

**EBB AND FLOW FIRST NATION  
Consolidated Financial Statements  
Year Ended March 31, 2018**

**EBB AND FLOW FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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

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## INDEPENDENT AUDITOR'S REPORT

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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, 2018 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 the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*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 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 presentation of the consolidated financial statements.

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

*Basis for Qualified Opinion*

The organization's loans receivable from KIIKO Pimataka Limited Partnership are carried at \$3,504,423 on the organization's balance sheet as at March 31, 2018. Due to the nature of the loans receivable, we were not able to satisfy ourselves as to its fair value. As a result, we were unable to determine whether any adjustments were necessary in respect of the organization's carrying value of the loans receivable.

(continues)

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

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section, the consolidated financial statements present fairly, in all material respects, the financial position of Ebb and Flow First Nation as at March 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*Jaser Grant LLP*

Winnipeg, MB  
February 12, 2019

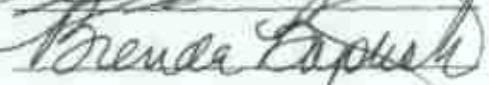
CHARTERED PROFESSIONAL ACCOUNTANTS

**EBB AND FLOW FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2018**

|  | <b>2018</b>         | <b>2017</b>          |
|--|---------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                            |                     |                      |
| Marketable securities (Note 4)                     | \$ 50,736           | \$ 50,488            |
| Restricted cash (Note 5)                           | 1,096,190           | 1,837,229            |
| Accounts receivable (Note 6)                       | 881,623             | 629,368              |
| Loans receivable (Note 7)                          | 3,504,423           | 3,110,643            |
| Ottawa trust funds (Note 8)                        | 28,540              | 27,074               |
|  | <b>5,561,512</b>    | <b>5,654,802</b>     |
| <b>LIABILITIES</b>                                 |                     |                      |
| Bank indebtedness (Note 9)                         | 718,995             | 1,304,460            |
| Accounts payable and accrued liabilities (Note 10) | 1,752,093           | 1,681,249            |
| Deferred revenue                                   | -                   | 33,407               |
| Long term debt (Note 11)                           | 28,154,663          | 27,523,595           |
| Obligations under capital lease (Note 12)          | 52,337              | 187,998              |
| Moveable assets reserve (Note 13)                  | 195,427             | 159,028              |
|  | <b>30,873,515</b>   | <b>30,889,737</b>    |
| <b>NET FINANCIAL DEBT</b>                          | <b>(25,312,003)</b> | <b>(25,234,935)</b>  |
| <b>NON-FINANCIAL ASSETS</b>                        |                     |                      |
| Inventory (Note 14)                                | 282,013             | 279,783              |
| Prepaid expenses (Note 15)                         | 36,030              | 286,172              |
| Deferred finance charges                           | 5,000               | 5,000                |
| Tangible capital assets (Note 16)                  | 34,468,286          | 36,842,607           |
|  | <b>34,791,329</b>   | <b>37,413,562</b>    |
| <b>ACCUMULATED SURPLUS</b>                         | <b>\$ 9,479,326</b> | <b>\$ 12,178,627</b> |
| CONTINGENT LIABILITY (Note 18)                     |                     |                      |

ON BEHALF OF COUNCIL

 *Angela* Chief

 *Brenda Tapash* Councillor Councillor

 *Brenda Tapash* Councillor Councillor

**EBB AND FLOW FIRST NATION**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2018**

|   | Budget<br>(Unaudited)<br>2018 | 2018                  | 2017                  |
|---|-------------------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                             |                               |                       |                       |
| Indigenous Services Canada                  | \$ 11,536,353                 | \$ 13,347,275         | \$ 12,442,734         |
| First Nations & Inuit Health Branch         | 3,046,079                     | 3,086,066             | 2,813,922             |
| Canada Mortgage and Housing Corporation     | 99,804                        | 792,648               | 837,223               |
| First Peoples Development Inc.              | 648,954                       | 708,013               | 624,130               |
| Province of Manitoba                        | 1,200,400                     | 974,084               | 1,135,881             |
| Frontier School Division                    | 984,031                       | 806,188               | 764,904               |
| Manitoba Hydro                              | -                             | 216,477               | 229,718               |
| Rent  | 110,556                       | 46,900                | 23,165                |
| Gas and groceries                           | 4,000,000                     | 4,214,216             | 4,136,950             |
| VLT proceeds                                | 1,000,000                     | 1,460,105             | 1,506,856             |
| Tobacco sales                               | 540,000                       | 495,013               | 569,046               |
| ATM fees                                    | 60,000                        | 38,818                | 73,036                |
| Restaurant sales                            | 435,000                       | 505,912               | 507,875               |
| Golf course                                 | -                             | 474,171               | 410,453               |
| Construction                                | -                             | -                     | 397,361               |
| Interest                                    | -                             | 134,697               | 114,595               |
| Fundraising                                 | -                             | 47,899                | 51,172                |
| Parent fees                                 | 41,150                        | 10,255                | 75,760                |
| Miscellaneous                               | 308,098                       | 656,973               | 718,922               |
| Prior year recoveries                       | -                             | (12,600)              | -                     |
|   | 24,010,425                    | 28,003,110            | 27,433,703            |
| <b>EXPENSES (Schedule 1)</b>                | <b>23,101,235</b>             | <b>28,045,640</b>     | <b>27,912,398</b>     |
| <b>SURPLUS (DEFICIT) FROM OPERATIONS</b>    | <b>909,190</b>                | <b>(42,530)</b>       | <b>(478,695)</b>      |
| <b>OTHER EXPENSES (INCOME)</b>              |                               |                       |                       |
| Amortization                                | -                             | 2,594,152             | 2,980,853             |
| Community engagement                        | -                             | 250,000               | 250,000               |
| Write down of loans receivable              | -                             | -                     | 2,654,486             |
| Loss on disposal of tangible capital assets | -                             | -                     | 19,823                |
| Transfer from operating reserve (Note 17)   | -                             | -                     | (363,808)             |
|   | -                             | 2,844,152             | 5,541,354             |
| <b>ANNUAL SURPLUS (DEFICIT)</b>             | <b>\$ 909,190</b>             | <b>\$ (2,886,682)</b> | <b>\$ (6,020,049)</b> |

**EBB AND FLOW FIRST NATION**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended March 31, 2018**

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|  | <b>2018</b>         | <b>2017</b>          |
|--|---------------------|----------------------|
| <b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b> | \$ 12,178,627       | \$ 18,587,397        |
| ANNUAL DEFICIT                                 | (2,886,682)         | (6,020,049)          |
| Replacement reserve transactions (Note 17)     | 187,381             | (388,721)            |
| <b>ACCUMULATED SURPLUS - END OF YEAR</b>       | <b>\$ 9,479,326</b> | <b>\$ 12,178,627</b> |

**EBB AND FLOW FIRST NATION**  
**Consolidated Statement of Changes in Net Financial Debt**  
**Year Ended March 31, 2018**

|   | 2018                   | 2017                   |
|---|------------------------|------------------------|
| <b>ANNUAL DEFICIT</b>                           | <b>\$ (2,886,682)</b>  | <b>\$ (6,020,049)</b>  |
| Amortization of tangible capital assets         | 2,594,152              | 2,980,853              |
| Purchase of tangible capital assets             | (452,434)              | (3,270,545)            |
| Proceeds on disposal of tangible capital assets | 232,604                | 388,592                |
| Loss on disposal of assets                      | -                      | 19,823                 |
| Decrease in prepaid expenses                    | 250,141                | 1,022,021              |
| Decrease (increase) in inventory                | (2,230)                | 21,013                 |
| Decrease in deferred finance charges            | -                      | 310,874                |
| Replacement reserve transactions                | 187,381                | (388,721)              |
|   | 2,809,614              | 1,083,910              |
| <b>INCREASE IN NET FINANCIAL DEBT</b>           | <b>(77,068)</b>        | <b>(4,936,139)</b>     |
| <b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>   | <b>(25,234,935)</b>    | <b>(20,298,796)</b>    |
| <b>NET FINANCIAL DEBT - END OF YEAR</b>         | <b>\$ (25,312,003)</b> | <b>\$ (25,234,935)</b> |

**EBB AND FLOW FIRST NATION**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2018**

|  | <b>2018</b>         | <b>2017</b>           |
|--|---------------------|-----------------------|
| <b>OPERATING ACTIVITIES</b>                            |                     |                       |
| Annual deficit   | \$ (2,886,682)      | \$ (6,020,049)        |
| Items not affecting cash:                              |                     |                       |
| Amortization   | 2,594,152           | 2,980,853             |
| Loss on disposal of tangible capital assets            | -                   | 19,823                |
|  | <b>(292,530)</b>    | <b>(3,019,373)</b>    |
| Changes in non-cash working capital:                   |                     |                       |
| Accounts receivable                                    | (252,255)           | 915,420               |
| Inventory  | (2,230)             | 21,013                |
| Accounts payable and accrued liabilities               | 70,845              | (68,731)              |
| Deferred revenue                                       | (33,407)            | (152,346)             |
| Prepaid expenses                                       | 250,142             | 1,022,022             |
|  | <b>33,095</b>       | <b>1,737,378</b>      |
| Cash flow from (used by) operating activities          | <b>(259,435)</b>    | <b>(1,281,995)</b>    |
| <b>INVESTING ACTIVITIES</b>                            |                     |                       |
| Purchase of tangible capital assets                    | (452,434)           | (3,270,545)           |
| Proceeds on disposal of tangible capital assets        | 232,604             | 388,592               |
| Repayment of loans receivable                          | -                   | 137,017               |
| Addition to loans receivable                           | (393,780)           | (97,660)              |
| Proceeds from sale (purchase) of marketable securities | (248)               | 4,093,629             |
| Decrease in restricted cash                            | 741,039             | 819,718               |
| Decrease in deferred finance charges                   | -                   | 310,874               |
| Increase in Ottawa trust funds                         | (1,466)             | (1,356)               |
| Cash flow from investing activities                    | <b>125,715</b>      | <b>2,380,269</b>      |
| <b>FINANCING ACTIVITIES</b>                            |                     |                       |
| Replacement reserve transactions                       | 187,381             | (388,721)             |
| Increase in moveable assets reserve                    | 36,399              | 42,903                |
| Proceeds from long term financing                      | 2,349,597           | 906,110               |
| Repayment of long term debt                            | (1,718,530)         | (1,974,186)           |
| Repayment of obligations under capital lease           | (135,662)           | (65,100)              |
| Cash flow from (used by) financing activities          | <b>719,185</b>      | <b>(1,478,994)</b>    |
| <b>INCREASE (DECREASE) IN CASH</b>                     | <b>585,465</b>      | <b>(380,720)</b>      |
| Deficiency - beginning of year                         | <b>(1,304,460)</b>  | <b>(923,740)</b>      |
| <b>DEFICIENCY - END OF YEAR</b>                        | <b>\$ (718,995)</b> | <b>\$ (1,304,460)</b> |

**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 presentation

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

Basis of consolidation

The consolidated financial statements include the accounts of the organization and its controlled entities. As a result, figures as at March 31, 2018 or for the years then ended include the financial position of those controlled entities and the results of their operations for the years then ended. The results of operations of the controlled entities 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.

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, 2018**

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**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:

|                                |             |                            |
|--------------------------------|-------------|----------------------------|
| Buildings                      | 30-40 years | straight-line method       |
| Band housing                   | 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       |
| Leasehold improvements         | 5 years     | straight-line method       |
| Office furniture and equipment | 5 years     | straight-line method       |
| Roads and street lights        | 40 years    | straight-line method       |
| Vehicles                       | 5 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.

Revenue from the sale of products is recognized at the time of the sale when title passes to the customer.

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, 2018**

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**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, 2018.

***(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, loans receivable, bank indebtedness, 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**

|                        | <b>2018</b>      | <b>2017</b>      |
|------------------------|------------------|------------------|
| RBC Money market funds | \$ 50,048        | \$ 49,803        |
| RBC Money market funds | 688              | 685              |
|                        | <b>\$ 50,736</b> | <b>\$ 50,488</b> |

**EBB AND FLOW FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**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.

|  | 2018      | 2017       |
|--|-----------|------------|
| <b>Replacement Reserve</b><br>Replacement reserve bank | \$ 12,823 | \$ 468,013 |

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

| <b>First Nations Finance Authority</b> |                    |                    |
|--|--------------------|--------------------|
| Debt reserve fund                      | 107,172            | -                  |
| Debt reserve fund                      | 140,903            | 137,724            |
| Debt reserve fund                      | 765,318            | 748,054            |
| Secured revenues trust account         | 69,974             | 483,438            |
|  | <hr/> 1,083,367    | 1,369,216          |
|  | <hr/> \$ 1,096,190 | <hr/> \$ 1,837,229 |

**6. ACCOUNTS RECEIVABLE**

|   | 2018           | 2017        |
|---|----------------|-------------|
| Indigenous Services Canada                            |                |             |
| - Culture & Recreation                                | \$ 104,966     | \$ 145,000  |
| - LEDSP - EcDev                                       | 50,822         | -           |
| - Community Flood Housing                             | 200,000        | -           |
| - Education Planning Design and Construction < \$1.5M | -              | 2,360       |
| - Tuition Agreement                                   | -              | 10,000      |
| First Nations & Inuit Health Branch                   | -              | 43,755      |
| Canada Mortgage and Housing Corporation               | 117,828        | 47,777      |
| First People's Development Inc.                       | 142,937        | -           |
| Other government agencies                             | 60,121         | 19,460      |
| Members   | 44,712         | 87,476      |
| Trade and other                                       | 161,158        | 273,540     |
| <br>Subtotal  | <br>882,544    | <br>629,368 |
| Allowance for doubtful accounts                       | (921)          | -           |
| <br>\$ 881,623  | <br>\$ 629,368 |             |

**EBB AND FLOW FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**7. LOANS RECEIVABLE**

|  | <b>2018</b>         | <b>2017</b>         |
|--|---------------------|---------------------|
| 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 secured by Band Council Resolution, promissory note, and general security agreement.  | 797,860             | 774,415             |
| 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 secured by Band Council Resolution, promissory note, and general security agreement. | 2,256,563           | 2,186,228           |
| KIIKO Pimataka Limited Partnership advance receivable, non-interest bearing, with no specified terms of repayment.   | 300,000             | -                   |
|  | <b>\$ 3,504,423</b> | <b>\$ 3,110,643</b> |

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 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.

The loans are currently in arrears in the amount of \$273,229 (2017 - \$68,106). There have been no payments received since August 2016 to the date of these financial statements. In addition, several covenants have not been fulfilled. Ebb and Flow First Nation has waived these defaults and has granted extensions on repayments.

**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:

|                 | <b>2018</b>      | <b>2017</b>      |
|-----------------|------------------|------------------|
| Capital account | \$ 502           | \$ 502           |
| Revenue account | 28,038           | 26,572           |
|                 | <b>\$ 28,540</b> | <b>\$ 27,074</b> |

**EBB AND FLOW FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**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, 2018, the balance of the line of credit was \$793,145 (2017 - \$1,003,720).

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                            | <b>2018</b>         | <b>2017</b>         |
|----------------------------|---------------------|---------------------|
| Indigenous Services Canada | \$ -                | \$ 128,752          |
| Trade and other            | 1,594,471           | 1,511,344           |
| Wages and benefits         | 14,451              | 38,328              |
| Source deductions          | 120,894             | 2,825               |
| Goods and services tax     | 22,277              | -                   |
|                            | <b>\$ 1,752,093</b> | <b>\$ 1,681,249</b> |

**11. LONG TERM DEBT**

|  | <b>2018</b> | <b>2017</b> |
|--|-------------|-------------|
| Scotiabank loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$2,877. The loan matures on January 1, 2019 and is secured by a ministerial loan guarantee.                               | \$ 81,285   | \$ 121,374  |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$2,580. The loan matures on February 1, 2019 and is secured by a ministerial loan guarantee.  | 28,177      | -           |
| 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.                       | 102,892     | 156,254     |
| Scotiabank loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$2,683. The loan matures on August 1, 2018 and is secured by a ministerial loan guarantee.                                | 36,212      | 79,494      |
| 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. | 65,491      | 78,185      |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.35% per annum, repayable in monthly blended payments of \$1,914. The loan matures on December 1, 2026 and is secured by a ministerial loan guarantee. | 189,525     | 209,750     |

(continues)

11. LONG TERM DEBT (*continued*)

|  | 2018      | 2017      |
|--|-----------|-----------|
| 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. | 282,695   | 305,056   |
| Canada Mortgage and Housing Corporation loan bearing interest at 2.39% per annum, repayable in monthly blended payments of \$3,663. The loan matures on November 1, 2032 and is secured by a ministerial loan guarantee. | 543,727   | 576,407   |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.35% per annum, repayable in monthly blended payments of \$5,938. The loan matures on December 1, 2031 and is secured by a ministerial loan guarantee. | 894,012   | 952,591   |
| 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.    | 1,157,302 | 1,222,882 |
| 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.    | 844,102   | 893,437   |
| 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.  | 498,619   | 527,199   |
| 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. | 805,376   | 849,017   |
| 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. | 544,549   | 573,578   |
| 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. | 815,320   | 856,541   |
| 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.    | 863,195   | 906,167   |

(continues)

**EBB AND FLOW FIRST NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2018****11. LONG TERM DEBT (continued)**

|   | <b>2018</b> | <b>2017</b> |
|---|-------------|-------------|
| First Nations Finance Authority bond # 1 loan bearing interest at 2.6% per annum, repayable in annual blended payments of \$15,090 beginning June 26, 2017. The loan matures on March 15, 2042 and is secured by other revenues regulations.  | 2,416,070   | 2,521,895   |
| First Nations Finance Authority Interim Financing bond #2 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.   | 13,823,720  | 14,386,906  |
| First Nations Finance Authority bond # 3 loan bearing interest at 3.41% per annum, repayable in monthly blended payments of \$12,516. The loan matures on December 1, 2027 and is secured by other revenues regulations.  | 2,079,875   | -           |
| 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.  | 102,514     | 196,703     |
| Bank of Montreal loan bearing interest at Bank of Montreal prime rate plus 2% per annum, repayable in monthly blended payments of \$4,167. The loan matures on May 31, 2019 and is secured by Band Council resolution.  | 158,333     | -           |
| 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.   | 88,369      | 120,456     |
| 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.   | 16,449      | 22,267      |
| First Peoples Development Inc. loan, non-interest bearing, repayable in monthly payments of \$2,500. The loan matures on December 31, 2020 and is secured by inventory and equipment held by Ebb and Flow Gas & Grocery Store.  | 52,500      | 82,500      |
| Communities Economic Development Fund loan bearing interest bearing at 6% per annum, repayable in semi-annual blended payments of \$19,387 July 1 and \$58,161 October 1. The loan matures on July 1, 2020 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. | 589,403     | 645,564     |
| Catalyst Credit Union loan bearing interest at 4% per annum, repayable in annual blended payments of \$1,000. The loan matures on December 18, 2034 and is unsecured.   | 148,032     | 156,083     |

(continues)

**EBB AND FLOW FIRST NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2018****11. LONG TERM DEBT (continued)**

|   | 2018                 | 2017                 |
|---|----------------------|----------------------|
| 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. | 56,919               | 56,693               |
| 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              | 270,000              |
| 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              | 600,000              |
| Scotiabank loan bearing interest at 4.55% per annum, repayable in monthly blended payments of \$7,391. The loan matured on May 1, 2017 and was secured by a ministerial loan guarantee. The loan was repaid during the year.  | -                    | 27,490               |
| Scotiabank loan bearing interest at 6.45% per annum, repayable in monthly blended payments of \$1,479. The loan matured on September 1, 2017 and was secured by a ministerial loan guarantee. The loan was repaid during the year.  | -                    | 56,109               |
| Canada Mortgage and Housing Corporation loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$6,541. The loan matured on December 1, 2017 and was secured by a ministerial loan guarantee. The loan was repaid during the year.              | -                    | 58,330               |
| Canada Mortgage and Housing Corporation loan bearing interest at 3.14% per annum, repayable in monthly blended payments of \$1,488. The loan matured on January 1, 2018 and was secured by a ministerial loan guarantee. The loan was repaid during the year.               | -                    | 14,667               |
|   | <b>\$ 28,154,663</b> | <b>\$ 27,523,595</b> |

*(continues)*

**EBB AND FLOW FIRST NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2018****11. LONG TERM DEBT (continued)**

Principal repayment terms are approximately:

|            |                   |
|------------|-------------------|
| 2019       | \$ 1,626,872      |
| 2020       | 1,469,994         |
| 2021       | 1,368,425         |
| 2022       | 1,897,045         |
| 2023       | 1,297,413         |
| Thereafter | <u>20,494,914</u> |

\$ 28,154,663

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.

**12. OBLIGATIONS UNDER CAPITAL LEASE****2018****2017**

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 \$44,214.

\$ 52,337 \$ 69,186

John Deere lease, non-interest bearing, repayable in monthly blended payments of \$1,782. The lease matures on May 2, 2019 and is secured by specific equipment which has a carrying value of \$42,276. The lease was repaid during the year.

46,332

John Deere lease, non-interest bearing, repayable in monthly blended payments of \$1,954. The lease matures on January 16, 2020 and is secured by specific equipment which has a carrying value of \$38,920. The lease was repaid during the year.

72,480

\$ 52,337 \$ 187,998

Future minimum capital lease payments are approximately:

|   |               |
|---|---------------|
| 2019  | \$ 22,700     |
| 2020  | 22,700        |
| 2021  | <u>12,049</u> |
| <br>Total minimum lease payments                    | <br>57,449    |
| Less: amount representing interest at various rates | (5,112)       |
| <br>\$ 52,337                                       |               |

**EBB AND FLOW FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

**13. 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, 2018, the moveable assets reserve bank account had a balance of \$562 (2017 - \$726) and was underfunded by \$194,865 (2017 - \$158,302).

|  | <b>2018</b>       | <b>2017</b> |
|--|-------------------|-------------|
| Balance, beginning of year               | \$ 159,028        | \$ 116,125  |
| Amount provided in agreement for MAR     | 44,190            | 42,903      |
| <b>Total</b>                             | <b>203,218</b>    | 159,028     |
| Revenues generated                       | -                 | -           |
| Expenses (acquisitions and replacements) | (7,791)           | -           |
| <b>Balance, end of year</b>              | <b>\$ 195,427</b> | \$ 159,028  |

**14. INVENTORY**

|                        | <b>2018</b>       | <b>2017</b> |
|------------------------|-------------------|-------------|
| Livestock              | \$ 136,100        | \$ 136,100  |
| Groceries and supplies | 91,196            | 88,950      |
| Tobacco                | 43,226            | 43,226      |
| Fuel                   | 9,966             | 9,966       |
| Bingo cards            | 1,525             | 1,541       |
|                        | <b>\$ 282,013</b> | \$ 279,783  |

Included in supplies expense is an increase in inventory of \$2,230 (2017 - decrease of \$21,013)

**15. PREPAID EXPENSES**

|                                       | <b>2018</b>      | <b>2017</b> |
|---------------------------------------|------------------|-------------|
| Insurance                             | \$ 36,030        | \$ 36,172   |
| Myera projects - community engagement | -                | 250,000     |
|                                       | <b>\$ 36,030</b> | \$ 286,172  |

**EBB AND FLOW FIRST NATION**
**Notes to Consolidated Financial Statements**
**Year Ended March 31, 2018**
**16. TANGIBLE CAPITAL ASSETS**

| Cost                           | 2017<br>Balance      | Additions         | Disposals           | 2018<br>Balance      |
|--------------------------------|----------------------|-------------------|---------------------|----------------------|
| Buildings                      | \$ 48,737,275        | \$ -              | \$ -                | \$ 48,737,275        |
| Band housing                   | 2,107,112            | 232,604           | -                   | 2,339,716            |
| CMHC housing                   | 14,928,562           | -                 | 1,468,009           | 13,460,553           |
| Computer equipment             | 107,855              | -                 | 36,391              | 71,464               |
| Environmental infrastructure   | 5,737,251            | -                 | -                   | 5,737,251            |
| Equipment                      | 4,118,818            | 14,000            | -                   | 4,132,818            |
| Equipment under capital lease  | 330,075              | -                 | -                   | 330,075              |
| Land and land improvements     | 3,722,595            | -                 | -                   | 3,722,595            |
| Leasehold improvements         | 19,406               | -                 | -                   | 19,406               |
| Office furniture and equipment | 661,133              | -                 | -                   | 661,133              |
| Roads and street lights        | 3,334,887            | -                 | -                   | 3,334,887            |
| Vehicles                       | 1,651,148            | 205,830           | -                   | 1,856,978            |
|                                | <b>\$ 85,456,117</b> | <b>\$ 452,434</b> | <b>\$ 1,504,400</b> | <b>\$ 84,404,151</b> |

| Accumulated Amortization       | 2017<br>Balance      | Amortization        | Accumulated Amortization on Disposals | 2018<br>Balance      |
|--------------------------------|----------------------|---------------------|---------------------------------------|----------------------|
| Buildings                      | \$ 32,295,496        | \$ 1,225,709        | \$ -                                  | \$ 33,521,205        |
| Band housing                   | 1,090,473            | 58,493              | -                                     | 1,148,966            |
| CMHC housing                   | 5,215,809            | 593,430             | 1,235,405                             | 4,573,834            |
| Computer equipment             | 103,495              | 3,748               | 36,391                                | 70,852               |
| Environmental infrastructure   | 3,254,569            | 143,431             | -                                     | 3,398,000            |
| Equipment                      | 2,577,645            | 188,560             | -                                     | 2,766,205            |
| Equipment under capital lease  | 132,030              | 66,015              | -                                     | 198,045              |
| Land and land improvements     | -                    | -                   | -                                     | -                    |
| Leasehold improvements         | 19,406               | -                   | -                                     | 19,406               |
| Office furniture and equipment | 593,573              | 15,989              | -                                     | 609,562              |
| Roads and street lights        | 2,204,046            | 83,372              | -                                     | 2,287,418            |
| Vehicles                       | 1,126,968            | 215,404             | -                                     | 1,342,372            |
|                                | <b>\$ 48,613,510</b> | <b>\$ 2,594,151</b> | <b>\$ 1,271,796</b>                   | <b>\$ 49,935,865</b> |

| Net book value                 | 2018                 | 2017                 |
|--------------------------------|----------------------|----------------------|
| Buildings                      | \$ 15,216,070        | \$ 16,441,779        |
| Band housing                   | 1,190,750            | 1,016,639            |
| CMHC housing                   | 8,886,719            | 9,712,753            |
| Computer equipment             | 612                  | 4,360                |
| Environmental infrastructure   | 2,339,251            | 2,482,682            |
| Equipment                      | 1,366,613            | 1,541,173            |
| Equipment under capital lease  | 132,030              | 198,045              |
| Land and land improvements     | 3,722,595            | 3,722,595            |
| Office furniture and equipment | 51,571               | 67,560               |
| Roads and street lights        | 1,047,469            | 1,130,841            |
| Vehicles                       | 514,606              | 524,180              |
|                                | <b>\$ 34,468,286</b> | <b>\$ 36,842,607</b> |

**EBB AND FLOW FIRST NATION****Notes to Consolidated Financial Statements****Year Ended March 31, 2018****17. REPLACEMENT RESERVE**

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 \$158,727 (2017 - \$171,467) 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, 2018, the Replacement Reserve Fund bank account had a balance of \$12,823 (2017 - \$468,013) and was underfunded by \$1,143,242 (2017 - \$597,000).

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, 2018, the Operating Reserve bank account had a balance of \$Nil (2017 - \$Nil) and was underfunded by \$161,138 (2017 - \$161,138).

Replacement reserve expenses have been made in accordance with Schedule "D" of the operating agreement with CMHC.

During the year, two mortgages were paid in full and the corresponding housing phases were transferred to the First Nation housing program. As a result, the replacement reserve has been reduced by \$96,327.

|  | Pre-1997   | Post-1996    | Operating Reserve | 2018         | 2017         |
|--|------------|--------------|-------------------|--------------|--------------|
| Balance, beginning of year             | \$ 126,159 | \$ 938,853   | \$ 161,138        | \$ 1,226,150 | \$ 1,673,932 |
| Interest earned                        | -          | -            | -                 | -            | 8,060        |
| Annual allocation                      | 14,528     | 144,200      | -                 | 158,728      | 168,476      |
| Supplemental subsidy                   | 70,719     | -            | -                 | 70,719       | -            |
| Expenses                               | (7,421)    | (34,646)     | -                 | (42,067)     | (204,440)    |
| Allocation to (from) operating reserve | -          | -            | -                 | -            | (363,808)    |
| Maturing unit adjustment               | (96,327)   | -            | -                 | (96,327)     | (56,070)     |
|  | \$ 107,658 | \$ 1,048,407 | \$ 161,138        | \$ 1,317,203 | \$ 1,226,150 |

**18. 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 the these statements for these loans.

**EBB AND FLOW FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2018**

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**19. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUES**

|                                   | <b>2018</b>   | <b>2017</b>   |
|-----------------------------------|---------------|---------------|
| Revenues per financial statements | \$ 13,347,275 | \$ 12,442,734 |
| Revenues per confirmation         | \$ 13,347,275 | \$ 12,442,734 |

**20. SUBSEQUENT EVENTS**

In July 2018 a fire occurred at a house located adjacent to the Dauphin Lake golf course. The insurance company has allotted \$187,000 for the complete repairs of the house, however no settlement has been reached. The house is owned by Ebb and Flow Investment Group Inc.

**21. ECONOMIC DEPENDENCE**

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

**22. 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, 2018**

|   | Budget<br>(Unaudited) | 2018                 | 2018                 | 2017 |
|---|-----------------------|----------------------|----------------------|------|
| Administration                              | \$ 119,294            | \$ -                 | \$ 74,602            |      |
| Advertising and promotion                   | 17,100                | 34,287               | 44,723               |      |
| Band member support                         | 330,750               | 210,840              | 239,229              |      |
| Basic needs                                 | 2,412,000             | 2,721,602            | 2,684,549            |      |
| Community events                            | 7,965                 | 212,845              | 293,270              |      |
| Construction costs                          | -                     | -                    | 264,579              |      |
| Delivery, freight and express               | 10,000                | 5,503                | 7,507                |      |
| Equipment rentals                           | -                     | 214,461              | 169,301              |      |
| Gas and grocery purchases                   | 3,802,060             | 3,957,971            | 3,980,567            |      |
| Honorariums                                 | 397,090               | 308,029              | 131,486              |      |
| Insurance                                   | 101,840               | 219,466              | 229,782              |      |
| Interest and bank charges                   | 40,695                | 143,239              | 133,541              |      |
| Interest on long term debt                  | 13,200                | 800,505              | 1,036,093            |      |
| Interest on obligations under capital lease | -                     | 8,890                | 5,474                |      |
| Manitoba Lotteries commissions and fees     | 170,000               | 324,550              | 333,453              |      |
| Memberships                                 | 1,020                 | 15,780               | 3,142                |      |
| Moveable asset reserve (Note 13)            | -                     | 44,190               | 42,903               |      |
| Office and miscellaneous                    | 153,547               | 129,476              | 112,222              |      |
| Private home placement                      | -                     | 12,750               | 11,475               |      |
| Professional fees                           | 275,440               | 962,744              | 476,272              |      |
| Projects and programs                       | 244,690               | 97,656               | 193,658              |      |
| Property taxes                              | -                     | 37,356               | 19,807               |      |
| Rent  | 542,608               | 15,172               | 10,400               |      |
| Repairs and maintenance                     | 733,597               | 1,030,392            | 1,496,664            |      |
| Replacement reserve (Note 17)               | -                     | 158,728              | 168,476              |      |
| Replacement reserve supplemental subsidy    | -                     | 70,719               | -                    |      |
| School activities                           | 43,000                | 104,127              | 97,546               |      |
| Special needs                               | 111,379               | 118,348              | 119,524              |      |
| Student allowances                          | 398,293               | 382,606              | 356,410              |      |
| Student incentives                          | 40,820                | 27,770               | 29,230               |      |
| Sub-contracts                               | 236,294               | 526,584              | 587,778              |      |
| Supplies                                    | 1,277,899             | 1,606,801            | 1,936,533            |      |
| Telephone                                   | 108,049               | 138,516              | 127,983              |      |
| Training and workshops                      | 211,526               | 497,181              | 409,961              |      |
| Travel                                      | 467,321               | 784,742              | 605,880              |      |
| Tuition                                     | 489,193               | 540,009              | 410,669              |      |
| Utilities                                   | 1,054,186             | 1,280,854            | 980,735              |      |
| Vehicle                                     | 184,653               | 201,666              | 180,059              |      |
| Wages and employee benefits                 | 9,105,726             | 10,099,285           | 9,906,915            |      |
|   | <b>\$ 23,101,235</b>  | <b>\$ 28,045,640</b> | <b>\$ 27,912,398</b> |      |

EBB AND FLOW FIRST NATION  
Consolidated Segment Disclosure (Schedule 2)  
Year Ended March 31, 2018

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   |                |
|--------------------------|----------------------------------|----------------|------------------------------|--------------|-------------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|----------------------|---------------|----------------|----------------|
|                          | 2018                             | 2017           | 2018                         | 2017         | 2018              | 2017         | 2018         | 2017         | 2018         | 2017           | 2018         | 2017         | 2018                 | 2017          | 2018           | 2017           |
| <b>Revenues</b>          |                                  |                |                              |              |                   |              |              |              |              |                |              |              |                      |               |                |                |
| Federal government       | \$ 1,469,662                     | \$ 1,204,088   | \$ 1,036,465                 | \$ 982,184   | \$ 4,265,844      | \$ 3,913,066 | \$ 6,548,704 | \$ 6,329,396 | \$ 792,648   | \$ 837,223     | \$ 3,100,066 | \$ 2,827,922 | \$ -                 | \$ 17,213,389 | \$ 16,093,879  |                |
| Provincial government    | 611,361                          | 778,443        | -                            | -            | 77,358            | 78,930       | -            | -            | -            | -              | -            | -            | 285,364              | 278,509       | 974,084        | 1,135,881      |
| Economic activities      | -                                | -              | -                            | -            | -                 | -            | -            | -            | -            | -              | -            | -            | 7,188,235            | 7,601,577     | 7,188,235      | 7,601,577      |
| Other revenue            | 1,421,600                        | 1,485,654      | 104,834                      | 111,261      | -                 | -            | 887,248      | 807,062      | 56,444       | 393,093        | 21,039       | 34,916       | 136,237              | 114,366       | 2,627,402      | 2,946,351      |
|                          | 3,502,623                        | 3,468,185      | 1,141,299                    | 1,093,445    | 4,343,202         | 3,991,996    | 7,435,952    | 7,136,458    | 849,092      | 1,230,316      | 3,121,105    | 2,862,838    | 7,609,836            | 7,994,452     | 28,003,110     | 27,777,688     |
| <b>Expenses</b>          |                                  |                |                              |              |                   |              |              |              |              |                |              |              |                      |               |                |                |
| Wages and benefits       | 1,172,139                        | 1,632,135      | 842,087                      | 1,027,483    | 173,627           | 193,858      | 5,290,629    | 4,824,508    | 82,810       | 103,234        | 1,975,033    | 1,467,210    | 1,397,574            | 1,377,753     | 10,933,898     | 10,626,179     |
| Debt servicing           | 651,850                          | 759,610        | 646                          | -            | 9,914             | 8,559        | 17,294       | 23,159       | 132,601      | 177,854        | 3,545        | 2,239        | 136,783              | 203,687       | 952,635        | 1,175,108      |
| Amortization             | 1,828,439                        | 1,836,100      | -                            | -            | -                 | -            | 104,549      | 106,567      | 651,923      | 1,064,605      | 102,161      | 88,747       | 157,080              | 134,834       | 2,844,152      | 3,230,853      |
| Other expenses           | 1,280,973                        | 3,205,597      | 517,171                      | 595,274      | 3,775,622         | 3,569,849    | 2,468,469    | 2,184,533    | 623,963      | 1,006,767      | 1,243,231    | 1,289,164    | 6,249,681            | 6,914,413     | 16,159,107     | 18,765,597     |
|                          | 4,933,401                        | 7,433,442      | 1,359,904                    | 1,622,757    | 3,959,163         | 3,772,266    | 7,880,941    | 7,138,767    | 1,491,297    | 2,352,460      | 3,323,970    | 2,847,360    | 7,941,118            | 8,630,687     | 30,889,792     | 33,797,737     |
| Annual surplus (deficit) | \$ (1,430,778)                   | \$ (3,965,257) | \$ (218,605)                 | \$ (529,312) | \$ 384,039        | \$ 219,730   | \$ (444,989) | \$ (2,309)   | \$ (642,205) | \$ (1,122,144) | \$ (202,865) | \$ 15,478    | \$ (331,282)         | \$ (636,235)  | \$ (2,886,682) | \$ (6,020,049) |