that transfer substantially all of the benefits and risks of ownership of the property to Norway House Cree Nation are accounted for as capital leases. At the time a capital lease is entered into, an asset is recorded together with its related long-term obligation. Assets under capital lease are amortized on a basis consistent with related capital asset categories as disclosed above.

#### **Use of estimates**

The preparation of consolidated financial statements in accordance with Canadian public accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures. Actual results could differ from these estimates.

#### **Revenue recognition**

NHCN 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 reasonably assured.

Other income, primarily including sales of gas, tobacco and fees for service, are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

Government transfers (revenues from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria are met and reasonable estimates of the amounts can be made. Transfers received where there is a stipulation that gives rise to an obligation that meets the definition of a liability are deferred and recognized as revenue as the stipulations are met. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

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 NHCN, or repaid to Health Canada. Any unapproved costs not paid by Health Canada are absorbed by NHCN. Any adjustments will be reflected in the year the final statement of recommended costs is received from Health Canada.

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# **Norway House Cree Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2019

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### **2. Summary of significant accounting policies (continued)**

#### **Inventory**

Inventory is valued at the lower cost or net realizable value determined by the first-in, first-out method. Inventory consists of pharmaceuticals, bingo paper and supplies.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts.

#### **Pension plans**

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

#### **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 inventory.

#### **Program surpluses**

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding agreements.

#### **Net debt**

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

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 3. Prior period adjustments

#### a) Phase 22 mortgage

During the current year, an error was identified where proceeds from long-term debt of \$764,138 were incorrectly recorded as Other Revenue in the year ended March 31, 2018. The prior year comparative figures have been restated to reflect the application of the changes as noted below.

#### b) Tangible capital assets

During the current year, an error was identified where capital expenditures of \$1,816,218 in aggregate were incorrectly recorded as expenses in each of the years ended March 31, 2016, 2017 and 2018. The prior year comparative figures have been restated to reflect the application of the changes as noted below.

#### c) Amortization expense

During the current year, an error was identified where amortization expense of \$1,175,825 in aggregate was not appropriately recorded on assets available for use in each of the years ended March 31, 2016, 2017 and 2018. The prior year comparative figures have been restated to reflect the application of the changes noted below.

	2018, as previously stated	Adjustment	2018, restated
Consolidated Statements of Operations and Change in Accumulated Surplus:			
Revenues - Other	\$ 6,444,752	\$ (764,138)	\$ 5,680,614
Expenditures - Health Services	9,365,293	(1,550,634)	7,814,659
Expenditures - Band Support	9,588,023	571,531	10,159,554
Annual deficit	(1,449,593)	214,965	(1,234,628)
Accumulated surplus, beginning of the year	105,331,042	(338,710)	104,992,332
Accumulated surplus, end of the year	103,881,449	(123,745)	103,757,704

#### Consolidated Statement of Financial Position:

Long-term debt	50,779,010	764,138	51,543,148
Tangible capital assets	165,372,425	640,393	166,012,818

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 4. Accounts receivable

	2019	2018 (Note 21)
ISC	\$ 386,371	\$ 531,738
MKO	150,768	893,392
Health Canada	3,765	244,769
Manitoba Hydro	443,746	1,000,000
Keenanow Trust	417,566	1,103,100
Province of Manitoba	697,588	576,461
Pharmacy	188,490	319,658
Other	12,786,978	12,564,571
Allowance for doubtful accounts	<u>(10,171,743)</u>	<u>(8,716,073)</u>
	<u><b>\$ 4,903,529</b></u>	<u><b>\$ 8,517,616</b></u>

Other receivables include trade receivables and receivables due from Norway House Cree Nation members.

### 5. Trust funds

	2019	2018
ISC - Trust funds	<u>\$ 26,609</u>	<u>\$ 26,609</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

### 6. Cash and cash equivalents (bank indebtedness)

	2019	2018
Royal Bank of Canada		
Approved line of credit of \$8,000,000, reducing to \$4,500,000 on April 1, 2019 with interest at prime plus 3.0%, repayable on demand and secured by a Band Council Resolution and a Tri-Party Agreement signed by Indigenous Services Canada, Norway House Cree Nation and the Royal Bank acknowledging loan commitment of funding. The aggregate borrowings outstanding under the line of credit plus RBC term loan must not exceed \$15,500,000. The outstanding balance of the term loan is \$15,000,000 as at March 31, 2019 (Note 8).	\$ -	\$ (3,595,000)
Cash and cash equivalents - net of overdrafts	<u>\$ 15,532,943</u>	<u>\$ 562,334</u>
	<u><b>\$ 15,532,943</b></u>	<u><b>\$ (3,032,666)</b></u>

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

7. Deferred revenues	2019	2018
Deferred revenue consists of the following:		
Keenanow Trust Secretariat	397,487	-
Health Canada	7,065,000	-
Northwest Company	53,356	53,356
Other	14,487	5,263
	<u>\$ 7,530,330</u>	<u>\$ 58,619</u>
8. Long-term debt	2019	2018
		(Restated - Note 3) (Note 21)
Bank of Montreal		
Loans are secured by the equipment and property being financed. All loans are demand loans, non-revolving.		
Loan 6996-145, \$8,038 principal plus interest payable monthly at prime +2.25% maturing July 30, 2019.	32,152	120,568
Loan 6995-740, \$8,745 principal plus interest payable monthly at prime +2.25% maturing October 30, 2019.	78,699	174,894
Loan 6996-129, \$2,223 principal plus interest payable monthly at prime +2.25% maturing July 30, 2019.	9,062	31,715
Loan 6996-081, \$2,224 principal plus interest payable monthly at prime +2.25% maturing June 30, 2019.	11,119	33,356
Loan 6995-847, \$5,706 principal payable annually plus interest at prime +2.25% maturing September 30, 2019.	2,085	7,791
Loan 6996-137, \$13,889 principal plus interest payable monthly at prime +2.00% maturing June 30, 2029	1,708,333	1,861,111
Loan 6991-950, \$1,400 principal plus interest payable monthly at prime +2.00% maturing September 30, 2028.	161,064	-
Loan 6995-513, \$6,143 payable monthly at prime +2.25% maturing December 31, 2019.	73,698	135,130
Loan 6995-089, \$1,800 principal plus interest payable monthly at prime +2.25% maturing April 30, 2020.	27,000	45,000
Loan 6993-964, \$8,039 principal plus interest payable monthly at prime +2.25% maturing November 30, 2019.	32,359	43,482
Loan 6993-876, \$1,042 principal plus interest payable monthly at prime +1.50%, maturing March 31, 2022.	221,876	233,334
Loan 6994-035, \$62,500 principal payable quarterly plus interest at prime +2.25% maturing March 31, 2020	250,000	350,000
Loan 6994-027, \$3,258 principal plus interest payable monthly at prime +2.25% maturing March 31, 2022.	97,750	133,592
Loan 6993-905, \$2,087 principal plus interest payable monthly at prime +2.25% maturing March 31, 2022.	68,898	91,864
Loan 6993-901, \$6,569 principal plus interest payable monthly at prime +2.25% maturing October 30, 2022.	295,593	361,280
Loan 6993-868, \$7,900 principal payable monthly at prime +2.25% maturing March 31, 2022.	260,701	355,501
Carry forward	<u>\$ 3,330,389</u>	<u>\$ 3,978,618</u>

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

8. Long-term debt (continued)	2019	2018
	(Restated - Note 3)	(Note 21)
Balance carried forward	\$ 3,330,389	\$ 3,978,618
Bank of Montreal (continued)		
Loan 6993-163, \$6,508 principal plus interest payable monthly at prime +2.25% maturing October 30, 2022.	286,331	357,914
Loan 6992-830, \$6,614 principal plus interest payable monthly at prime +2.25% maturing January 28, 2023.	286,165	336,662
Loan 6992-849, \$1,417 principal plus interest payable monthly at prime +2.25% maturing January 28, 2023.	68,000	82,167
Loan 6992-769, \$10,558 principal plus interest payable monthly at prime +2.25% maturing June 30, 2027.	517,370	622,956
Loan 6993-489, \$52,351 principal plus interest payable monthly at prime +2.0% maturing June 30, 2027.	5,235,086	5,810,945
Loan 6992-259, \$267 principle plus interest payable monthly at prime +2.25% maturing June 30, 2023.	14,134	-
Loan 6995-062, \$886 principle plus interest payable monthly at prime +2.25% maturing May 31, 2020	15,075	23,055
Loan 6994-713, \$7,838 principle plus interest payable monthly at prime +2.25% maturing September 30, 2020	156,767	235,150
National Leasing		
\$4,991 payable monthly including interest at 7.58%, repaid during the year.	-	14,786
\$4,802 payable monthly including interest at 7.00%, repaid during the year.	-	18,904
\$3,014 payable monthly including interest at 7.99%, repaid during the year.	-	20,557
\$8,778 payable monthly including interest at 7.39%, maturing July 2, 2019, secured by a first charge on equipment.	91,127	164,832
\$7,025 payable monthly including interest of 5.75% maturing March 31, 2021, secured by a first charge on equipment.	268,816	229,181
\$1,132 payable monthly including interest of 7.03%, maturing March 1, 2021, secured by a first charge on equipment.	25,265	36,629
Caterpillar Financial Services Limited		
\$7,756 payable monthly including interest at 6.5%, maturing February 19, 2024, secured by equipment.	390,765	-
Beatoes Productions		
\$2,868 payable monthly interest free, maturing March 31, 2021 secured by audio/visual equipment.	43,023	77,444
Komatsu International (Canada) Inc.		
\$4,209 payable monthly interest free, maturing November 27, 2022, secured by a first charge on equipment.	185,217	-
\$8,971 payable monthly interest free, maturing April 1, 2023, secured by a first charge on equipment.	430,099	-
\$9,895 payable monthly interest free, maturing December 2, 2022, secured by a first charge on equipment.	445,261	-
Carry forward	\$ 11,788,890	\$ 12,009,800

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 8. Long-term debt (continued)

	2019	2018
	(Restated - Note 3)	(Note 21)
Balance carried forward	\$ 11,788,890	\$ 12,009,800
Ford Credit		
\$630 payable monthly including interest at 11.69%, maturing January 29, 2024, secured by a first charge on equipment.	61,929	-
\$1,193 payable monthly including interest at 9.09%, maturing January 13, 2024, secured by a first charge on equipment.	55,061	-
\$1,242 payable monthly including interest at 9.09%, maturing January 13, 2024, secured by a first charge on equipment.	58,120	-
Money in Motion		
\$1,661 payable monthly including interest at 6.0%, maturing March 31, 2019 secured by a first charge on equipment.	17,980	12,134
GE Capital		
\$1,846 payable monthly including interest at 7.07%, maturing February 1, 2021, secured by a first charge on equipment.	38,800	57,886
Bank of Montreal		
Demand loan non-revolving from the Bank of Montreal up to \$3,800,000 repayable in monthly payments of \$22,927 principal plus interest at the prime rate plus 1.25%. Loan is secured by a general security agreement providing a first fixed and floating charge over the assets of 4015029 Manitoba Ltd., a registered first charge of collateral mortgage of \$5,000,000 over 333 Maryland St. property, a guarantee in the amount of \$3,800,000 signed by Norway House Cree Nation and a Band Council Resolution signed by Norway House Cree Nation as to the guarantee provided by 4744757 Manitoba Ltd.	3,569,016	3,663,719
CMHC		
Forgivable loan over 15 years, in 2025, as long as the building is used for a shelter.	280,000	280,000
Communities Economic Development Fund		
\$11,208 payable monthly including interest at 6.1%, maturing April 1, 2024, secured by a first charge on equipment.	626,837	671,434
Mercado		
\$3,751 payable monthly including interest at 7.55%, repaid during the year.	-	36,239
Carry forward	<u>\$ 16,496,633</u>	<u>\$ 16,731,212</u>

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

8. Long-term debt (continued)	2019	2018
		(Restated - Note 3) (Note 21)
Balance carried forward	\$ 16,496,633	\$ 16,731,212
First People Economic Growth Fund		
Advanced on April 1, 2014 consists of two loans:		
\$300,000 loan with \$2,632 payable monthly including no interest, maturing December 1, 2023 and \$455,221 loan with \$5,175 payable monthly including interest at 6%, maturing December 1, 2023.	321,416	397,156
Wells Fargo		
\$2,671 payable monthly including interest at 7.07%, maturing February 1, 2021, secured by first charge on equipment.	57,632	84,251
Frontier School Division		
\$250,000 payable monthly including interest at 3.75% maturing April 30, 2021, not secured.	8,042,240	9,478,921
Royal Bank of Canada		
Term loan non-revolving, repayable in annual payments of \$3,000,000 plus interest at the prime rate plus 3.00%, maturing April 1, 2024, secured by a Band Council Resolution and a Tri-Party Agreement signed by Indigenous Services Canada, Norway House Cree Nation and the Royal Bank acknowledging loan commitment of funding.	15,000,000	-
<b>NHCN Housing Projects</b>		
Peace Hills Trust		
Construction mortgage, payable in blended monthly instalments of \$25,181 and interest rate of 5% renewable on November 1, 2019.	3,920,509	4,027,047
Royal Bank of Canada		
Demand loan payable in annual instalments of \$110,570 less interest at 2.94% payable monthly maturing April 1, 2019, secured by 35 housing units.	663,421	773,991
Demand loan payable in monthly instalments of \$15,193, less interest at 2.14% payable monthly, maturing April 1, 2020, secured by 36 housing units.	1,041,479	1,199,643
Demand loan payable in monthly instalments of \$12,817 including interest at 3.36%, maturing June 1, 2023, secured by a Band Council Resolution supporting the apartment building construction loan in the original amount of \$2,400,000 and acknowledgement from ISC as to loan funding, terms and conditions.	1,218,268	1,333,694
Carry forward	\$ 46,761,598	\$ 34,025,915

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 8. Long-term debt (continued)

	2019	2018
		(Restated - Note 3) (Note 21)
Balance carried forward	\$ 46,761,598	\$ 34,025,915
<b>NHCN Housing Projects (continued)</b>		
Demand loan, repayable in monthly instalments of \$4,725 including interest at 2.19%, maturing February 1, 2020, secured by a Band Council Resolution committing to a loan for the purchase of trailers.	550,647	594,752
Demand loan, repayable in monthly instalments of \$13,755 plus interest at 2.63%, maturing December 1, 2020, secured by a Band Council Resolution supporting a loan facility of \$2,652,000 to fund the construction of the 33-unit CMHC project.	1,638,923	1,759,135
Demand loan payable in monthly instalments of \$13,670 including interest at 2.26%, maturing November 1, 2021 secured by 33 trailer units.	1,804,607	1,926,345
Demand loan payable in monthly instalments of \$10,927 including interest at 2.60%, maturing February 1, 2021, secured by teacherage units.	1,342,101	1,436,972
<b>CMHC Housing Projects</b>		
Canada Mortgage and Housing Corporation		
Mortgage payable, 1.82%, repayable in monthly instalments of \$5,789 due June 1, 2023.	283,898	347,583
Mortgage payable, 1.35%, repayable in monthly instalments of \$4,472, due July 1, 2026.	374,501	422,764
Mortgage payable, 1.97%, repayable in monthly instalments of \$3,559, due October 1, 2027.	337,051	372,758
Mortgage payable, 1.97%, repayable in monthly instalments of \$3,107, due September 1, 2027.	291,632	322,856
Mortgage payable, 1.97%, repayable in monthly instalments of \$2,075, due September 1, 2027.	194,769	215,622
Mortgage payable, 2.39%, repayable in monthly instalments of \$4,585, due March 1, 2028.	445,388	489,245
Mortgage payable, 1.86%, repayable in monthly instalments of \$1,440, due January 1, 2029.	155,287	169,505
Mortgage payable, 1.83%, repayable in monthly instalments of \$1,888, due November 1, 2024.	121,871	142,102
Mortgage payable, 1.08%, repayable in monthly instalments of \$4,422, due August 1, 2025.	328,865	378,100
Mortgage payable, 2.39%, repayable in monthly instalments of \$6,882, due February 1, 2032.	917,667	977,647
Carry forward	<u>\$ 55,548,805</u>	<u>\$ 43,581,301</u>

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

8. Long-term debt (continued)	2019	2018
	(Restated - Note 3)	(Note 21)
Balance carried forward	\$ 55,548,805	\$ 43,581,301
<b>CMHC Housing Projects (continued)</b>		
Mortgage payable, 1.12%, repayable in monthly instalments of \$10,324, due February 1, 2035.	1,805,631	1,908,719
Mortgage payable, 1.19%, repayable in monthly instalments of \$5,066, due July 1, 2035.	902,208	951,972
Mortgage payable, 2.68%, repayable in monthly instalments of \$15,959, due September 1, 2033.	2,301,013	2,431,371
Mortgage payable, 2.21%, repayable in monthly instalments of \$10,591, due February 1, 2034.	1,614,665	1,706,060
Mortgage payable in monthly instalments of \$2,560 including interest at 1.88%, repaid during the year.	-	2,560
Mortgage payable, 1.92% payable in monthly instalments of \$6,172, repaid during the year.	-	73,310
Mortgage payable, 1.91% payable in monthly instalments of \$7,979, repaid during the year.	-	87,043
Mortgage payable, 1.02% repayable in monthly instalments of \$3,685, repaid during the year.	-	36,674
Mortgage payable, 2.61% repayable in monthly instalments of \$13,856, due December 1, 2043	3,011,286	764,138
Total long-term debt	\$ 65,183,608	\$ 51,543,148

Long-term debt for CMHC projects financed by the Canada Mortgage and Housing Corporation, the Royal Bank and the Toronto-Dominion Bank are secured by a CMHC undertaking to insure the properties, a commitment letter, lender's loan agreement, ministerial guarantee and an assignment of fire insurance.

Principal payments due in the next five years are as follows:

2020	8,251,108
2021	8,846,578
2022	8,559,915
2023	9,559,362
2024	7,716,313

### 9. Replacement reserves

The accumulated surplus includes the cumulative total of the levy on operations, interest earned on deposits, less expenditures incurred since inception in accordance with the agreements with Canada Mortgage and Housing Corporation of \$2,695,096 (2018: \$2,790,209).

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**10. Tangible capital assets**

	Opening		Transfers/ Disposals	Closing Cost	Opening Accumulated Depreciation	Adjustments	Transfers/ Disposals	Amortization Expense	Accumulated Depreciation	Net Book Value 2019	2018
	Cost	Additions									
<b>Funded capital assets</b>											
Housing	\$ 1,642,304	\$ 36,485	\$ 4,708,855	\$ 1,678,789	\$ 951,338	\$ 3,298,091	\$ 27,640	\$ 978,978	\$ 699,811	\$ 690,966	
Building - administration	8,826,759	1,046,907		14,582,521	5,049,835		151,377	8,499,303	6,083,218	3,776,924	
- others	2,093,807			2,093,807	1,100,809		52,345	1,153,154	940,653	992,998	
Construction in progress	1,924,428	4,631,124		6,555,552	58,163		2,705	60,868	6,494,684	1,866,265	
CMHC projects											
Land and improvements	103,102			103,102					103,102	103,102	
Buildings	29,254,408	2,171,404	(4,708,855)	26,716,957	10,253,875	(3,298,091)	964,298	7,920,082	18,796,875	19,000,533	
Furnishings and equipment	182,151		(67,951)	114,200			-		114,200	182,151	
<b>Unfunded capital assets</b>											
Buildings											
Multiplex	7,123,362	230,810		7,354,172	3,545,446		180,892	3,726,338	3,627,834	3,577,916	
Health and Social	951,755	12,027		963,782	561,013		15,629	576,642	387,140	390,742	
333 Maryland Street	6,222,119	49,995		6,272,114	1,896,751		193,723	2,090,474	4,181,640	4,325,368	
Apartments	15,337,760	420,578		15,758,338	7,127,459		335,936	7,463,395	8,294,943	8,210,301	
Trailers	9,915,330			9,915,330	3,443,339		258,880	3,702,219	6,213,111	6,471,991	
Molson Lake Lodge	1,890,572			1,890,572	1,570,685		82,426	1,653,111	237,461	319,887	
4015029 MB Ltd.	865,034			865,034					865,034	865,034	
Whiskeyjack Centre	4,874,864			4,874,864	2,287,565		103,492	2,391,057	2,483,807	2,587,299	
Minisowin Agency	5,064,164	9,408		5,073,572	849,243		126,606	975,849	4,097,723	4,214,921	
High School	51,205,272			51,205,272	14,721,516		1,280,132	16,001,648	35,203,624	36,483,756	
Teacherage	2,346,332		(597,673)	1,748,659	1,015,427	(394,886)	35,604	656,145	1,092,514	1,330,905	
Pinaow Wachi	3,851,401			3,851,401	1,539,527				1,539,527	2,311,874	
Other	24,246,060	643,637	(401,773)	24,487,924	7,372,595		911,431	8,284,026	16,203,898	16,873,465	
Equipment											
Multiplex	1,252,055	19,095		1,271,150	1,041,143		44,092	1,085,235	185,915	210,912	
Cablevision	1,703,080			1,703,080	1,344,382		71,740	1,416,122	286,958	358,698	
Video	358,711			358,711	321,736		7,393	329,129	29,582	36,975	
Computer	1,013,177	2,169	(807,203)	208,143	1,017,859	(834,298)	49,276	232,837	(24,694)	(4,682)	
Water and sewer	16,283,261	45,029	(6,949,034)	9,379,256	10,578,402	(6,382,316)	292,932	4,489,018	4,890,238	5,704,859	
Muchipunowin	121,622		(64,483)	57,139	35,603	(26,044)		9,559	47,580	86,019	
Band Admin	1,789,326	1,990,516		3,779,842	1,197,530		171,655	1,369,185	2,410,657	591,796	
Assets under capital lease	709,346	402,775	(530,360)	581,761	709,346	(682,498)	23,861	50,709	531,052		
Gaming Commission	192,943			192,943	115,885		3,447	119,332	73,611	77,058	
Dental Clinic	638,750			638,750	618,494			618,494	20,256	20,256	
Pinaow Wachi Inc.	515,003	117		515,120	358,833			358,833	156,287	156,170	
Machinery	11,322,791	233,070	(246,877)	11,308,984	6,752,564	(151,232)	518,682	7,120,014	4,188,970	4,570,227	
Log house	250,000			250,000	7,500		9,700	17,200	232,800	242,500	
Street lighting	505,542			505,542	399,031		13,112	412,143	93,399	106,511	
Vehicles	5,129,141	153,265		5,282,406	4,277,678		328,638	4,606,316	676,090	851,463	
York Boat Inn											
Land	75,000			75,000			-		75,000	75,000	
Building	1,613,620	68,450		1,682,070	356,053		65,914	421,967	1,260,103	1,257,567	
Furnishings and equipment	717,631	6,490		724,121	343,107		144,175	487,282	236,839	374,524	
Computer	21,249			21,249	16,525		4,249	20,774	475	4,724	
Signage	12,766			12,766	10,477		2,289	12,766	-	2,289	
Telephone system	14,738			14,738	14,647		91	14,738	-	91	
Mall - Buildings	5,227,077			5,227,077	2,403,978		112,925	2,516,903	2,710,174	2,823,099	
- Equipment	517,896			517,896	510,779		7,117	517,896	-	7,117	
- Buses	595,269	209,000		804,269	449,782		58,276	508,058	296,211	145,487	
Pharmacy	561,460	28,402		589,862	281,056		63,192	344,248	245,614	280,404	
Daycare	1,062,004	280,516		1,342,520	542,526		29,851	572,377	770,143	519,478	
Construction in progress	14,034,919		(552,888)	13,482,031					13,482,031	14,034,919	
Lagoon	14,817,132			14,817,132	2,995,626		493,902	3,489,528	11,327,604	11,821,506	
Paving	13,272,330			13,272,330	6,883,374		255,558	7,138,932	6,133,398	6,388,956	
Winter road	1,540,592			1,540,592	848,095		27,704	875,799	664,793	692,497	
	<b>\$ 273,789,415</b>	<b>\$ 12,691,269</b>	<b>\$ (10,218,242)</b>	<b>\$ 276,262,442</b>	<b>\$ 107,776,597</b>	<b>\$ -</b>	<b>\$ (8,471,274)</b>	<b>\$ 7,522,887</b>	<b>\$ 106,828,210</b>	<b>\$ 169,434,232</b>	<b>\$ 166,012,818</b>

During the current year, Band support acquired equipment in the amount of \$1,682,458 (2018: \$100,390) by means of capital leases.

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## Norway House Cree Nation

### Notes to the Consolidated Financial Statements

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03/31/2019

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<b>11. Inventory</b>	<b>2019</b>	<b>2018</b>
Norway House Cree Nation Gaming Commission	\$ 12,978	\$ 23,136
York Boat Inn	4,000	4,000
Norway House Pharmacy	<u>449,687</u>	<u>362,760</u>
	<u>\$ 466,665</u>	<u>\$ 389,896</u>

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<b>12. Other revenue</b>	<b>2019</b>	<b>2018</b>
		(Note 21)
Emergency medical services	\$ 553,683	\$ 519,286
Band Support - other	1,622,679	2,427,442
Band Support - interest	501,114	416,307
Broadband - other	1,571,409	618,448
Pinaow Wachi - other	1,033,144	974,895
Whiskey Jack rental revenue	480,000	480,000
Other	<u>29,695</u>	<u>244,236</u>
	<u>\$ 5,791,724</u>	<u>\$ 5,680,614</u>

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#### **13. Economic dependence**

Norway House Cree Nation receives a major portion of its revenues pursuant to funding arrangements with Indigenous Services Canada.

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#### **14. Contingencies**

- a) Norway House Cree Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if Norway House Cree Nation fails to comply with the terms and conditions of the agreements.
- b) The entity is involved in legal claims arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the entity's financial position, results of operations or cash flows. Any amounts awarded as a result of these actions will be reflected in the year of settlement.

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# **Norway House Cree Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2019

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### **15. Pension plan**

Norway House Cree Nation provides a defined contribution pension plan to its employees. The net expense for the period is \$206,508 (2018: \$247,593).

Employees contribute 3% of their earnings to the entity's pension plan. The entity matches these employee contributions.

At retirement, employees may elect to receive "life income fund like" payments from the pension plan or transfer their pension funds including vested Norway House Cree Nation contributions and related investment earnings to a financial institution of their choice for the purpose of obtaining retirement income payments from a life annuity or life income fund.

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# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

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March 31, 2019

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### 16. Segment disclosure

Norway House Cree Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, and medical services, among other services.

Services are provided by departments and their activities are reported in these funds. The departments that have been separately disclosed along with the services they provide are as follows:

**Education:** department that provides services to elementary and secondary students. The department also supports post-secondary students by providing funds for tuition fees, books and living allowances.

**Employment and Training:** provides funding to support development and enhancement of essential employability skills, training for high-demand jobs, job finding, and programs for youth and people with disabilities.

**Social Services:** responsible for administering assistance payments as well as providing services directed towards members.

**Band Support:** oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance of Chief and Council.

**Public Works:** department is responsible for public services such as the operation and maintenance of roads, water and sanitation system and waste management. Maintenance of Norway House Cree Nation buildings and community infrastructure is also included in this segment.

**Housing:** in charge of all activities related with First Nation housing construction and administration, rental units and Residential Repair Assistance Programs (RRAP).

**Health Services:** department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, home support services, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

**Pinaow Wachi:** provides funding for eligible individuals in need of personal medical and non-medical care in a supported living environment.

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# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

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March 31, 2019

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### 16. Segment disclosure (continued)

**Emergency Services:** provide timely and safe response, medical assessment and treatment, and medical transport services in emergencies to the community of Norway House Cree Nation.

**Restorative Justice:** to facilitate Aboriginal peoples' greater involvement in the administration of justice in the Province of Manitoba and the Government of Canada.

**Safety Officer's Program:** department responsible for internal security and law enforcement. The main activities include handling of domestic issues, traffic accidents, finding missing persons and filling out paperwork.

**Park and Recreation:** department that runs different programs and activities with the purpose to improve health and quality of life of members. Activities performed include sports coordination, maintenance of public spaces, York Boat days and other social activities for all members.

**Youth:** perform programs and activities for youth in matters such as education, culture, health, economic development, welfare, housing and infrastructure and sports and recreation.

**VLT Operations:** department responsible for the operations of video lottery terminals.

**CMHC:** division of the Norway House Cree Nation that administers housing projects partially funded by operating agreements with CMHC.

**Broadband:** organization that provides high speed internet services in Norway House, Manitoba and the surrounding areas.

**Keenanow Trust Secretariat:** organization is an unincorporated, non-profit, non-taxable entity responsible for the administration of funds received from Keenanow Trust. The trust was established to promote social welfare, civic improvement, recreation and the economic, spiritual and cultural welfare of Norway House Cree Nation and its members.

**Health Centre of Excellence:** organization that provides integrated medical services to the Norway House Cree Nation community and addresses social, physical, mental and spiritual needs of community

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# **Norway House Cree Nation**

## **Notes to the Consolidated Financial Statements**

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March 31, 2019

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### **16. Segment disclosure (continued)**

**Enterprises:** includes the activities of Norway House Cree Nation related entities including:

**Kinosao Sipi Business Development Corporation:** organization that undertakes economic development projects with the goal of generating revenues and employing members.

**4744757 Manitoba Ltd.:** entity that operates the rental property located at 333 Maryland in Winnipeg, Manitoba.

**York Boat Inn:** motel services provided at building located in Norway House, Manitoba. Activities include front desk, janitorial and cleaning services.

**Molson Lake Lodge (1978) Ltd.:** entity that provides accommodation, fly-in, outposts and guide services for ultimate fishing in different lakes of Norway House, Manitoba.

**Kinosao Sipi Muchipunowin Program:** unincorporated entity that operates radio bingo events in Norway House, Manitoba.

**Norway House Pharmacy Ltd.:** general partner of Norway House Pharmacy Limited Partnership, entity that provides for the safe supply and use of medicines by patients and members.

**Norway House Cree Nation Gaming Commission:** department responsible for the operation of licensed gaming activities.

For each reported segment, revenue and expenditures include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

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**16. Segment disclosure (continued)**

	Band Support			Education			Employment and Training			Social Services			Health Services			Public Works			
	Budget 2019	2019	2018 (Restated - Note 3)	Budget 2019	2019	2018	Budget 2019	2019	2018	Budget 2019	2019	2018	Budget 2019	2019	2018 (Restated - Note 3)	Budget 2019	2019	2018	
Revenue																			
Federal Government	\$ 3,652,535	\$ 8,008,270	\$ 7,725,806	\$ 22,428,014	\$ 28,773,164	\$ 28,182,112	\$ 146,821	\$ 137,549	\$ 249,228	\$ 12,508,883	\$ 12,657,388	\$ 11,742,746	\$ 9,368,777	\$ 11,713,922	\$ 13,531,265	\$ -	\$ 3,395,820	2,942,040	
Provincial Government	1,384,306	1,669,749	2,082,389	723,307	2,175,476	2,953,048	2,836,395	1,537,681	1,390,117	-	-	-	-	-	-	-	-	-	
Economic activities	522,465	527,553	499,995	-	-	-	-	-	-	-	-	-	-	-	-	508,343	370,374	562,980	
Other revenue	434,143	3,322,468	2,427,442	144,000	659,716	571,613	-	-	-	-	-	-	-	-	(6,600)	2,529,042	2,717,917	3,177,991	
Total revenue	<b>5,993,449</b>	<b>13,528,040</b>	<b>12,735,632</b>	<b>23,295,321</b>	<b>31,608,356</b>	<b>31,706,773</b>	<b>2,983,216</b>	<b>1,675,230</b>	<b>1,639,345</b>	<b>12,508,883</b>	<b>12,657,388</b>	<b>11,742,746</b>	<b>9,368,777</b>	<b>11,713,922</b>	<b>13,524,665</b>	<b>3,037,385</b>	<b>6,484,111</b>	<b>6,683,011</b>	
Expenditures																			
Salaries and benefits	3,398,566	1,921,096	3,202,257	1,395,400	1,312,119	1,332,681	615,862	662,557	795,513	215,302	386,355	195,655	5,855,869	6,058,721	4,449,662	1,831,034	3,231,453	2,951,662	
Amortization	5,218,405	(1,175,826)	621,865	-	2,353,121	2,003,333	-	-	-	-	-	-	-	1,722,250	1,466,241	343,937	292,812	-	-
Debt servicing	2,041,189	1,469,543	1,427,191	-	-	458,898	-	-	-	-	-	-	-	-	-	77,710	53,334	84,238	
Transfer - Interdepartment	-	(2,805,622)	(135,160)	1,200	(3,912)	(3,912)	-	-	-	-	-	-	-	-	(707,693)	(191,226)	(436,315)		
Other expenses	4,999,773	7,880,789	5,045,196	22,798,323	29,990,444	29,178,241	1,089,034	913,059	430,123	11,971,299	12,374,780	12,541,093	3,902,288	4,769,019	4,036,527	2,841,794	7,527,841	6,228,194	
Total expenditures	<b>15,657,933</b>	<b>7,289,980</b>	<b>10,161,349</b>	<b>24,194,923</b>	<b>33,651,772</b>	<b>32,969,241</b>	<b>1,704,896</b>	<b>1,575,616</b>	<b>1,225,636</b>	<b>12,186,601</b>	<b>12,761,135</b>	<b>12,736,748</b>	<b>9,758,157</b>	<b>12,549,990</b>	<b>9,952,430</b>	<b>4,042,845</b>	<b>10,965,339</b>	<b>9,120,591</b>	
Annual surplus (deficit)	<b>\$ (9,664,484)</b>	<b>\$ 6,238,060</b>	<b>\$ 2,574,283</b>	<b>\$ (899,602)</b>	<b>\$ (2,043,416)</b>	<b>\$ (1,262,468)</b>	<b>\$ 1,278,320</b>	<b>\$ 99,614</b>	<b>\$ 413,709</b>	<b>\$ 322,282</b>	<b>\$ (103,747)</b>	<b>\$ (994,002)</b>	<b>\$ (389,380)</b>	<b>\$ (836,068)</b>	<b>\$ 3,572,235</b>	<b>\$ (1,005,460)</b>	<b>(4,481,228)</b>	<b>(2,437,580)</b>	

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

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**16. Segment disclosure (continued)**

	Housing			Parks, Recreation and Multi-Plex			Youth			Emergency Services			Enterprises				
	Budget 2019		2019	2018	Budget 2019		2019	2018	Budget 2019		2019	2018	Budget 2019		2019		
	\$		\$	\$	\$		\$	\$	\$		\$	\$	\$		\$	\$	
<b>Revenue</b>																	
Federal Government	\$	-	\$	-	\$	325,000	\$	-	\$	79,878	\$	194,115	\$	-	\$	92,616	
Provincial Government	-		-		-		-		-							\$	-
Economic activities	254,421		242,262		244,594		12,610		23,841		25,004		-		515,000		553,683
Other revenue	9,426		11,250		(154,002)		151,000		184,205		220,430		-		-		519,286
<b>Total revenue</b>	<b>263,847</b>		<b>253,512</b>		<b>415,592</b>		<b>163,610</b>		<b>208,046</b>		<b>245,434</b>		<b>79,878</b>		<b>194,115</b>		<b>607,616</b>
<b>Expenditures</b>																	
Salaries and benefits	1,266,665		611,189		1,260,737		1,145,875		943,600		1,049,486		12,800		10,305		9,299
Amortization	-		2,518,436		2,144,075		-		314,934		268,107		-		-		625,146
Debt servicing	-		-		-		-		-		-		-		-		625,995
Transfer - interdepartment	-		-		-		-		-		-		-		-		518,050
Other expenses	231,468		674,580		740,267		761,884		849,005		891,625		-		6,939		2,789
<b>Total expenditures</b>	<b>1,498,133</b>		<b>3,804,205</b>		<b>4,145,079</b>		<b>1,907,759</b>		<b>2,107,539</b>		<b>2,209,218</b>		<b>12,800</b>		<b>17,244</b>		<b>12,088</b>
<b>Annual surplus (deficit)</b>	<b>\$ (1,234,286)</b>		<b>\$ (3,550,693)</b>		<b>\$ (3,729,487)</b>		<b>\$ (1,744,149)</b>		<b>\$ (1,899,493)</b>		<b>\$ (1,963,784)</b>		<b>\$ 67,078</b>		<b>176,871</b>		<b>(12,088)</b>
																	<b>\$ (276,503)</b>
																	<b>\$ (432,754)</b>
																	<b>(484,614)</b>
																	<b>\$ 1,030,552</b>
																	<b>418,590</b>

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**16. Segment disclosure (continued)**

	VLT			CMHC			Pinaow Wachi			Safety Officer's Program			Restorative Justice			
	Budget	2019	2019	Budget	2019	2019	Budget	2019	2019	Budget	2019	2019	Budget	2018	2019	2018
	2019	2019	2018	2019	2019	2018	2019	2019	2018	2019	2019	2018	2018	2019	2019	2018
<b>Revenue</b>																
Federal Government	\$	-	\$	-	\$	-	\$	864,201	\$	1,432,693	\$	3,221,647	\$	2,863,462	\$	3,036,965
Provincial Government								-		-		661,300		651,300		661,300
Economic activities	26,338,048		25,970,039		27,898,206			515,984		412,454		-		-		-
Other revenue	-		-		-			-		-		370,604		370,604		330,822
<b>Total revenue</b>	<b>26,338,048</b>		<b>25,970,039</b>		<b>27,898,206</b>			<b>1,380,185</b>		<b>1,845,147</b>		<b>4,253,551</b>		<b>3,885,366</b>		<b>4,029,087</b>
<b>Expenditures</b>																
Salaries and benefits	468,580		413,541		452,305		-	-		629,310		2,340,722		1,588,683		377,334
Amortization	-		-		-			964,298		1,002,983		-		-		124,773
Debt servicing	14,563		12,971		14,507		-	236,316		199,573		-		-		-
Transfer - interdepartment	-		-		-			-		-		-		-		-
Other expenses	21,566,397		21,397,869		23,041,520		-	604,447		870,990		3,572,401		1,892,446		2,708,030
<b>Total expenditures</b>	<b>22,049,540</b>		<b>21,824,381</b>		<b>23,508,332</b>			<b>1,805,061</b>		<b>2,073,546</b>		<b>4,201,711</b>		<b>4,233,168</b>		<b>4,421,486</b>
<b>Annual surplus (deficit)</b>	<b>\$ 4,288,508</b>		<b>\$ 4,145,658</b>		<b>\$ 4,389,874</b>			<b>\$ (424,876)</b>		<b>\$ (228,399)</b>		<b>\$ 51,840</b>		<b>\$ (347,802)</b>		<b>\$ (392,399)</b>

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**16. Segment disclosure (continued)**

	Broadband			Keenanow Trust Secretariat			Health Centre of Excellence			Elimination			Total							
	Budget		2019	Budget		2019	Budget		2019	Budget		2019	Budget		2019					
			2019			2019			2019						2019					
Revenue																				
Federal Government	\$	-	\$	-	\$	-	\$	-	\$	\$	-	\$	\$	51,499,171	\$	70,511,700	\$	69,097,855		
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	6,120,308	\$	6,587,889	\$	7,884,569		
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,233,624)	-	27,635,887	\$	39,066,007	40,356,411	
Other revenue	639,830		1,571,410		618,448		2,628,347		1,680,632		26,442			(1,724,089)		(4,132,970)		4,278,046	9,768,270	4,733,806
Total revenue	639,830		1,571,410		618,448		2,628,347		1,680,632		3,186,442			(5,213,904)		(4,132,970)		89,533,412	125,933,866	122,072,641
Expenditures																				
Salaries and benefits	181,482		198,594		191,179		-	119,821	151,465	-	-	-	-	-	18,074,845		21,304,250		20,124,722	
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,218,405		7,522,887		8,499,287	
Debt servicing	56,710		181,792		234,889		-	-	-	-	-	-	-	(290,013)	-	2,190,172		2,165,772	2,595,940	
Transfer - interdepartment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(706,493)		(384,142)		(575,387)	
Other expenses	143,006		350,913		598,777		-	2,750,574	1,827,686	-	-	-	-	(4,923,891)		(4,132,970)		74,248,877	97,307,861	92,662,707
Total expenditures	381,198		731,299		1,024,845		-	2,870,395	1,979,151	-	2,616,618	-	-	(5,213,904)		(4,132,970)		99,025,806	127,916,628	123,307,269
Annual surplus (deficit)	\$ 258,632	\$ 840,111	\$ (406,397)	\$ -	\$ (242,048)	\$ (298,519)	\$ -	\$ 569,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,492,394)	\$ (1,982,762)	\$ (1,234,628)				

# Norway House Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 18. Expenses by object

The following is a summary of expenses by object:

	2019	2018 (Restated-Note 3) (Note 21)
Administration	\$ 4,203,024	2,619,930
Amortization	7,522,887	8,499,287
Bad debt	1,661,499	1,014,263
Bereavement and community support	829,325	536,097
Board, hotels and accommodations	498,504	444,433
Community programs	561,093	1,239,413
Contracts - public works	1,850,146	2,408,879
Donations	123,684	93,031
Fisherman's program payments	339,732	335,152
Gas and oil	1,492,575	1,012,605
Interest and bank charges	2,165,772	2,595,940
Insurance	597,687	428,523
Materials and supplies	3,183,897	2,482,622
Miscellaneous - Band Support	937,060	1,280,128
Manitoba Liquor & Lotteries share	850,814	875,541
Prize payouts	1,509,516	1,139,627
Professional fees	2,513,561	2,660,432
Program costs	9,139,504	6,538,321
Property taxes	73,880	67,282
Recoveries	111,624	-
Rent	1,747,517	1,094,784
Repairs and maintenance	1,180,108	1,514,427
Salaries and benefits	21,304,250	20,124,722
Social assistance and pensioners	12,143,928	12,473,958
Training	171,596	101,799
Transportation	1,794,056	1,724,485
Trapper's program payments	104,842	100,257
Travel	1,158,150	972,385
Tuition	26,521,284	25,846,599
VLT prize payout	20,532,515	22,149,565
Utilities	1,092,598	932,782
	<hr/> <b>\$ 127,916,628</b>	<hr/> <b>\$ 123,307,269</b>

**Norway House Cree Nation**  
**Notes to the Consolidated Financial Statements**

March 31, 2019

**19. Government transfers**

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers:						
Indigenous Services Canada	\$ 55,736,819	\$ -	\$ 55,736,819	\$ 53,290,206	\$ -	\$ 53,290,206
Health Canada	13,920,030	-	13,920,030	12,938,841	-	12,938,841
Canada Mortgage and Housing Corporation	864,201	-	864,201	832,793	-	832,793
Manitoba Keewatinowin Okimakanak	2,177,953	-	2,177,953	2,483,129	-	2,483,129
	<b>\$ 72,699,003</b>	<b>\$ -</b>	<b>\$ 72,699,003</b>	<b>\$ 69,544,969</b>	<b>\$ -</b>	<b>\$ 69,544,969</b>

**20. Overall risk to operations**

Since March 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential service have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Entity has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Entity for future periods.

**21. Comparative figures**

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.