
DAKOTA PLAINS WAHPETON NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

DAKOTA PLAINS WAHPETON NATION

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MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Dakota Plains Wahpeton Nation are the responsibility of management and have been approved by Chief and Council.

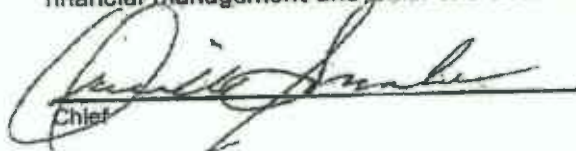
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the annual report, the financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management and Chief and Council and meet when required.


Chief


Councillor


Councillor


Councillor

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Dakota Plains Wahpeton Nation

We have audited the accompanying consolidated financial statements of Dakota Plains Wahpeton Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dakota Plains Wahpeton Nation as at March 31, 2018, and the results of its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 23, 2019

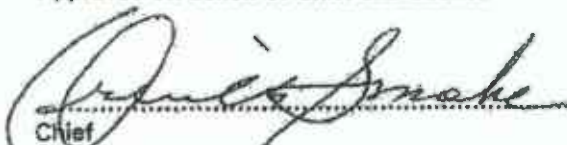
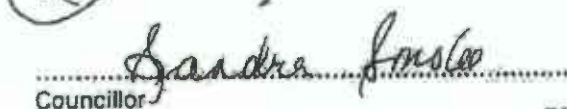
DAKOTA PLAINS WAHPETON NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

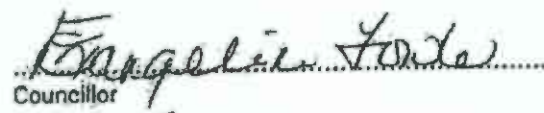

STATEMENT 1

MARCH 31

| | 2018 | 2017 |
|---------------------------------------------------|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| Cash (Note 5) | \$ 216,879 | \$ 95,087 |
| Restricted cash (Note 3) | 2,243 | 169,384 |
| Accounts receivable (Note 4) | <u>46,850</u> | <u>451,696</u> |
| | <u>265,972</u> | <u>716,166</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 6) | 770,383 | 1,021,369 |
| Deferred revenue (Note 8) | 126,697 | 152,645 |
| Long term debt (Note 7) | <u>1,050,808</u> | <u>977,785</u> |
| | <u>1,947,888</u> | <u>2,151,799</u> |
| NET DEBT | <u>(1,681,916)</u> | <u>(1,435,633)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 11) | 7,890,038 | 6,123,735 |
| Construction in progress (Note 9) | 214,700 | 1,919,234 |
| Prepaid expenses (Note 10) | <u>-</u> | <u>10,000</u> |
| | <u>8,104,738</u> | <u>8,052,969</u> |
| ACCUMULATED SURPLUS (Note 12) | <u>\$ 6,422,822</u> | <u>\$ 6,617,336</u> |
| CONTINGENT LIABILITIES (Note 13) | | |

Approved on behalf of Chief and Council


 Chief

 Councillor


 Councillor

 Councillor

DAKOTA PLAINS WAHPETON NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2018 | 2017 |
|-------------------------------------------------------------|-----------------------|---------------------|---------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | \$ 1,521,607 | \$ 1,792,036 | \$ 4,330,775 |
| Indigenous and Northern Affairs Canada - funding recoveries | | (36,926) | (1,042) |
| First Nations and Inuit Health Branch | 1,171,952 | 1,352,878 | 774,742 |
| Canada Mortgage and Housing Corporation | 58,000 | 58,076 | 256,270 |
| Enbridge Inc. | | | 130,934 |
| Interest and other | | 75,977 | 52,815 |
| Manitoba First Nations Education Resource Centre | | 60,750 | |
| Rental income | 42,000 | 32,676 | 37,560 |
| Manitoba Hydro | | 35,877 | 16,000 |
| Maplewood | | 16,731 | 21,923 |
| Deferred from prior year | | 152,645 | |
| Deferred to following year | | (126,697) | (152,645) |
| | <u>2,793,559</u> | <u>3,414,023</u> | <u>5,467,332</u> |
| EXPENDITURES | | | |
| Administration and finance | 171,300 | 431,227 | 356,021 |
| Economic development | 33,500 | 96,856 | 305,553 |
| Education | 379,174 | 707,087 | 1,131,014 |
| Health | 959,768 | 1,086,419 | 715,959 |
| Housing | 100,000 | 99,653 | 277,853 |
| Infrastructure and capital projects | 275,000 | 185,012 | 53,439 |
| Operations and maintenance | 211,000 | 600,857 | 504,670 |
| Social assistance | 403,279 | 401,426 | 344,661 |
| | <u>2,533,021</u> | <u>3,608,537</u> | <u>3,689,170</u> |
| ANNUAL SURPLUS (DEFICIT) | 260,538 | (194,514) | 1,778,162 |
| ACCUMULATED SURPLUS, <i>beginning of year</i> | <u>6,617,336</u> | <u>6,617,336</u> | <u>4,839,174</u> |
| ACCUMULATED SURPLUS, <i>end of year</i> | <u>\$ 6,877,874</u> | <u>\$ 6,422,822</u> | <u>\$ 6,617,336</u> |

DAKOTA PLAINS WAHPETON NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2 0 1 8 | 2 0 1 7 |
|----------------------------------------------------------------------|------------------------|------------------------|------------------------|
| Annual surplus (deficit) | \$ <u>260,538</u> | <u>\$ (194,514)</u> | <u>\$ 1,778,162</u> |
| Acquisition of tangible capital assets | | (2,276,610) | (91,277) |
| Transfer from construction in progress to tangible capital assets | | 1,903,234 | |
| Amortization of tangible capital assets | | 510,307 | 422,907 |
| Acquisition of construction in progress | | (198,700) | (1,919,234) |
| Acquisition of prepaid expenses | | | (10,000) |
| Use of prepaid expenses | <u>-</u> | <u>10,000</u> | <u>-</u> |
| | <u>-</u> | <u>(51,769)</u> | <u>(1,597,604)</u> |
| CHANGE IN NET DEBT FOR YEAR | 260,538 | (246,283) | 180,558 |
| NET DEBT, <i>beginning of year</i> | <u>(1,435,633)</u> | <u>(1,435,633)</u> | <u>(1,616,191)</u> |
| NET DEBT, <i>end of year</i> | <u>\$ (1,175,095)</u> | <u>\$ (1,681,916)</u> | <u>\$ (1,435,633)</u> |

DAKOTA PLAINS WAHPETON NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2018 | 2017 |
|-----------------------------------------------------------|-------------------|--------------------|
| CASH FLOW FROM | | |
| OPERATING ACTIVITIES | | |
| Cash receipts from Indigenous and Northern Affairs Canada | \$ 2,160,295 | \$ 3,854,761 |
| Cash receipts from First Nations and Inuit Health Branch | 1,352,878 | 778,952 |
| Cash received from other sources | 280,087 | 515,734 |
| Cash paid to employees | (1,260,206) | (1,573,841) |
| Cash paid to suppliers | (2,067,273) | (1,317,775) |
| Bank charges and interest paid | (12,077) | (8,234) |
| | <u>453,704</u> | <u>2,249,597</u> |
| INVESTING ACTIVITIES | | |
| Acquisition of tangible capital assets | (373,376) | (91,277) |
| Acquisition of construction in progress | (198,700) | (1,919,234) |
| | <u>(572,076)</u> | <u>(2,010,511)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds of long term debt | 199,700 | |
| Repayment of long term debt | (126,677) | (78,215) |
| | <u>73,023</u> | <u>(78,215)</u> |
| NET INCREASE (DECREASE) IN CASH DURING YEAR | (45,349) | 160,871 |
| CASH, beginning of year | <u>264,471</u> | <u>103,600</u> |
| CASH, end of year | \$ <u>219,122</u> | \$ <u>264,471</u> |
| Cash consists of: | | |
| Cash (bank indebtedness) | \$ 216,879 | \$ 95,087 |
| Restricted cash (Note 3) | <u>2,243</u> | <u>169,384</u> |
| | \$ <u>219,122</u> | \$ <u>264,471</u> |

DAKOTA PLAINS WAHPETON NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. OPERATIONS

The Dakota Plains Wahpeton Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. The financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompasses the following principles.

Sources of revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

REPORTING ENTITY

The consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

These consolidated financial statements combine the assets, liabilities, revenue and expenditures of the following entities and departments:

- Dakota Plains Wahpeton Nation Government
- Dakota Plains Wahpeton Nation CMHC Housing Authority

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

RESTRICTED CASH

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

NET DEBT

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)**NON-FINANCIAL ASSETS*

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include acquired, built, developed and improved capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets acquired are reported at net book value.

Assets under construction are not amortized until the asset is available to be put into service.

CMHC houses are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the corresponding mortgages. Amortization of all other tangible capital asset categories is provided for under the straight-line method at the following annual rates:

| | |
|----------------------|----------|
| Buildings | 2.5 - 5% |
| Equipment | 10 - 20% |
| Infrastructure | 2.5 - 5% |
| Office equipment | 10% |
| Office furniture | 20% |
| Playground equipment | 10% |
| Vehicles | 20% |

Amortization is computed at one-half of the annual amortization in the year of tangible capital asset acquisition.

LONG-LIVED ASSETS

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations and accumulated surplus for the year in which the asset becomes impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***REVENUE RECOGNITION**

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfer revenue which includes Indigenous and Northern Affairs Canada, First Nations and Inuit Health Branch and Canada Mortgage and Housing Corporation is recognized as revenue when the transfer is authorized and any eligibility criteria under the terms of the applicable funding agreement are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

SEGMENTS

The First Nation conducts its business through eight reportable segments as identified in Note 18. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Basis of Presentation and Summary of Significant Accounting Policies.

FINANCIAL INSTRUMENTS

Financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, deferred revenue and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******FAIR VALUE***

Due to the short term nature of all financial instruments other than long term debt, the carrying values as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the year in which it becomes known. For long term debt it is not practicable within the constraints of timeliness or cost to determine the fair value with sufficient reliability because these financial instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

3. RESTRICTED CASH***CAPITAL PROJECTS BANK ACCOUNTS***

Monies held by a capital project manager relate to funding received that must be spent on particular capital projects.

CMHC REPLACEMENT RESERVE

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$11,600. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2018, there was an accumulated balance of \$200,244 (March 31, 2017 - \$190,333) for this reserve, which remains unfunded and due from operating.

OTTAWA TRUST FUND

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other First Nation tangible capital assets. Capital trust monies are expended on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended under the provisions of sections 63 to 69 the Indian Act.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

3. RESTRICTED CASH

| | 2018 | 2017 |
|--------------------------------|-----------------|-------------------|
| Capital projects bank accounts | \$ 672 | \$ 167,847 |
| Ottawa Trust Fund | <u>1,571</u> | <u>1,537</u> |
| | <u>\$ 2,243</u> | <u>\$ 169,384</u> |

4. ACCOUNTS RECEIVABLE

| | 2018 | 2017 |
|---------------------------------------------------------|------------------|-------------------|
| Indigenous and Northern Affairs Canada: | | |
| Basic Needs Assistance (2017-2018) | \$ 7,500 | \$ |
| Capital - A&C Water Systems (2017-2018) | 10,500 | |
| Capital - Home Modifications (2017-2018) | 4,870 | |
| Low Cost Special Education (2017-2018) | 55 | |
| Tuition Agreements (2017-2018) | 23,925 | |
| Capital - Outdoor Recreation Facility set (2016-2017) | | 9,703 |
| Capital - Outdoor Recreation Facility fixed (2016-2017) | | 275,000 |
| Capital - Water Systems Under \$1.5M (2016-2017) | | 5,000 |
| Community Economic Development (2016-2017) | | 3,160 |
| Economic Capacity Development (2016-2017) | | 12,000 |
| Emergency Recovery (2016-2017) | | 120,222 |
| Emergency Response (2016-2017) | | 24,047 |
| Low Cost Special Education (2015-2016) | | 702 |
| Tuition Agreements (2015-2016) | <u>-</u> | <u>1,861</u> |
| | <u>\$ 46,850</u> | <u>\$ 451,695</u> |

5. CASH

Cash is comprised of the following:

| | 2018 | 2017 |
|----------------|-------------------|------------------|
| Band | \$ 30,061 | \$(52,413) |
| Education | 6,979 | 58,525 |
| Health | 171,009 | 30,156 |
| Housing | 3,933 | 6,882 |
| Post secondary | 1,666 | 51,625 |
| Social | <u>3,231</u> | <u>312</u> |
| | <u>\$ 216,879</u> | <u>\$ 95,087</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2018 | 2017 |
|------------------------------------------------|-------------------|---------------------|
| Indigenous and Northern Affairs Canada: | | |
| Basic Needs | \$ 9,734 | \$ 1,970 |
| Parental and Community Engagement | 183 | 3,683 |
| Prevention Projects - Family Violence | 3,500 | 3,712 |
| Wastewater O&M | - | 3,712 |
| | <u>13,417</u> | <u>13,077</u> |
| Trade accounts payable and accrued liabilities | 734,561 | 993,226 |
| Employee source deductions payable | <u>22,405</u> | <u>18,778</u> |
| | <u>\$ 770,383</u> | <u>\$ 1,025,081</u> |

7. LONG TERM DEBT

| | 2018 | 2017 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------|
| Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,697 including interest at the rate of 1.14% per annum, renews June 2021, matures June 2031, secured by a ministerial guarantee by the Government of Canada and assignment of all risks insurance. | \$ 250,306 | \$ 267,711 |
| Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,040 including interest at the rate of 2.40% per annum, renews October 2018, matures April 2032, secured by a ministerial guarantee by the Government of Canada and assignment of all risks insurance. | 149,087 | 157,889 |
| Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,329 including interest at the rate of 1.11% per annum, renews April 2021, matures March 2035, secured by a ministerial guarantee by the Government of Canada and assignment of all risks insurance. | 432,856 | 455,870 |
| Peace Hills Trust, loan repayable in monthly installments of \$1,725 including interest at the rate of 8.50% per annum, matures October 2020, secured by assignment of all risks insurance. | 47,859 | 63,739 |
| Peace Hills Trust, loan repaid in full | | 32,576 |
| Peace Hills Trust, chattel mortgage repayable upon demand including interest at the rate of 8.50% per annum paid monthly, matures April 1, 2019, secured by assignment of designated property. | 57,000 | |
| Peace Hills Trust, promissory note (up to a maximum of \$340,000) repayable on demand including interest at the rate of 8.50% per annum paid monthly, secured by a Band Council Resolution authorizing the borrowing. | <u>113,700</u> | <u>-</u> |
| | <u>\$ 1,050,808</u> | <u>\$ 977,785</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

7. LONG TERM DEBT (continued)

The scheduled principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

| | |
|----------------|-------------------|
| March 31, 2019 | \$ 208,507 |
| 2020 | 96,246 |
| 2021 | 62,111 |
| 2022 | 51,309 |
| 2023 | <u>52,281</u> |
| | <u>\$ 470,454</u> |

8. DEFERRED REVENUE

| | 2018 | 2017 |
|-----------------------------------------|-------------------|-------------------|
| Indigenous and Northern Affairs Canada: | | |
| Capital - A&C Water Systems | \$ 10,500 | \$ |
| Capital - Home Modifications | 4,870 | |
| Capital - Municipal Services | | 32,423 |
| Emergency Recovery | 87,402 | 120,222 |
| Tuition Agreements | <u>23,925</u> | <u>-</u> |
| | <u>\$ 126,697</u> | <u>\$ 152,645</u> |

9. CONSTRUCTION IN PROGRESS

| | 2018 | 2017 |
|-----------------------------|-------------------|---------------------|
| Gas station building | \$ 41,000 | \$ 16,000 |
| Lot servicing | | 124,639 |
| Multi-duplex units | | 1,261,464 |
| Outdoor recreation facility | | 517,131 |
| Ready-to-move homes | <u>173,700</u> | <u>-</u> |
| | <u>\$ 214,700</u> | <u>\$ 1,919,234</u> |

The costs of construction in progress for these projects will be transferred to tangible capital assets upon completion and subsequently amortized accordingly.

10. PREPAID EXPENSES

| | 2018 | 2017 |
|------------------------------------|-------------|------------------|
| Deposit on tangible capital assets | \$ <u>-</u> | \$ <u>10,000</u> |

DAKOTA PLAINS WAHPETON NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

11. TANGIBLE CAPITAL ASSETS

| | Cost | | | Accumulated Amortization | | | Net Book Value | |
|----------------------|----------------------|------------------------------|----------------------|--------------------------|-------------------|---------------------|---------------------|---------------------|
| | Opening | Additions, | Closing | Opening | Amortization | Closing | Total | Total |
| | Balance | Adjustments and Disposals | | Balance | | | 2018 | 2017 |
| Buildings | \$ 8,221,414 | \$ 2,039,289 | \$ 10,260,703 | \$ 4,994,965 | \$ 187,713 | \$ 5,182,678 | \$ 5,078,025 | \$ 3,226,449 |
| CMHC houses | 1,285,219 | | 1,285,219 | 389,600 | 49,221 | 438,821 | 846,398 | 895,619 |
| Equipment | 44,728 | 105,861 | 150,589 | 24,738 | 13,444 | 38,182 | 112,407 | 19,990 |
| Foster home | 75,110 | | 75,110 | 47,083 | 1,878 | 48,961 | 26,149 | 28,027 |
| Infrastructure | 4,047,807 | | 4,047,807 | 2,516,588 | 100,681 | 2,617,269 | 1,430,538 | 1,531,219 |
| Land | 110,000 | | 110,000 | | | | 110,000 | 110,000 |
| Office equipment | 207,179 | | 207,179 | 158,991 | 12,468 | 171,459 | 35,720 | 48,188 |
| Office furniture | 35,932 | | 35,932 | 32,228 | 412 | 32,640 | 3,292 | 3,704 |
| Playground equipment | 32,713 | | 32,713 | 32,713 | | 32,713 | | |
| Vehicles | 838,837 | 131,460 | 970,297 | 578,298 | 144,490 | 722,788 | 247,509 | 260,539 |
| | <u>\$ 14,898,939</u> | <u>\$ 2,276,610</u> | <u>\$ 17,175,549</u> | <u>\$ 8,775,204</u> | <u>\$ 510,307</u> | <u>\$ 9,285,511</u> | <u>\$ 7,890,038</u> | <u>\$ 6,123,735</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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12. ACCUMULATED SURPLUS

| | 2018 | 2017 |
|-------------------------------------|---------------------|---------------------|
| Accumulated deficit from operations | \$(833,595) | \$(807,565) |
| Equity in tangible capital assets | 6,952,930 | 5,145,950 |
| Equity in construction in progress | 101,000 | 1,919,234 |
| Equity in restricted cash | 2,243 | 169,384 |
| Equity in CHMC Replacement Reserve | <u>200,244</u> | <u>190,333</u> |
| | <u>\$ 6,422,822</u> | <u>\$ 6,617,336</u> |

13. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements. At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2018 might be recovered.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

14. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

| | 2018 | 2017 |
|---------------------------------------------|---------------------|---------------------|
| Arrangement #1718-MB-000029 (MANITOBA) | <u>\$ 1,792,036</u> | <u>\$ 4,330,775</u> |
| Total INAC revenue per financial statements | <u>\$ 1,792,036</u> | <u>\$ 4,330,775</u> |

15. RECONCILIATION OF FIRST NATIONS AND INUIT HEALTH BRANCH REVENUE

| | 2018 | 2017 |
|----------------------------------------------|---------------------|-------------------|
| Arrangement #1516-MB-000098 (MANITOBA) | <u>\$ 1,352,878</u> | <u>\$ 774,742</u> |
| Total FNIHB revenue per financial statements | <u>\$ 1,352,878</u> | <u>\$ 774,742</u> |

16. ECONOMIC DEPENDENCE

Dakota Plains Wahpeton Nation receives a majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations and Inuit Health Branch (FNIHB) pursuant to funding arrangements with the Government of Canada. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by the funding arrangements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17. RELATED PARTY TRANSACTIONS

In the normal course of operations, the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and its related entities, aggregate revenue and expenditures derived from related party transactions is not determinable.

18. SEGMENTS

The First Nation has eight reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration and Finance - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

Economic Development - benefits include better access to more and larger businesses and business opportunities both within and beyond the community and a better economic environment.

Education - activities include overseeing many aspects of educational opportunities for community members at all levels of learning both within the community and externally.

Health - activities include the delivery of programs to promote community health and to address environmental issues and non-insured health benefits.

Housing - activities include the provision of residential housing opportunities for community members.

Infrastructure and Capital Projects - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.

Operations and Maintenance - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

Social Assistance - activities include satisfying the economic, social or health related needs of community members who require assistance.

19. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

20. EXPENSES BY OBJECT

| | 2 0 1 8 | 2 0 1 7 |
|------------------------------------------------|---------------------|---------------------|
| Amortization | 510,307 | 422,907 |
| Bank charges and interest | 12,077 | 8,234 |
| Community member activities and support | 110,417 | 108,980 |
| Consulting fees | 159,075 | 184,523 |
| Insurance | 45,122 | 38,828 |
| Loan interest | 21,057 | 18,939 |
| Materials for construction/renovation projects | 148,175 | 171,771 |
| Office supplies and administration | 172,406 | 186,811 |
| Other | 272,049 | 171,226 |
| Professional fees | 102,116 | 57,480 |
| Repairs and maintenance | 119,679 | 117,743 |
| Salaries, honoraria, wages and benefits | 1,263,833 | 1,570,712 |
| Social assistance | 322,452 | 272,650 |
| Student support | 134,633 | 157,675 |
| Travel | 81,621 | 54,210 |
| Utilities | 46,289 | 53,284 |
| Vehicle operations and maintenance | 87,229 | 93,197 |
| | <u>\$ 3,608,537</u> | <u>\$ 3,689,170</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

21. SEGMENT DISCLOSURE

Dakota Plains Wahpeton Nation provides a range of services to its community members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the Basis of Presentation and Summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

| | ADMINISTRATION AND FINANCE | | ECONOMIC DEVELOPMENT | | EDUCATION | | HEALTH | |
|----------------------------|-------------------------------|--------------------|----------------------|--------------------|---------------------|--------------------|-------------------|------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenue: | | | | | | | | |
| Federal Government | | | | | | | | |
| INAC | \$ 285,778 | \$ 189,108 | \$ 115,292 | \$ 166,292 | \$ 379,503 | \$ 1,042,005 | \$ 14,000 | \$ 14,000 |
| FNIHB | | | | | | | 1,352,878 | 774,742 |
| CMHC | | | | | | | | |
| Subtotal | 285,778 | 189,108 | 115,292 | 166,292 | 379,503 | 1,042,005 | 1,366,878 | 788,742 |
| Funding recoveries | | | | | (1,500) | (1,042) | | |
| Other revenue | 110,147 | 104,532 | | 86,111 | 79,188 | 31,029 | | |
| Deferred from prior year | | | | | | | | |
| Deferred to following year | | | | | (23,925) | | | |
| Total revenue | <u>395,925</u> | <u>293,640</u> | <u>115,292</u> | <u>252,403</u> | <u>433,266</u> | <u>1,071,992</u> | <u>1,366,878</u> | <u>788,742</u> |
| Expenditures: | | | | | | | | |
| Amortization | | | | | 172,686 | 172,686 | | |
| Debt servicing | | | | | 4,814 | 6,104 | | |
| Other | 286,843 | 249,381 | 92,556 | 198,446 | 247,638 | 384,893 | 435,360 | 319,124 |
| Salaries and benefits | <u>144,384</u> | <u>106,640</u> | <u>4,300</u> | <u>107,107</u> | <u>281,949</u> | <u>567,331</u> | <u>651,059</u> | <u>396,835</u> |
| Total expenditures | <u>431,227</u> | <u>356,021</u> | <u>96,856</u> | <u>305,553</u> | <u>707,087</u> | <u>1,131,014</u> | <u>1,086,419</u> | <u>715,959</u> |
| Annual surplus (deficit) | <u>\$ (35,302)</u> | <u>\$ (62,381)</u> | <u>\$ 18,436</u> | <u>\$ (53,150)</u> | <u>\$ (273,821)</u> | <u>\$ (59,022)</u> | <u>\$ 280,459</u> | <u>\$ 72,783</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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21. SEGMENT DISCLOSURE (continued)

| | HOUSING | | INFRASTRUCTURE AND CAPITAL PROJECTS | | OPERATIONS AND MAINTENANCE | | SOCIAL ASSISTANCE | | TOTAL | |
|----------------------------|------------|-----------|----------------------------------------|--------------|-------------------------------|--------------|-------------------|-----------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue: | | | | | | | | | | |
| Federal Government | | | | | | | | | | |
| INAC | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | | | 329,870 | 2,147,893 | 286,869 | 371,777 | 380,724 | 399,700 | 1,792,036 | 4,330,775 |
| FNIHB | | | | | | | | | 1,352,878 | 774,742 |
| CMHC | 58,076 | 256,270 | - | - | - | - | - | - | 58,076 | 256,270 |
| Subtotal | 58,076 | 256,270 | 329,870 | 2,147,893 | 286,869 | 371,777 | 380,724 | 399,700 | 3,202,990 | 5,361,787 |
| Funding recoveries | | | | | (20,826) | | (14,600) | | (36,926) | (1,042) |
| Other revenue | 32,676 | 37,560 | | | | | | | 222,011 | 259,232 |
| Deferred from prior year | | | 32,423 | | 120,222 | | | | 152,645 | |
| Deferred to following year | - | - | (15,370) | (32,423) | (87,402) | (120,222) | - | - | (126,697) | (152,645) |
| Total revenue | 90,752 | 293,830 | 346,923 | 2,115,470 | 298,863 | 251,555 | 366,124 | 399,700 | 3,414,023 | 5,467,332 |
| Expenditures: | | | | | | | | | | |
| Amortization | 49,221 | 48,536 | | | 288,400 | 201,685 | | | 510,307 | 422,907 |
| Debt servicing | 11,507 | 12,835 | 4,736 | | | | | | 21,057 | 18,939 |
| Other | 34,190 | 157,820 | 173,283 | 44,668 | 187,828 | 40,225 | 355,642 | 282,055 | 1,813,340 | 1,676,612 |
| Salaries and benefits | 4,735 | 58,662 | 6,993 | 8,771 | 124,629 | 262,760 | 45,784 | 62,606 | 1,263,833 | 1,570,712 |
| Total expenditures | 99,653 | 277,853 | 185,012 | 53,439 | 600,857 | 504,670 | 401,426 | 344,661 | 3,608,537 | 3,689,170 |
| Annual surplus (deficit) | \$(8,901) | \$ 15,977 | \$ 161,911 | \$ 2,062,031 | \$(301,994) | \$(253,115) | \$(35,302) | \$ 55,039 | \$(194,514) | \$ 1,778,162 |