

EBB AND FLOW FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2017

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EBB AND FLOW FIRST NATION
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Year Ended March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Ebb and Flow First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Ebb and Flow First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the organization's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Chief and Council approves of the financial statements. Chief and Council also approves the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Lazer Grant LLP, in accordance with Canadian public sector accounting standards.



Ebb and Flow, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Ebb and Flow First Nation

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

Management's Responsibility 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.

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 entity'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 entity'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 audit opinion.

(continues)

Independent Auditor's Report to the Members of Ebb and Flow First Nation *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ebb and Flow First Nation as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Lazer Grant LLP

Winnipeg, MB
December 14, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

EBB AND FLOW FIRST NATION
Consolidated Statement of Financial Position
March 31, 2017

	2017	2016
FINANCIAL ASSETS		
Marketable securities (Note 4)	\$ 50,488	\$ 4,144,116
Restricted cash (Notes 5, 20)	1,837,229	2,656,947
Accounts receivable (Note 6)	639,244	1,544,788
Loans receivable (Note 7)	3,042,537	3,150,000
Ottawa trust funds (Note 8)	27,074	25,718
	<u>5,596,572</u>	<u>11,521,569</u>
LIABILITIES		
Bank indebtedness (Note 9)	1,304,460	923,740
Accounts payable and accrued liabilities (Note 10)	1,681,249	1,749,979
Deferred revenue (Note 11)	33,407	185,753
Long term debt (Note 12)	27,555,343	28,591,669
Obligations under capital lease (Note 13)	187,998	253,099
Moveable assets reserve (Note 14)	159,028	116,125
	<u>30,921,485</u>	<u>31,820,365</u>
NET FINANCIAL DEBT	<u>(25,324,913)</u>	<u>(20,298,796)</u>
NON-FINANCIAL ASSETS		
Inventory (Note 15)	279,783	300,796
Prepaid expenses (Note 16)	286,172	1,308,194
Deferred finance charges (Note 17)	5,000	315,874
Tangible capital assets (Note 18)	36,842,607	36,961,329
	<u>37,413,562</u>	<u>38,886,193</u>
ACCUMULATED SURPLUS	<u>\$ 12,088,649</u>	<u>\$ 18,587,397</u>

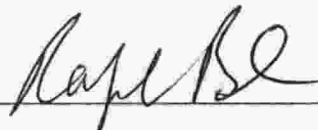
CONTINGENT LIABILITY (Note 19)

ON BEHALF OF COUNCIL

 Chief

 Councillor

 Councillor



Councillor

Councillor

EBB AND FLOW FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2017

	Budget (Unaudited) 2017	2017	2016
REVENUES			
Indigenous and Northern Affairs Canada	\$ 10,838,005	\$ 12,442,734	\$ 11,084,410
Health Canada	1,946,067	2,813,922	2,177,739
Canada Mortgage and Housing Corporation	121,097	837,223	685,009
First Peoples Development Inc.	612,030	624,130	613,030
First Peoples Economic Growth Fund	-	-	313,720
Province of Manitoba	988,400	1,135,881	1,493,147
Frontier School Division	1,093,158	764,904	1,093,158
Manitoba Hydro	-	229,718	257,272
Gas and groceries	4,000,000	4,136,950	4,098,602
VLT proceeds	1,000,000	1,506,856	1,405,680
Tobacco sales	540,000	569,046	527,292
ATM fees	60,000	73,036	140,062
Restaurant sales	435,000	507,875	480,209
Golf course	-	410,453	498,267
Construction	-	397,361	-
Administration fees	73,550	-	-
Equipment rental	-	-	77,000
Fundraising	-	51,172	39,239
Interest	-	114,595	2,677
Parent fees	57,000	75,760	61,225
Rent	106,556	23,165	95,168
Miscellaneous	238,428	599,659	474,930
Prior year recoveries	-	-	(110,405)
	22,109,291	27,314,440	25,507,431
EXPENSES (Schedule 1)	22,063,251	27,883,113	26,007,303
SURPLUS (DEFICIT) FROM OPERATIONS	46,040	(568,673)	(499,872)
OTHER EXPENSES (INCOME)			
Amortization	-	2,980,853	2,486,778
Loss on disposal of tangible capital assets	-	19,823	35,844
Community engagement	-	250,000	250,000
Write down of loans receivable (Note 22)	-	2,654,486	-
Transfer to (from) operating reserve (Note 20)	-	(363,808)	215,770
	-	5,541,354	2,988,392
ANNUAL SURPLUS (DEFICIT)	\$ 46,040	\$ (6,110,027)	\$ (3,488,264)

EBB AND FLOW FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2017

	2017	2016
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 18,587,397	\$ 21,860,036
DEFICIT FOR THE YEAR	(6,110,027)	(3,488,264)
	12,477,370	18,371,772
Replacement reserve transactions <i>(Note 20)</i>	(388,721)	215,625
ACCUMULATED SURPLUS - END OF YEAR	\$ 12,088,649	\$ 18,587,397

EBB AND FLOW FIRST NATION
Consolidated Statement of Changes in Net Financial Debt
Year Ended March 31, 2017

	2017	2016
ANNUAL DEFICIT	\$ (6,110,027)	\$ (3,488,264)
Amortization of tangible capital assets	2,980,853	2,486,778
Purchase of tangible capital assets	(3,270,545)	(2,957,276)
Proceeds on disposal of tangible capital assets	388,592	550,842
Loss on disposal of assets	19,823	35,844
Decrease (increase) in prepaid expenses	1,022,021	(309,520)
Decrease (increase) in inventory	21,013	(5,038)
Decrease in deferred finance charges	310,874	155,438
Replacement reserve transactions	(388,721)	215,625
	1,083,910	172,693
DECREASE IN NET FINANCIAL ASSETS	(5,026,117)	(3,315,571)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(20,298,796)	(16,983,225)
NET FINANCIAL DEBT - END OF YEAR	\$ (25,324,913)	\$ (20,298,796)

EBB AND FLOW FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Deficit	\$ (6,110,027)	\$ (3,488,264)
Items not affecting cash:		
Amortization of tangible capital assets	2,980,853	2,486,778
Loss on disposal of tangible capital assets	19,823	35,844
	(3,109,351)	(965,642)
Changes in non-cash working capital:		
Accounts receivable	905,544	(829,829)
Inventory	21,013	(5,038)
Accounts payable and accrued liabilities	(68,731)	(844,267)
Deferred revenue	(152,346)	185,753
Prepaid expenses	1,022,022	(309,622)
	1,727,502	(1,803,003)
Cash flow from operating activities	(1,381,849)	(2,768,645)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(3,270,545)	(2,957,276)
Proceeds on disposal of tangible capital assets	388,592	550,842
Repayment of loans receivable	205,123	-
Addition to loans receivable	(97,660)	(3,150,000)
Proceeds from sale (purchase) of marketable securities	4,093,629	(4,093,831)
Decrease (increase) in restricted cash	819,718	(2,656,922)
Decrease in deferred finance charges	310,874	155,438
Increase in Ottawa trust funds	(1,356)	(1,366)
Cash flow from (used by) investing activities	2,448,375	(12,153,115)
FINANCING ACTIVITIES		
Replacement reserve transactions	(388,721)	215,625
Increase in moveable assets reserve	42,903	18,189
Proceeds from long term financing	906,110	20,920,129
Repayment of long term debt	(1,942,438)	(6,435,595)
Increase in (repayment) of obligations under capital lease	(65,100)	253,099
Cash flow from (used by) financing activities	(1,447,246)	14,971,447
INCREASE (DECREASE) IN CASH	(380,720)	49,687
Deficiency - beginning of year	(923,740)	(973,427)
DEFICIENCY - END OF YEAR	\$ (1,304,460)	\$ (923,740)

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

1. DESCRIPTION OF ORGANIZATION

The Ebb and Flow First Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services in all areas of the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the organization and its subsidiaries. As a result, figures as at March 31, 2017 or for the years then ended include the financial position of those subsidiaries and the results of their operations for the years then ended. The results of operations of the subsidiaries are included in the consolidated financial statements from the respective dates of acquisition or incorporation.

These consolidated financial statements include the assets, liabilities, revenues and expenses of the following controlled entities:

- Ebb and Flow Band Administration & Operations
- Ebb and Flow Education Authority
- Ebb and Flow Social Assistance
- Ebb and Flow Health Authority Inc.
- Ebb and Flow Housing Authority
- Ebb and Flow ATM & Tobacco Shop
- Ebb and Flow Gaming
- Ebb and Flow Gas and Grocery Store
- Ebb and Flow VLT Operations
- Ebb and Flow Investment Group Inc.
- Ebb and Flow Construction
- First Communications Inc.
- 7363185 Manitoba Ltd.

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

Inventory of goods for resale is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. Inventory of livestock is valued at the lower of cost and net realizable value with the cost being determined by specific identification.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Band housing	30-40 years	straight-line method
Buildings	30-40 years	straight-line method
CMHC housing		annual principle reduction
Computer equipment	3 years	straight-line method
Environmental infrastructure	40 years	straight-line method
Equipment	5 years	straight-line method
Equipment under capital lease	5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Motor vehicles	5 years	straight-line method
Office furniture and equipment	5 years	straight-line method
Roads and street lights	40 years	straight-line method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Tangible capital assets acquired under Canada Mortgage and Housing Corporation (CMHC) sponsored housing projects are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for CMHC reporting purposes.

Revenue recognition

Revenue from government agencies is recognized as it becomes receivable under the terms of applicable funding agreements.

Rent revenue is recognized when the tenants' rent is invoiced at the start of each month based on the details of each signed lease agreement.

Other revenues are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

3. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2017.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, bank indebtedness, deferred revenue, long-term debt, obligations under capital leases, moveable assets reserve, and accounts payable and accrued liabilities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

4. MARKETABLE SECURITIES

	2017	2016
RBC Money market funds	\$ 49,803	\$ 49,603
RBC Money market funds	685	682
RBC Guaranteed investment certificates	-	4,093,831
	\$ 50,488	\$ 4,144,116

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

5. RESTRICTED CASH

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), Replacement Reserve funds 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 CMHC.

	2017	2016
Replacement Reserve		
Replacement reserve bank	\$ 468,013	\$ 19,932
Replacement reserve guaranteed investment certificates	-	1,242,694
	468,013	1,262,626

The following funds are on deposit as required by the financing agreement with First Nations Finance Authority:

First Nations Finance Authority		
Debt reserve fund	748,054	743,965
Debt reserve fund	137,724	135,844
Secured revenues trust account	483,438	514,512
	1,369,216	1,394,321
	\$ 1,837,229	\$ 2,656,947

6. ACCOUNTS RECEIVABLE

	2017	2016
Indigenous and Northern Affairs Canada		
- Culture & Recreation	\$ 145,000	\$ -
- Education Planning Design and Construction < \$1.5M	2,360	-
- Tuition Agreement	10,000	71,626
- Asbestos rebate	-	10,530
Health Canada	43,755	60,000
Canada Mortgage and Housing Corporation	47,777	548,118
First People's Economic Growth Fund	-	250,000
Other government agencies	19,460	91,897
Goods and services tax	3,243	3,243
Members	29,246	31,743
Trade and other	338,403	477,631
	\$ 639,244	\$ 1,544,788

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

7. LOANS RECEIVABLE

	2017	2016
KIIKO Pimataka Limited Partnership loan receivable, non-interest bearing, forgivable 90 days after borrower first distributes profit to lender.	\$ 150,000	\$ 150,000
KIIKO Pimataka Limited Partnership loan receivable bearing interest at 3.3% per annum, repayable in monthly blended payments of \$4,273. The loan matures on March 30, 2036 and is unsecured.	723,134	750,000
KIIKO Pimataka Limited Partnership loan receivable bearing interest at 3.3% per annum, repayable in monthly blended payments of \$12,820. The loan matures on March 30, 2036 and is unsecured.	2,169,403	2,250,000
	\$ 3,042,537	\$ 3,150,000

The organization's loans to KIIKO Pimataka Limited Partnership were for the purposes of carrying on business of a facility which will experiment on how to increase the Astaxanthin that is processed from algae, located in St. Francois Xavier.

The loans were advanced in September and October of 2015 and are secured by a general security agreement and a promissory note for the full value of the loans.

The organization shares interest in the partnership along with 7101236 Manitoba Ltd. (general partner) and Myera Nu-Agri-Nomics Group Canada Inc. The partnership had no development activity during the current year.

8. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts 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 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.

As at the end of the year, the funds held in trust consisted of the following balances:

	2017	2016
Capital account	\$ 502	\$ 502
Revenue account	26,572	25,216
	\$ 27,074	\$ 25,718

9. BANK INDEBTEDNESS

The organization has a line of credit with the Bank of Montreal in the amount of \$800,000 unmargined, which is repayable on demand, bears interest at the Bank of Montreal prime rate plus 2%, and is secured by a general security agreement and Band Council Resolution. As at March 31, 2017, the balance of the line of credit was \$1,003,720 (2016 - \$1,003,518).

The excess of bank indebtedness over the maximum operating loan is a result of outstanding cheques issued at March 31, 2017.

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Indigenous and Northern Affairs Canada	\$ 128,752	\$ 175,535
Trade and other	1,511,344	1,523,423
Source deductions	2,825	36,736
Wages and benefits	38,328	14,285
	\$ 1,681,249	\$ 1,749,979

11. DEFERRED REVENUE

Deferred revenue consists of golf course memberships at the Dauphin Lake Golf Resort.

12. LONG TERM DEBT

	2017	2016
Canada Mortgage and Housing Corporation loan bearing interest at 3.14% per annum, repayable in monthly blended payments of \$1,488. The loan matures on January 1, 2018 and is secured by a ministerial loan guarantee.	\$ 14,667	\$ 31,749
Scotiabank loan bearing interest at 6.45% per annum, repayable in monthly blended payments of \$1,479. The loan matures on September 1, 2017 and is secured by a ministerial loan guarantee.	56,109	66,086
Scotiabank loan bearing interest at 4.55% per annum, repayable in monthly blended payments of \$2,937. The loan matures on January 1, 2018 and is secured by a ministerial loan guarantee.	121,374	140,765
Scotiabank loan bearing interest at 4.55% per annum, repayable in monthly blended payments of \$7,391. The loan matures on May 1, 2017 and is secured by a ministerial loan guarantee.	27,490	84,535
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$6,523. The loan matures on December 1, 2017 and is secured by a ministerial loan guarantee.	58,330	134,869
Peace Hills Trust loan bearing interest at 4.84% per annum, repayable in monthly blended payments of \$4,954. The loan matures on December 1, 2019 and is secured by a ministerial loan guarantee.	156,254	207,741
Scotiabank loan bearing interest at 4.55% per annum, repayable in monthly blended payments of \$3,056. The loan matures on February 1, 2018 and is secured by a ministerial loan guarantee.	79,494	100,749

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

12. LONG TERM DEBT *(continued)*

	2017	2016
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,155. The loan matures on February 1, 2023 and is secured by a ministerial loan guarantee.	78,185	99,050
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,941. The loan matures on December 1, 2026 and is secured by a ministerial loan guarantee.	209,750	243,888
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$2,143. The loan matures on December 1, 2029 and is secured by a ministerial loan guarantee.	305,056	344,232
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$6,061. The loan matures on December 1, 2031 and is secured by a ministerial loan guarantee.	952,591	1,054,391
Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$5,283. The loan matures on March 1, 2033 and is secured by a ministerial loan guarantee.	893,437	981,337
Canada Mortgage and Housing Corporation loan bearing interest at 1.53% per annum, repayable in monthly blended payments of \$3,449. The loan matures on November 1, 2032 and is secured by a ministerial loan guarantee.	576,407	634,410
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$2,869. The loan matures on January 1, 2034 and is secured by a ministerial loan guarantee.	527,199	578,182
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$6,596. The loan matures on March 3, 2034 and is secured by a ministerial loan guarantee.	1,222,882	1,339,899
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$4,423. The loan matures on November 1, 2034 and is secured by a ministerial loan guarantee.	849,017	929,016
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$2,950. The loan matures on February 1, 2035 and is secured by a ministerial loan guarantee.	573,578	626,531
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$4,229. The loan matures on December 1, 2035 and is secured by a ministerial loan guarantee.	856,541	932,006

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

12. LONG TERM DEBT *(continued)*

	2017	2016
Canada Mortgage and Housing Corporation loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$4,421. The loan matures on March 1, 2036 and is secured by a ministerial loan guarantee.	906,167	986,103
First Nations Finance Authority interim financing loan bearing interest at 2.6% per annum, repayable in monthly blended payments of \$81,666. The loan matures on June 26, 2024 and is secured by other revenues regulations.	14,386,906	14,800,000
First Nations Finance Authority bond #1 loan bearing interest at 2.6% per annum, repayable in monthly blended payments of \$15,090. The loan matures on March 15, 2042 and is secured by other revenues regulations.	2,521,895	2,624,638
Catalyst Credit Union loan bearing interest at 5.926% per annum, repayable in annual blended payments of \$1,425 beginning June 26, 2017. The loan matures on February 5, 2019 and is secured by first charge on parcel A, B, and C, plan 28535 DLTO on NE 1/4 4-25-19W in the City of Dauphin.	31,748	113,870
Brandt Finance loan bearing interest at 8.5% per annum, repayable in monthly blended payments of \$111,575. The loan matures on April 15, 2018 and is secured by conditional sales contract.	196,703	-
Daimler Truck Financial loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$3,159. The loan matures on September 18, 2020 and is secured by 2015 and 2016 Freightliners school buses.	120,456	150,828
Royal Bank of Canada loan bearing interest at 6.9% per annum, repayable in monthly blended payments of \$599. The loan matures on September 11, 2020 and is secured by 2015 GMC Savana passenger van.	22,267	27,694
Communities Economic Development Fund loan bearing interest at 6% per annum, repayable in semi-annual blended payments of \$19,387 on July 1 and \$58,161 on October 1 and is secured by guarantee from Ebb and Flow First Nation supported by Band Council Resolution, real property mortgage over land and buildings, general security agreement and postponement and assignment agreement.	645,564	725,000
Catalyst Credit Union loan bearing interest at 4% per annum, repayable in monthly blended payments of \$1,000. The loan matures on December 18, 2034 and is secured by .	156,083	158,450
First Peoples Economic Growth Fund loan bearing interest at 6% per annum, repayable in monthly blended payments of \$1,379. The loan matures on October 1, 2025 and is secured by promissory note, guarantee from Ebb and Flow First Nation and general security agreement.	56,693	63,150

(continues)

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

12. LONG TERM DEBT (continued)

	2017	2016
First Peoples Economic Growth Fund loan, non-interest bearing, repayable in monthly payments of \$5,000. The loan matures on October 1, 2025 and is secured by promissory note, guarantee from Ebb and Flow First Nation and general security agreement.	270,000	300,000
First Peoples Development Inc. loan, non-interest bearing, repayable in monthly payments of \$2,500. The loan matures on December 13, 2020 and is secured by inventory and equipment held by Ebb and Flow Gas & Grocery Store.	82,500	112,500
Jack Pine Ranch Ltd., William Gary Lowry, and Janice Maureen Lowry loan bearing interest at 5% per annum, repayable in annual interest only payments of \$30,000. The loan matures on June 15, 2021 and is secured by land and building.	600,000	-
	\$ 27,555,343	\$ 28,591,669

Principal repayment terms are approximately:

2018	\$ 1,763,602
2019	1,425,571
2020	1,303,882
2021	1,223,622
2022	1,210,944
Thereafter	20,627,722
	<u>\$ 27,555,343</u>

Canada Mortgage and Housing Corporation (CMHC) mortgages have maturity dates of 25 years and call for renewal every 5 years. Since CMHC will in all likelihood renew each mortgage at the renewal date, the repayment schedule reflects repayment over the entire period of the mortgage.

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

13. OBLIGATIONS UNDER CAPITAL LEASE

	2017	2016
Mercado Capital lease bearing interest at 6.8% per annum, repayable in monthly blended payments of \$1,892. The lease matures on October 31, 2020 and is secured by specific equipment which has a carrying value of \$66,321.	\$ 69,186	\$ 86,412
John Deere lease, non-interest bearing, repayable in monthly payments of \$1,782. The lease matures on May 2, 2019 and is secured by specific equipment which has a carrying value of \$63,414.	46,332	67,715
John Deere lease, non-interest bearing, repayable in monthly payments of \$1,954. The lease matures on January 16, 2020 and is secured by specific equipment which has a carrying value of \$58,380.	72,480	87,938
John Deere lease repaid during the year.	-	11,034
	\$ 187,998	\$ 253,099

Future minimum capital lease payments are approximately:

2018	\$ 67,533
2019	67,533
2020	51,845
2021	10,162
Total minimum lease payments	197,073
Less: amount representing interest at various rates	(9,075)
	<u>\$ 187,998</u>

14. MOVEABLE ASSETS RESERVE

Under the terms of the Health Services Block Funding Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of assets. Expenses for the replacement are to be charged to the reserve during the year.

As at March 31, 2017, the moveable assets reserve bank account had a balance of \$726 (2016 - \$870) and was underfunded by \$158,302 (2016 - \$115,255).

	2017	2016
Balance, beginning of year	\$ 116,125	\$ 97,936
Amount provided in agreement for MAR	42,903	41,881
Total	159,028	139,817
Revenues generated	-	-
Expenses (acquisitions and replacements)	-	(23,692)
Balance, end of year	\$ 159,028	\$ 116,125

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

15. INVENTORY

	2017	2016
Livestock	\$ 136,100	\$ 136,100
Groceries and supplies	88,950	101,291
Tobacco	43,226	46,537
Fuel	9,966	14,144
Bingo cards	1,541	2,724
	\$ 279,783	\$ 300,796

Included in supplies expense is a decrease in inventory of \$21,013 (2016 - increase of \$5,038)

16. PREPAID EXPENSES

	2017	2016
Myera projects - community engagement	\$ 250,000	\$ 500,000
Insurance	36,172	26,031
First Communications - tower construction	-	418,637
RV park construction	-	155,893
Mid West Consulting - lender and work fee on Ness Avenue and Burnell Avenue	-	207,633
	\$ 286,172	\$ 1,308,194

17. DEFERRED FINANCE CHARGES

In March of 2014, the First Nation received approval for financing from the Bank of Montreal through the services provided by a commercial loan broker. The cost of securing these credit facilities totalled \$621,750 and is being amortized over the original terms of the demand loans.

Community Economic Development Fund loan application fees are not amortized and will be expensed when the loan is paid in full.

	2017	2016
Deferred finance charges	\$ -	\$ 310,874
Loan fees	5,000	5,000
	\$ 5,000	\$ 315,874

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

18. TANGIBLE CAPITAL ASSETS

Cost	2016 Balance	Additions	Disposals	2017 Balance
Band housing	\$ 1,718,520	\$ 388,592	\$ -	\$ 2,107,112
Buildings	48,517,223	236,987	-	48,754,210
CMHC housing	16,329,228	-	1,400,666	14,928,562
Computer equipment	107,855	-	-	107,855
Environmental infrastructure	5,737,251	-	-	5,737,251
Equipment	2,658,122	1,460,696	-	4,118,818
Equipment under capital lease	330,075	-	-	330,075
Land and land improvements	2,822,595	900,000	-	3,722,595
Leasehold improvements	19,406	-	-	19,406
Office furniture and equipment	643,900	17,233	-	661,133
Roads and street lights	3,334,887	-	-	3,334,887
Vehicles	1,433,641	267,038	49,531	1,651,148
	\$ 83,652,703	\$ 3,270,546	\$ 1,450,197	\$ 85,473,052

Accumulated Amortization	2016 Balance	Amortization	Accumulated Amortization on Disposals	2017 Balance
Band housing	\$ 990,465	\$ 100,008	\$ -	\$ 1,090,473
Buildings	31,086,722	1,225,709	-	32,312,431
CMHC housing	5,263,287	964,597	1,012,074	5,215,810
Computer equipment	100,086	3,410	-	103,496
Environmental infrastructure	3,111,138	143,431	-	3,254,569
Equipment	2,411,331	166,313	-	2,577,644
Equipment under capital lease	66,015	66,015	-	132,030
Land and land improvements	-	-	-	-
Leasehold improvements	19,406	-	-	19,406
Office furniture and equipment	575,565	18,008	-	593,573
Roads and street lights	2,120,674	83,372	-	2,204,046
Vehicles	946,685	209,990	29,708	1,126,967
	\$ 46,691,374	\$ 2,980,853	\$ 1,041,782	\$ 48,630,445

Net book value	2017	2016
Band housing	\$ 1,016,639	\$ 728,055
Buildings	16,441,779	17,430,501
CMHC housing	9,712,752	11,065,941
Computer equipment	4,359	7,769
Environmental infrastructure	2,482,682	2,626,113
Equipment	1,541,174	246,791
Equipment under capital lease	198,045	264,060
Land and land improvements	3,722,595	2,822,595
Office furniture and equipment	67,560	68,335
Roads and street lights	1,130,841	1,214,213
Vehicles	524,181	486,956
	\$ 36,842,607	\$ 36,961,329

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements

Year Ended March 31, 2017

19. CONTINGENT LIABILITY

The organization is contingently liable for loans from Canada Mortgage and Housing Corporation under the Residential Rehabilitation Assistance Program (RRAP). Since each loan is forgiven (usually over a 4 or 5 year period) no liability has been recorded in these statements for these loans.

20. REPLACEMENT RESERVES

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited with an amount of \$171,467 (2016 - \$173,889) annually. 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 CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2017, the Replacement Reserve Fund bank account had a balance of \$468,013 (2016 - \$1,262,626) and was underfunded by \$656,061 (2016 - \$524,946).

Surplus revenue from Post-1996 projects is to be retained by the organization within an operating reserve fund and interest earned must accrue to and be maintained in the operating reserve fund. Funds may be withdrawn to cover current operating deficits.

As at March 31, 2017, the Operating Reserve bank account had a balance of \$Nil (2016 - \$Nil) and was underfunded by \$161,137 (2016 - \$524,946).

	Operating	Pre-1997 Replacement	Post-1996 Replacement	2017	2016
Balance, beginning of year	\$ 524,946	\$ 335,534	\$ 813,452	\$ 1,673,932	\$ 1,568,001
Interest earned	-	2,015	6,045	8,060	22,072
Annual allocation	-	27,267	144,200	171,467	173,889
Expenses	-	(179,596)	(24,844)	(204,440)	(196,106)
Maturing unit adjustment	-	-	-	-	(109,694)
Post-1996 operating surplus	(363,808)	-	-	(363,808)	215,770
	\$ 161,138	\$ 185,220	\$ 938,853	\$ 1,285,211	\$ 1,673,932

21. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUES

	2017	2016
Revenues per financial statements	\$ 12,442,734	\$ 11,084,410
Revenues per confirmation	\$ 12,442,734	\$ 11,084,410

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

22. WRITE DOWN OF LOANS RECEIVABLE

During the year the organization advanced funds to various businesses and individuals for both business and investment opportunities.

7363185 Manitoba Ltd.

During the year, the organization invested in 7363185 Manitoba Ltd, a company owned 100% by Ebb and Flow First Nation, for purposes of acquiring land, facility, equipment as well as project start up costs. The organization purchased Jack Pine Ridge Ranch in the amount of \$900,000 and assumed a vendor mortgage of \$600,000. As Council does not expect to recover the startup and equipment costs, \$1,131,670 of the total \$1,431,670 invested has been written off in these financial statements.

GTAC Investment Corp.

During the year, a total of \$1,315,183 (2016 - \$207,633) in non-refundable deposits and expenses was advanced to GTAC Investment Corp., a non-related corporation, for the purposes of acquiring investment property in Winnipeg, Manitoba. The purchase of these properties did not occur. As a result, the advances have been deemed uncollectible and written off in these financial statements.

23. ECONOMIC DEPENDENCE

The organization receives substantially all of its revenues from government sources.

24. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

EBB AND FLOW FIRST NATION
Consolidated Expenses (Schedule 1)

Year Ended March 31, 2017

	Budget (Unaudited) 2017	2017	2016
Administration	\$ 122,279	\$ 74,602	\$ 17,231
Advertising and promotion	14,100	44,723	73,807
Band member support	330,750	239,229	288,221
Basic needs	2,412,000	2,684,549	2,574,752
Community events	-	293,270	192,579
Construction costs	-	264,579	6,849
Delivery, freight and express	-	7,507	3,844
Equipment rentals	-	169,301	111,998
Fuel	79,900	103,928	79,606
Gas and grocery purchases	3,707,000	3,876,639	3,920,437
Honorariums	358,670	131,486	417,652
Insurance	125,726	229,782	267,091
Interest and bank charges	43,401	133,541	130,094
Interest on long term debt	13,200	1,009,291	895,247
Manitoba Lotteries commissions and fees	170,000	333,453	289,964
Memberships	1,000	3,142	13,962
Moveable asset reserve (Note 14)	-	42,903	41,881
Office and miscellaneous	262,370	112,221	110,637
Private home placement	-	11,475	6,375
Professional fees	257,600	476,272	607,541
Projects and programs	287,361	193,658	185,909
Property taxes	-	19,807	-
Rent	506,172	10,400	17,400
Repairs and maintenance	1,088,946	1,496,664	1,281,904
Replacement reserve (Note 20)	-	171,467	173,889
School activities	43,000	97,546	76,943
Special needs	111,379	119,524	111,379
Student allowances	585,261	356,410	350,033
Student incentives	36,552	29,230	28,700
Sub-contracts	113,631	587,778	514,513
Supplies	944,379	1,936,533	1,688,987
Telephone	95,300	127,983	107,810
Training and workshops	190,864	409,961	526,170
Travel	383,180	605,881	597,815
Tuition	455,280	410,669	379,619
Utilities	1,030,656	980,735	988,894
Vehicle	173,272	180,059	153,502
Wages and employee benefits	8,120,022	9,906,915	8,774,068
	\$ 22,063,251	\$ 27,883,113	\$ 26,007,303

EBB AND FLOW FIRST NATION
Consolidated Segment Disclosure (Schedule 2)
Year Ended March 31, 2017

Segmented information presents the revenues generated and expenses incurred by major revenue type and main object of expense for the organization's distinguishable programs or activities.
The segment results for the period are as follows:

	Band Administration & Governance		Maintenance & Infrastructure		Social Assistance		Education		Housing		Health		Business Enterprises		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues																
Federal government	\$ 1,204,088	\$ 898,517	\$ 982,184	\$ 1,081,273	\$ 3,913,066	\$ 4,007,907	\$ 6,329,396	\$ 4,972,308	\$ 837,223	\$ 885,009	\$ 2,827,922	\$ 2,191,739	\$ -	\$ -	\$ 16,093,879	\$ 13,836,753
Provincial government	778,443	21,156	-	-	78,930	94,328	-	-	-	-	-	-	278,509	1,377,663	1,135,881	1,493,147
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-	7,601,577	7,227,112	7,601,577	7,227,112
Other revenue	1,395,675	1,026,824	111,261	183,847	-	-	807,062	1,154,604	363,808	(215,770)	34,916	92,146	114,366	457,153	2,827,088	2,698,805
	3,378,206	1,946,497	1,093,445	1,265,120	3,991,996	4,102,235	7,136,458	6,126,912	1,201,031	469,239	2,862,838	2,283,885	7,994,452	9,061,928	27,658,425	25,255,817
Expenses																
Wages and benefits	1,632,135	1,644,077	1,027,483	902,583	193,858	201,591	4,824,508	4,222,875	103,234	46,841	1,467,210	1,268,906	1,377,753	1,419,560	10,626,179	9,706,233
Debt servicing	759,610	54,308	-	33	8,559	8,471	23,159	30,269	145,578	244,306	2,239	5,170	203,687	682,784	1,142,832	1,025,341
Amortization	1,836,100	2,060,890	-	-	-	-	106,567	81,561	1,064,605	426,199	88,747	53,453	134,834	114,676	3,230,853	2,736,778
Other expenses	3,205,597	579,117	595,274	725,225	3,569,849	3,446,050	2,184,533	1,832,089	1,009,758	846,210	1,289,164	971,513	6,914,413	6,875,529	18,768,588	15,275,729
	7,433,442	4,338,392	1,622,757	1,627,841	3,772,266	3,656,112	7,138,767	6,166,794	2,323,175	1,563,356	2,847,360	2,299,042	8,630,687	9,092,549	33,768,452	28,744,081
Annual surplus (deficit)	\$ (4,055,236)	\$ (2,391,895)	\$ (529,312)	\$ (362,721)	\$ 219,730	\$ 446,123	\$ (2,309)	\$ (39,882)	\$ (1,122,144)	\$ (1,094,117)	\$ 15,478	\$ (15,157)	\$ (636,235)	\$ (30,621)	\$ (6,110,027)	\$ (3,488,264)

EBB AND FLOW FIRST NATION
Statement of Moveable Assets Reserve
Year Ended March 31, 2017
(Unaudited)

REVIEW ENGAGEMENT REPORT

To the Members of Ebb and Flow First Nation

We have reviewed the statement of moveable assets reserve of Ebb and Flow First Nation for the year ending March 31, 2017. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this statement.

Based on our review, nothing has come to our attention that causes us to believe that this statement is not, in all material respects, in accordance with Canadian public sector accounting standards.

Lazer Grant LLP

Winnipeg, MB
December 14, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

EBB AND FLOW FIRST NATION
Statement of Moveable Assets Reserve
Year Ended March 31, 2017
(Unaudited)

	2017	2016
Balance at beginning of year	\$ 116,125	97,936
Amount provided in agreement for MAR	42,903	41,881
Total	159,028	139,817
Revenues generated	-	-
Expenses (acquisitions and replacements)	-	(23,692)
Balance at end of year	\$ 159,028	\$ 116,125