

**EBB AND FLOW FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2020**

EBB AND FLOW FIRST NATION
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Year Ended March 31, 2020

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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 members' 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 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 generally accepted auditing standards.

A handwritten signature in blue ink, appearing to read "Cheyenne Dyerlae", is placed over a horizontal line.

Ebb and Flow, MB

INDEPENDENT AUDITOR'S REPORT

To the Members of Ebb and Flow First Nation

Qualified Opinion

We have audited the consolidated financial statements of Ebb and Flow First Nation (the organization), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at March 31, 2020, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The organization's loans receivable from KIIKO Pimataka Limited Partnership are carried at \$3,619,497 on the organization's statement of financial position as at March 31, 2020. Due to the nature of the loans receivable, we were not able to satisfy ourselves as to the 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.

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

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

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

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

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

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

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

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

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

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

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



Winnipeg, MB
August 23, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

EBB AND FLOW FIRST NATION
Consolidated Statement of Financial Position
March 31, 2020

	2020	2019
ASSETS		
Cash (Note 4)	\$ 1,314,985	\$ 1,415,706
Marketable securities (Note 5)	52,052	51,363
Restricted cash (Note 6)	2,475,823	1,263,956
Accounts receivable (Note 7)	832,252	2,020,764
Loans and notes receivable (Note 8)	3,619,497	3,619,497
Ottawa trust funds (Note 9)	31,408	30,060
	8,326,017	8,401,346
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	1,971,159	1,695,178
Deferred revenue (Note 11)	990,115	3,067,939
Long term debt (Note 12)	25,647,101	26,821,543
Obligations under capital lease (Note 13)	210,214	277,373
Moveable assets reserve (Note 14)	287,368	240,942
	29,105,957	32,102,975
NET FINANCIAL DEBT	(20,779,940)	(23,701,629)
NON-FINANCIAL ASSETS		
Inventory (Note 15)	305,161	300,562
Prepaid expenses (Note 16)	27,928	44,131
Deferred finance charges	5,000	5,000
Construction in progress (Note 17)	4,815,423	5,178,609
Tangible capital assets (Note 18)	47,500,784	32,643,650
	52,654,296	38,171,952
ACCUMULATED SURPLUS	\$ 31,874,356	\$ 14,470,323

SUBSEQUENT EVENTS (Note 22)

CONTINGENT LIABILITY (Note 23)

APPROVED BY CHIEF AND COUNCIL


 Chief
 Councillor


 Councillor

Councillor

Councillor

EBB AND FLOW FIRST NATION
Consolidated Statement of Operations
Year Ended March 31, 2020

	2020	2019
REVENUES		
Indigenous Services Canada	\$ 41,470,752	\$ 26,909,361
Canada Mortgage and Housing Corporation	555,767	535,353
First Peoples Development Inc.	717,139	678,471
Province of Manitoba	867,200	1,218,491
Frontier School Division	733,133	828,711
Manitoba Hydro	231,038	221,100
Rent	86,194	44,093
Gas and groceries	4,771,664	4,741,309
VLT proceeds	1,709,035	1,523,901
Tobacco sales	303,252	436,304
ATM fees	90,717	99,408
Restaurant sales	598,529	508,169
Golf course	340,423	300,234
Interest	110,337	197,808
Fundraising	23,475	40,038
Administration fees	-	34,155
Miscellaneous (Note 21)	2,320,810	1,412,493
Deferred from prior year (Note 11)	3,067,939	-
Deferred to subsequent year (Note 11)	(990,115)	(3,067,939)
Prior year recoveries	(25,378)	(15,761)
Decommissioned accounts receivable	(9,008)	(58,375)
	56,972,903	36,587,324
EXPENSES (Schedule 1)	36,432,911	28,942,835
SURPLUS FROM OPERATIONS	20,539,992	7,644,489
OTHER EXPENSES		
Amortization	3,223,632	2,629,195
Community engagement	-	121,434
	3,223,632	2,750,629
ANNUAL SURPLUS	\$ 17,316,360	\$ 4,893,860

EBB AND FLOW FIRST NATION
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2020

	2020	2019
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$ 14,470,323	\$ 9,479,326
ANNUAL SURPLUS	17,316,360	4,893,860
	31,786,683	14,373,186
Replacement reserve transactions (Note 19)	87,673	97,137
ACCUMULATED SURPLUS - END OF YEAR	\$ 31,874,356	\$ 14,470,323

EBB AND FLOW FIRST NATION
Consolidated Statement of Changes in Net Financial Debt
Year Ended March 31, 2020

	2020	2019
ANNUAL SURPLUS	\$ 17,316,360	\$ 4,893,860
Amortization of tangible capital assets	3,223,632	2,629,195
Purchase of tangible capital assets	(18,523,592)	(1,027,196)
Proceeds on disposal of tangible capital assets	474,026	222,638
Gain on disposal of tangible capital assets	(31,200)	-
Decrease (increase) in prepaid expenses	16,202	(8,102)
Increase in inventory	(4,599)	(18,549)
Decrease (increase) in construction in progress	363,187	(5,178,609)
Replacement reserve transactions	87,673	97,137
	(14,394,671)	(3,283,486)
INCREASE IN NET FINANCIAL ASSETS	2,921,689	1,610,374
NET FINANCIAL DEBT - BEGINNING OF YEAR	(23,701,629)	(25,312,003)
NET FINANCIAL DEBT - END OF YEAR	\$ (20,779,940)	\$ (23,701,629)

EBB AND FLOW FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 17,316,360	\$ 4,893,860
Items not affecting cash:		
Amortization of tangible capital assets	3,223,632	2,629,195
Gain on disposal of tangible capital assets	(31,200)	-
Replacement reserve transactions	87,673	97,137
	20,596,465	7,620,192
Changes in non-cash working capital	(601,726)	1,845,227
Cash flow from operating activities	19,994,739	9,465,419
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(18,307,602)	(752,196)
Proceeds on disposal of tangible capital assets	474,026	222,638
Addition to loans and notes receivable	-	(115,074)
Purchase of marketable securities	(689)	(626)
Increase in restricted cash	(1,211,867)	(167,766)
Increase in Ottawa trust funds	(1,348)	(1,520)
Decrease (increase) in construction in progress	363,186	(5,178,609)
Cash flow used by investing activities	(18,684,294)	(5,993,153)
FINANCING ACTIVITIES		
Increase in moveable assets reserve	46,426	45,515
Proceeds from long term financing	162,700	352,310
Repayment of long term debt	(1,337,143)	(1,685,427)
Repayment of obligations under capital lease	(283,149)	(49,963)
Cash flow used by financing activities	(1,411,166)	(1,337,565)
INCREASE (DECREASE) IN CASH	(100,721)	2,134,701
Cash (deficiency) - beginning of year	1,415,706	(718,995)
CASH - END OF YEAR	\$ 1,314,985	\$ 1,415,706

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

1. NATURE OF ENTITY

Ebb and Flow First Nation is located in the province of Manitoba and operates as the governing entity in providing services to its community members.

Ebb and Flow First Nation reporting entity includes all entities which are either owned or controlled by the First Nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards. and include the assets, liabilities, revenues and expenses of the following departments and entities:

- Ebb and Flow Band Administration and 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 and 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.

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.

Marketable Securities

Marketable securities for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of the annual surplus.

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

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

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and 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
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.

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.

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

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, 2020.

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 funders and members. 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 funders and members which minimizes concentration of credit risk.

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 funders, members, and other related sources, loans receivable, long term debt, obligations under capital leases, reserves, and accounts payable and accrued liabilities.

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. CASH

The organization has a line of credit with the Bank of Montreal in the amount of \$1,000,000 (2019 - \$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, 2020, the balance of the line of credit was \$532,135 (2019 - \$787,572) and is included in cash.

5. MARKETABLE SECURITIES

	2020	2019
RBC Money market funds	\$ 51,346	\$ 50,666
RBC Money market funds	706	697
	\$ 52,052	\$ 51,363

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

6. 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.

	2020	2019
Replacement Reserve		
Replacement reserve bank	\$ 1,360,848	\$ 149,092
The following funds are on deposit as required by the financing agreement with First Nations Finance Authority:		
First Nations Finance Authority		
Debt reserve fund	116,023	109,523
Debt reserve fund	152,540	146,455
Debt reserve fund	828,525	795,473
Secured revenues trust account	17,887	63,413
	1,114,975	1,114,864
	\$ 2,475,823	\$ 1,263,956

7. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 334,282	\$ 1,578,331
Canada Mortgage and Housing Corporation	40,761	43,509
First People's Development Inc.	17,522	5,105
Other government agencies	148,748	148,730
Members	68,601	49,920
Trade and other	249,656	196,280
Subtotal	859,570	2,021,875
Allowance for doubtful accounts	(27,318)	(1,111)
	\$ 832,252	\$ 2,020,764

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

8. LOANS AND NOTES RECEIVABLE

KIIKO Pimataka Limited Partnership loan receivable, non-interest bearing, forgivable 90 days after borrower first distributes profit to lender. The loan is secured by a Band Council Resolution, promissory note, and general security agreement.	\$ 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 a Band Council Resolution, promissory note, and general security agreement.	826,629	826,629
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 a Band Council Resolution, promissory note, and general security agreement.	2,342,868	2,342,868
KIIKO Pimataka Limited Partnership loan receivable, unsecured, non-interest bearing, with no specified terms of repayment.	300,000	300,000
	\$ 3,619,497	\$ 3,619,497

The organization's loans to KIIKO Pimataka Limited Partnership were for the purpose of carrying on business of a facility which will experiment on how to increase the Astaxanthin that is processed from algae. The business is 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 \$683,473 (2019 - \$478,351). There have been no payments received since August 2016 to the date of these financial statements. Arrears have been recognized as revenue and added to the original amount of the loans. In addition, several covenants have not been fulfilled. Ebb and Flow First Nation has waived these defaults and has granted extensions on repayments.

Effective April 1, 2019 and until further notice, the organization has suspended accruing interest on all KIIKO Pimataka Limited Partnership loans.

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

9. 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:

	2020	2019
Capital account	\$ 502	\$ 502
Revenue account	\$ 30,906	\$ 29,558
	\$ 31,408	\$ 30,060

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade and other	\$ 1,714,239	\$ 1,449,287
Source deductions	225,285	183,151
Goods and services tax	6,256	45,340
Indigenous Services Canada - recoveries	25,378	-
Wages and benefits	-	17,400
	\$ 1,971,158	\$ 1,695,178

11. DEFERRED REVENUE

During the year, the organization received funding from Indigenous Services Canada for two community projects. These projects were in progress at March 31, 2020 and are expected to be completed in the subsequent year.

Deferred revenue from First Peoples Development Inc consists of remaining 2020 funding to be used in the subsequent year.

	2020	2019
Community Flood Housing Stream 2	\$ 686,258	\$ -
Community Buildings - Cultural Centre	296,508	-
Construction 2018 Housing Needs	-	331,376
Community Flood Housing Replacement	-	1,833,146
Windstorm repairs	-	898,312
	982,766	3,062,834
First Peoples Development Inc.	7,349	5,105
	\$ 990,115	\$ 3,067,939

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT

	2020	2019
Scotiabank loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$3,000. The loan matures on September 1, 2020 and is secured by a ministerial loan guarantee.	\$ 17,048	\$ 49,911
Canada Mortgage and Housing Corporation loan bearing interest at 2.49% per annum, repayable in monthly blended payments of \$1,179. The loan matures on February 1, 2023 and is secured by a ministerial loan guarantee.	39,784	52,772
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.	148,157	168,978
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.	237,209	260,078
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.	774,054	834,425
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.	480,274	512,364
Canada Mortgage and Housing Corporation loan bearing interest at 2.49% per annum, repayable in monthly blended payments of \$5,616. The loan matures on March 1, 2033 and is secured by a ministerial loan guarantee.	748,381	796,535
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 1, 2034 and is secured by a ministerial loan guarantee.	1,023,911	1,090,972
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.	440,486	469,712
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.	716,609	761,236

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT (*continued*)

	2020	2019
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.	485,504	515,188
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.	731,478	773,628
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.	775,791	819,731
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.	2,235,272	2,307,069
First Nations Finance Authority bond #3 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.	12,856,257	13,243,639
First Nations Finance Authority bond # 4 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.	1,934,938	2,000,714
Bank of Montreal loan bearing interest at 2% per annum, repayable in monthly blended payments of \$4,167. The loan matured on May 31, 2019 and was secured by a Band Council resolution.	58,333	108,333
Reit-Syd Financing loan bearing interest at 0% per annum, repayable in monthly principal payments of \$4,167. The loan matures on November 1, 2020 and is secured by a conditional sales contract on a 2015 John Deere tractor which has a carrying value of \$ 105,000.	33,333	-
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 Freightliner school buses which have a carrying value of \$ 105,000.	18,666	54,474
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 a 2015 GMC Savana passenger van which has a carrying value of \$ 4,023.	3,523	10,211

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EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT (*continued*)

	2020	2019
Daimler Truck Financial loan bearing interest at 5.65% per annum, repayable in monthly blended payments of \$3,878. The loan matures on October 18, 2022 and is secured by two 2019 Freightliner school buses which have a carrying value of \$136,326.	150,663	187,545
Daimler Truck Financial loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$2,152. The loan matures on October 9, 2024 and is secured by a 2020 Freightliner Saftliner C2 which has a carrying value of \$90,160.	104,445	-
SPG Construction Ltd. loan bearing interest at 12.5% per annum, repayable in monthly blended payments of \$7,500. The loan matures on May 11, 2020 and is secured by a promissory note and Band Council Resolution.	11,780	94,594
Communities Economic Development Fund loan bearing interest at 6% per annum, repayable in monthly blended payments of \$19,387 July 1 and \$58,161 October 1. The loan was to mature July 1, 2020 but, due financial hardships from Covid-19, has been extended until new terms can be formalized. The loan is secured by a 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.	557,989	558,015
Catalyst Credit Union loan bearing interest at 4.75% per annum, repayable in monthly blended payments of \$1,000. The loan matures on December 18, 2034 and is unsecured.	136,297	142,585
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 a promissory note, guarantee from Ebb and Flow First Nation and a general security agreement.	56,919	56,919
First Peoples Economic Growth Fund loan bearing interest at 0% per annum, repayable in monthly principal payments of \$5,000. The loan matures on October 1, 2025 and is secured by a promissory note, guarantee from Ebb and Flow First Nation and a 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 monthly blended payments of \$30,000. The loan matures on June 15, 2021 and is secured by land and building which have a carrying value of \$ 900,000.	600,000	600,000

(continues)

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

12. LONG TERM DEBT (*continued*)

	2020	2019
Peace Hills Trust loan bearing interest at 4.84% per annum, repayable in monthly blended payments of \$4,954. The loan matured on December 1, 2019 and was secured by a ministerial loan guarantee. The loan was repaid during the year.	- 46,915	
Reit-Syd Equipment Ltd. loan bearing interest at 0% per annum, repayable in monthly principal payments of \$4,167. The loan matured on June 1, 2019 and was secured by a conditional sales contract on a 2017 John Deere tractor and loader. The loan was repaid during the year.	- 12,500	
First Peoples Development Inc. loan bearing interest at 0% per annum, repayable in monthly principal payments of \$2,500. The loan matured on December 31, 2019 and was secured by inventory and equipment held by Ebb and Flow Gas & Grocery Store. The loan was repaid during the year.	- 22,500	
	\$ 25,647,101	\$ 26,821,543

Principal repayment terms are approximately:

2021	\$ 1,616,163
2022	1,955,695
2023	1,360,047
2024	1,341,715
2025	1,316,081
Thereafter	<u>18,057,400</u>
	<u>\$ 25,647,101</u>

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

13. OBLIGATIONS UNDER CAPITAL LEASE

	2020	2019
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	\$ 11,800	\$ 32,912
Mercado Capital lease bearing interest at 6.57% per annum, repayable in monthly blended payments of \$6,526. The lease matures on September 12, 2022 and is secured by a 2018 John Deere 210GLC excavator which has a carrying value of \$ 165,000.	180,299	244,461
Brandt Financing lease bearing interest at 6.99% per annum, repayable in monthly blended payments of \$559. The lease matures on March 15, 2023 and is secured by a 2018 John Deere wheel loader which has a carrying value of \$172,792.	18,115	-
	\$ 210,214	\$ 277,373

Future minimum capital lease payments are approximately:

2021	\$ 97,074
2022	85,025
2023	44,086
	<hr/>
Total minimum payments	226,185
	<hr/>
Less interest amount at various rates	(15,971)
	<hr/>
	\$ 210,214

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, 2020, the moveable assets reserve bank account had a balance of \$203 (2019 - \$385) and was underfunded by \$287,165 (2018 - \$240,557).

	2020	2019
Balance, beginning of year	\$ 240,942	\$ 195,427
Amount provided in agreement for MAR	46,426	45,515
Subtotal	287,368	240,942
Revenues generated	-	-
Expenses (acquisitions and replacements)	-	-
	<hr/>	<hr/>
	\$ 287,368	\$ 240,942

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

15. INVENTORY

	2020	2019
Livestock	\$ 136,100	\$ 136,100
Groceries and supplies	96,595	86,996
Tobacco	38,226	43,226
Fuel	32,445	32,445
Bingo cards	1,795	1,795
	\$ 305,161	\$ 300,562

Included in expenses is an increase in inventory of \$4,599 (2019 - increase of \$18,549).

16. PREPAID EXPENSES

	2020	2019
Insurance	\$ 26,036	\$ 44,131
Prepaid financing costs	1,892	-
	\$ 27,928	\$ 44,131

17. CONSTRUCTION IN PROGRESS

During the year, the organization commenced construction of three major projects. As at March 31, 2020, the following costs have been incurred:

	2020	2019
Community Flood Housing Stream 2	\$ 3,011,968	\$ -
Community Buildings - Cultural Centre	478,492	-
Education Facilities	1,324,963	-
Community Flood Housing Replacement	-	3,882,785
Construction 2018 Housing Needs	-	1,295,824
	\$ 4,815,423	\$ 5,178,609

These projects are expected to be completed in the following year

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

18. TANGIBLE CAPITAL ASSETS

Cost	2019 Balance	Additions	Disposals	2020 Balance
Band housing	\$ 2,562,354	\$ 333,627	\$ -	\$ 2,895,981
Buildings	48,737,275	16,994,671	-	65,731,946
CMHC housing	12,834,752	-	1,077,254	11,757,498
Computer equipment	71,464	-	-	71,464
Environmental infrastructure	5,737,251	-	-	5,737,251
Equipment	4,368,308	403,371	176,000	4,595,679
Equipment under capital lease	605,075	215,990	-	821,065
Land and land improvements	3,722,595	-	-	3,722,595
Leasehold improvements	19,406	-	-	19,406
Office furniture and equipment	661,133	14,423	-	675,556
Roads and street lights	3,334,887	-	-	3,334,887
Vehicles	2,151,046	561,511	21,000	2,691,557
	\$ 84,805,546	\$ 18,523,593	\$ 1,274,254	\$ 102,054,885

Accumulated Amortization	2019 Balance	Amortization	Accumulated Amortization on Disposals	2020 Balance
Band housing	\$ 1,213,025	\$ 72,400	\$ -	\$ 1,285,425
Buildings	34,746,914	1,644,251	-	36,391,165
CMHC housing	4,674,940	485,258	743,628	4,416,570
Computer equipment	71,419	45	-	71,464
Environmental infrastructure	3,541,431	143,431	-	3,684,862
Equipment	3,000,138	289,408	75,200	3,214,346
Equipment under capital lease	319,060	164,213	-	483,273
Land and land improvements	-	-	-	-
Leasehold improvements	19,406	-	-	19,406
Office furniture and equipment	623,937	15,968	-	639,905
Roads and street lights	2,370,790	83,372	-	2,454,162
Vehicles	1,580,836	325,287	12,600	1,893,523
	\$ 52,161,896	\$ 3,223,633	\$ 831,428	\$ 54,554,101

Net book value	2020	2019
Band housing	\$ 1,610,556	\$ 1,349,329
Buildings	29,340,781	13,990,361
CMHC housing	7,340,928	8,159,812
Computer equipment	-	45
Environmental infrastructure	2,052,389	2,195,820
Equipment	1,381,333	1,368,170
Equipment under capital lease	337,792	286,015
Land and land improvements	3,722,595	3,722,595
Office furniture and equipment	35,651	37,196
Roads and street lights	880,725	964,097
Vehicles	798,034	570,210
	\$ 47,500,784	\$ 32,643,650

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

19. 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 \$147,500 (2019 - \$152,970) 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, 2020, the Replacement Reserve Fund bank account had a balance of \$1,360,848 (2019 - \$149,092) and was overfunded by \$108,248 (2019 - underfunded \$1,037,360).

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, 2020, the Operating Reserve bank account had a balance of \$Nil (2019 - \$Nil) and was underfunded by \$139,497 (2019 - \$159,808).

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

During the year, one mortgage was 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 \$41,836.

	Pre-1997	Post-1996	Operating Reserve	2020	2019
Balance, beginning of year	\$ 49,677	\$ 1,136,775	\$ 159,808	\$ 1,346,260	\$ 1,317,203
Adjustment per CMHC review	-	-	-	-	(38,330)
Annual allocation	3,300	144,200	-	147,500	152,970
Expenses	(11,141)	(28,375)	-	(39,516)	(55,833)
Allocation to (from) operating reserve	-	-	(20,311)	(20,311)	-
Maturing unit adjustment	(41,836)	-	-	(41,836)	(29,750)
	\$ -	\$ 1,252,600	\$ 139,497	\$ 1,392,097	\$ 1,346,260

20. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE -

	2020	2019
Revenues per financial statements	\$ 41,470,752	\$ 26,909,361
Revenues per confirmation	\$ 41,470,752	\$ 26,909,361

EBB AND FLOW FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2020

21. MISCELLANEOUS REVENUES

	2020	2019
Assembly of Manitoba Chiefs	\$ 144,338	\$ -
Community Support	318,508	259,693
Cost recoveries	274,260	-
Early Childhood Co-ordinator	123,464	-
First Communications	171,967	92,416
Insurance proceeds	-	212,628
Missing and Murdered Indigenous Women	60,000	-
NDC Construction	216,841	88,262
Southern Chiefs' Organization	50,000	-
Unconditional grant	50,716	50,810
West Region Tribal Council	57,700	-
Other	853,016	708,684
	\$ 2,320,810	\$ 1,412,493

22. SUBSEQUENT EVENTS

In March 2022 the property located in the Municipality of Grahamdale, known as Jack Pine Ranch was sold for \$700,000.00. The outstanding loan with William Gary Lowry and Janice Maureen Lowry was paid in full from the proceeds.

23. 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.

24. ECONOMIC DEPENDENCE

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

25. 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, 2020

	2020	2019
Administration	\$ 50,226	\$ 48,740
Advertising and promotion	11,239	14,697
Allocation to operating reserve (Note 19)	(20,311)	-
Band member support	572,013	158,606
Basic needs	2,777,508	2,770,688
Community events	659,323	220,787
Delivery, freight and express	5,457	5,294
Equipment rentals	235,972	196,949
Gas and grocery purchases	5,038,962	4,989,397
Honorariums	862,888	297,395
Insurance	254,275	219,176
Interest and bank charges	104,729	79,663
Interest on long term debt	761,308	832,671
Interest on obligations under capital lease	19,575	10,006
Manitoba Lotteries commissions and fees	364,001	341,085
Moveable assets reserve (Note 14)	46,426	45,515
Office and miscellaneous	152,281	176,961
Policy development	105,311	-
Private home placement	4,250	6,800
Professional fees	519,589	320,319
Projects, programs and activities	457,208	126,725
Property taxes	62,247	48,773
Rent	154,755	3,375
Repairs and maintenance	1,701,791	1,148,430
Replacement reserve (Note 19)	147,500	152,970
Special needs	158,877	129,793
Student allowances and incentives	642,875	483,213
Sub-contracts	1,303,479	412,398
Supplies	2,153,104	1,643,234
Telephone	125,408	151,379
Training and workshops	389,767	490,553
Travel	938,914	615,754
Tuition	277,486	378,842
Utilities	1,265,109	1,190,403
Vehicle	298,047	220,897
Wages and employee benefits	13,831,322	11,011,347
	\$ 36,432,911	\$ 28,942,835

EBB AND FLOW FIRST NATION
Consolidated Segment Disclosure (Schedule 2)
Year Ended March 31, 2020

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues																
Federal government	\$ 2,275,190	\$ 1,559,782	\$ 16,415,905	\$ 6,355,354	\$ 4,238,011	\$ 4,094,971	\$ 12,724,832	\$ 8,316,973	\$ 555,767	\$ 535,353	\$ 4,801,322	\$ 3,503,686	\$ -	\$ 41,011,026	\$ 24,366,119	
Provincial government	710,514	820,566	-	-	76,678	67,081	-	-	-	-	-	-	80,008	330,845	867,200	1,218,491
Economic activities	-	-	-	-	-	-	-	-	-	-	-	-	7,813,620	7,609,325	7,813,620	7,609,325
Other revenue	2,668,267	1,842,161	3,201,585	140,362	-	-	876,279	948,086	22,248	-	239,691	7,183	272,987	455,597	7,281,057	3,393,389
	5,653,971	4,222,509	16,498,425	6,495,716	4,314,689	4,162,052	13,601,111	9,265,059	578,015	535,353	5,041,013	3,510,869	8,166,615	8,395,767	56,972,903	36,587,324
Expenses																
Wages and benefits	2,014,088	1,822,860	1,339,300	710,197	-	-	8,416,709	5,535,219	104,621	67,411	2,451,494	2,116,808	1,671,476	1,468,642	15,997,689	11,721,140
Debt servicing	627,549	628,420	-	-	16,754	13,595	22,336	19,986	102,698	107,689	6,253	367	110,024	152,283	885,612	922,340
Amortization	2,162,814	1,765,019	-	-	-	-	219,648	148,376	557,657	568,328	126,866	115,253	156,647	153,652	3,223,632	2,750,629
Other expenses	1,634,169	843,700	795,956	606,006	3,886,766	3,784,381	3,316,135	2,344,987	521,663	495,314	2,597,802	1,277,191	6,797,117	6,947,780	19,549,610	16,299,355
	6,438,620	5,059,999	2,135,256	1,316,203	3,903,520	3,797,976	11,974,828	8,048,568	1,286,639	1,238,742	5,182,415	3,509,619	8,735,264	8,722,357	39,656,543	31,693,464
Annual surplus (deficit)	\$ (784,649)	\$ (837,490)	\$ 14,363,169	\$ 5,179,513	\$ 411,169	\$ 364,076	\$ 1,626,283	\$ 1,216,491	\$ (708,624)	\$ (703,389)	\$ (141,402)	\$ 1,250	\$ (568,649)	\$ (326,590)	\$ 17,316,360	\$ 4,893,860