
CANUPAWAKPA DAKOTA NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

CANUPAWAKPA DAKOTA NATION

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MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Canupawakpa Dakota Nation and all the information in this annual report are the responsibility of management and have been approved by the 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 Canadian Institute of Chartered Professional Accountants 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.

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

The Chief and Council meets periodically with management, as well as 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 consolidated financial statements and the external auditors' report.

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

Chief Maria Eastman
Councillor Brenna Paay
Councillor Debilitha O'leary

Councillor _____
Councillor _____
Councillor _____

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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Canupawakpa Dakota Nation

We have audited the consolidated statement of financial position of Canupawakpa Dakota Nation as at March 31, 2018 and the consolidated statements of operations, changes 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 Canupawakpa Dakota Nation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
February 21, 2019

CANUPAWAKPA DAKOTA NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2018

2017

FINANCIAL ASSETS

| | | |
|------------------------------|----------------|----------------|
| Cash | \$ 407,924 | \$ 313,719 |
| Restricted cash (Note 2) | 853 | 1,703 |
| Accounts receivable (Note 3) | 417,420 | 122,420 |
| Inventory | 2,125 | 2,192 |
| Total financial assets | <u>828,322</u> | <u>440,034</u> |

LIABILITIES

| | | |
|---|------------------|------------------|
| Accounts payable and accrued liabilities (Note 4) | 1,200,900 | 905,914 |
| Deferred revenue (Note 5) | 183,024 | 381,939 |
| Long term debt | <u>1,870,285</u> | <u>2,363,968</u> |
| Total liabilities | <u>3,254,209</u> | <u>3,651,821</u> |
| Net debt | (2,425,887) | (3,211,787) |

NON-FINANCIAL ASSETS

| | | |
|----------------------------------|---------------------|---------------------|
| Tangible capital assets (Note 7) | 5,759,244 | 6,616,107 |
| Prepaid expenses | <u>43,196</u> | <u>-</u> |
| Total non-financial assets | <u>5,802,440</u> | <u>6,616,107</u> |
| Accumulated surplus | <u>\$ 3,376,553</u> | <u>\$ 3,404,320</u> |
| Contingent liabilities (Note 8) | | |

Approved on behalf of Council

.....
Chief *Viola Eastman*
.....
Councillor *Genalde Prady*
.....

.....
Councillor *Debra Kitchell*
.....
Councillor

CANUPAWAKPA DAKOTA NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

| | 2 0 1 8 | 2 0 1 7 |
|--|---------------------|---------------------|
| REVENUE | | |
| Indigenous Services Canada | \$ 3,631,946 | \$ 4,591,238 |
| First Nations and Inuit Health | 1,403,179 | 1,107,040 |
| Canada Mortgage and Housing Corporation | 194,585 | 588,664 |
| Employment and Social Development Canada | 247,288 | 323,123 |
| Gaming revenue | 699,216 | 653,971 |
| Other revenue | 629,896 | 531,192 |
| Rental income | 175,523 | 225,926 |
| Tobacco rebate revenue | 118,426 | 81,520 |
| Deferred from prior year | 381,939 | 214,915 |
| Deferred to following year | (183,024) | (381,939) |
| | <u>7,298,974</u> | <u>7,935,650</u> |
| EXPENDITURES | | |
| Governance and administration | 888,848 | 1,464,125 |
| Economic development | 66,720 | 107,303 |
| Social services | 1,056,032 | 1,019,936 |
| Employment, training and childcare | 264,323 | 345,722 |
| Education | 1,622,641 | 1,798,837 |
| Health | 1,451,285 | 1,206,595 |
| Community services | 176,202 | 474,000 |
| Capital and capital projects | 139,168 | 333,051 |
| Housing | 779,664 | 1,379,240 |
| Band funds | 881,858 | 824,629 |
| | <u>\$ 7,326,741</u> | <u>\$ 8,953,438</u> |
| ANNUAL DEFICIT | (27,767) | (1,017,788) |
| ACCUMULATED SURPLUS, <i>beginning of year</i> | 3,404,320 | 4,283,991 |
| Prior period adjustment | - - | 138,117 |
| ACCUMULATED SURPLUS, <i>end of year</i> | \$ 3,376,553 | \$ 3,404,320 |

CANUPAWAKPA DAKOTA NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

| | 2018 | 2017 |
|---|-------------------------------|-------------------------------|
| Annual deficit | <u><u>\$ (27,767)</u></u> | <u><u>\$ (1,017,788)</u></u> |
| Acquisition of tangible capital assets and construction in progress | (760,943) | |
| Disposition of housing units | 333,309 | |
| Amortization of tangible capital assets | <u><u>551,445</u></u> | 778,370 |
| Loss on sale of tangible capital assets | <u><u>305,418</u></u> | - |
| | <u><u>856,863</u></u> | <u><u>350,736</u></u> |
| Acquisition of prepaid expenses | <u><u>(43,196)</u></u> | - |
| CHANGE IN NET DEBT FOR YEAR | <u><u>785,900</u></u> | (667,052) |
| NET DEBT, <i>beginning of year</i> | (3,211,787) | (2,682,852) |
| Prior period adjustment | - | <u><u>138,117</u></u> |
| NET DEBT, <i>end of year</i> | <u><u>\$ (2,425,887)</u></u> | <u><u>\$ (3,211,787)</u></u> |

CANUPAWAKPA DAKOTA NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

STATEMENT 4

YEAR ENDED MARCH 31

2 0 1 8

2 0 1 7

CASH FLOW FROM

OPERATING ACTIVITIES

| | | |
|--|----------------|----------------|
| Cash received from funding and other sources | \$ 6,439,011 | \$ 7,603,897 |
| Cash paid to suppliers and employees | (5,851,973) | (6,889,753) |
| | <u>587,038</u> | <u>714,144</u> |

CAPITAL ACTIVITIES

| | | |
|--|---|-------------------|
| Acquisition of tangible capital assets | | (760,943) |
| Disposition of housing units | - | <u>126,750</u> |
| | - | <u>(634,193)</u> |

FINANCING ACTIVITIES

| | | |
|--|-------------------|-------------------|
| Proceeds from long term debt | | 610,000 |
| Repayment of long term debt | (493,683) | (368,194) |
| NET INCREASE IN CASH DURING YEAR | 93,355 | 321,757 |
| CASH (BANK INDEBTEDNESS), <i>beginning of year</i> | <u>315,422</u> | <u>(6,335)</u> |
| CASH, <i>end of year</i> | <u>\$ 408,777</u> | <u>\$ 315,422</u> |

CASH COMPRISED OF

| | | |
|-----------------|-------------------|-------------------|
| Cash | \$ 407,924 | \$ 313,719 |
| Restricted cash | <u>853</u> | <u>1,703</u> |
| | <u>\$ 408,777</u> | <u>\$ 315,422</u> |

CANUPAWAKPA DAKOTA NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared 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.

REPORTING ENTITY

The Canupawakpa Dakota Nation reporting entity includes the Canupawakpa Dakota Nation (the "First Nation") government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

- Canupawakpa Dakota Nation Government
- Canupawakpa Dakota Nation CMHC Housing Authority
- Canupawakpa Dakota Nation Health Services
- Canupawakpa Dakota Nation Gaming
- Canupawakpa Dakota Nation Employment and Training
- Canupawakpa Housing Authority

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

INVENTORY

Inventory consists of tobacco products and confectionary items sold by the Gaming program. Inventory is valued at the lower of cost or net realizable value using the first in, first out method.

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 combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******TANGIBLE CAPITAL ASSETS***

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

| | |
|--------------------------|--------|
| Buildings | 4% |
| Vehicles | 20% |
| Communications equipment | 20% |
| Equipment | 6.67% |
| Housing | 4% |
| Land Improvements | 2.5-4% |
| Roads | 2.5% |

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

SEGMENTS

The First Nation conducts its business through a number of reportable segments. 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.

REVENUE RECOGNITION

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******FINANCIAL INSTRUMENTS***

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities 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. Unless otherwise stated, the carrying value of First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying value as presented in 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 period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of 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 at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. RESTRICTED CASH**CMHC Replacement Reserve**

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2018, \$200 (2017 - \$1,064) had been deposited into separate accounts leaving an unfunded balance of \$442,385 (2017 - \$423,782).

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. 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. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the Cree Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

| | 2 0 1 8 | 2 0 1 7 |
|--------------------------|----------------|----------------|
| CMHC Replacement Reserve | 200 | 1,064 |
| Ottawa Trust Fund | <u>653</u> | <u>639</u> |
| | \$ 853 | \$ 1,703 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

3. ACCOUNTS RECEIVABLE

| | 2 0 1 8 | 2 0 1 7 |
|---|-------------------|-------------------|
| I.S.C. | \$ | \$ |
| Low cost special education | 12,538 | 34,121 |
| School direct services | 4,862 | |
| Economic development | 5,157 | |
| Tuition agreements | 311,326 | |
| Recovery amendment | 545 | |
| Canada Mortgage and Housing Corporation | 12,908 | 206,078 |
| Goods and services tax | 6,470 | |
| Province of Manitoba | 24,400 | |
| Trade and other | 212,352 | 165,069 |
| Subtotal | <u>590,558</u> | 405,268 |
| Less: Allowance for doubtful accounts | (173,138) | (282,848) |
| | <u>\$ 417,420</u> | <u>\$ 122,420</u> |

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2 0 1 8 | 2 0 1 7 |
|---------------------|---------------------|-------------------|
| I.S.C. | \$ | \$ |
| Trade payables | 42,520 | 823,600 |
| Accrued liabilities | <u>1,030,122</u> | <u>82,314</u> |
| | <u>\$ 1,200,900</u> | <u>\$ 905,914</u> |

5. DEFERRED REVENUE

| | 2 0 1 8 | 2 0 1 7 |
|---|-------------------|-------------------|
| I.S.C. | \$ | \$ |
| Post secondary | 134,478 | |
| Band renovations | 165,663 | |
| Band based capital construction - minor | 78,328 | |
| Band based capital - grader | 3,470 | |
| Capacity development | 99,791 | |
| Innovation | 54,781 | |
| E.S.D.C. | | |
| Employment and training | <u>28,452</u> | - |
| | <u>\$ 183,024</u> | <u>\$ 381,939</u> |

6. LONG TERM DEBT

| | 2 0 1 8 | 2 0 1 7 |
|---|------------|------------|
| Peace Hills Trust loan, interest at 5.50%, repayable on demand, secured by grader and assignment of gaming revenues. | \$ 269,735 | \$ 380,000 |
| Peace Hills Trust loan, interest at 5.50% repayable in monthly blended payments of \$4,393, due March 2022, secured by school buses and assignment of gaming revenues. | 192,514 | 230,000 |
| Toronto Dominion Bank loan, 3.41%, repayable in monthly installments of \$1,930 (P & I), due February 2018, secured by Ministerial Guarantee and assignment of all risks insurance. | 1,931 | 20,934 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

6. LONG TERM DEBT *(continued)*

| | 2 0 1 8 | 2 0 1 7 |
|---|---------------------|---------------------|
| Peace Hills Trust mortgage, 3.50%, repayable in monthly installments of \$2,048 (P & I), due June 2018, secured by Ministerial Guarantee and assignment of all risks insurance. | 6,132 | 30,113 |
| Peace Hills Trust mortgage, 3.95%, repayable in monthly installments of \$5,379 (P & I), due April 2018, secured by Ministerial Guarantee and assignment of all risks insurance. | 187,940 | 244,132 |
| C.M.H.C. mortgage, 1.43%, repayable in monthly installments of \$3,210 (P & I), due April 2022, secured by Ministerial Guarantee and assignment of all risks insurance. | 322,343 | 355,972 |
| C.M.H.C. mortgage, 1.12%, repayable in monthly installments of \$1,156 (P & I), due February 2020, secured by Ministerial Guarantee and assignment of all risks insurance. | 153,723 | 165,807 |
| C.M.H.C. mortgage, 1.21%, repayable in monthly installments of \$1,206 (P & I), due May 2021, secured by Ministerial Guarantee and assignment of all risks insurance. | 174,041 | 186,332 |
| C.M.H.C. mortgage, 2.13%, repayable in monthly installments of \$1,330 (P & I), due October 2022, secured by Ministerial Guarantee and assignment of all risks insurance. | 197,140 | 209,019 |
| C.M.H.C. mortgage, 2.35%, repayable in monthly installments of \$1,215 (P & I), due September 2018, secured by Ministerial Guarantee and assignment of all risks insurance. | 189,427 | 199,451 |
| C.M.H.C. mortgage, 2.11%, repayable in monthly installments of \$1,101 (P & I), due January 2019, secured by Ministerial Guarantee and assignment of all risks insurance. | 175,359 | 184,773 |
| Manitoba Lotteries Commission term loan repayable in weekly installments of \$1,115 including interest of 2.35%, secured by VLT equipment with a net book value of \$136,258, maturing January 8, 2020. | - | 157,435 |
| | <u>\$ 1,870,285</u> | <u>\$ 2,363,968</u> |

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

| | |
|----------------|------------|
| March 31, 2019 | \$ 469,674 |
| 2020 | 198,137 |
| 2021 | 204,655 |
| 2022 | 152,284 |
| 2023 | 101,101 |

CANUPAWAKPA DAKOTA NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

7. TANGIBLE CAPITAL ASSETS

| | Cost | | | | Accumulated Amortization | | | | Net Book Value | |
|--------------------------|-----------------|-----------|--------------|--------------------------|--------------------------|--------------|--------------|--------------------------|----------------|--------------|
| | Opening Balance | Additions | Disposals, | Write-offs & Adjustments | Opening Balance | Amortization | Disposals, | Write-offs & Adjustments | Total 2018 | Total 2017 |
| | | | | | | | | | | |
| Land | \$ 225,586 | \$ | \$ | \$ 225,586 | \$ 1,547,134 | \$ 76,024 | \$ | \$ 1,623,158 | \$ 225,586 | \$ 225,586 |
| Buildings | 2,321,686 | | | 2,321,686 | 748,690 | 157,059 | | 905,749 | 698,528 | 774,552 |
| Vehicles | 1,163,096 | | | 1,163,096 | | | | | 257,347 | 414,406 |
| Communications equipment | 82,264 | | | 82,264 | 44,503 | 16,452 | | 60,955 | 21,309 | 37,761 |
| Equipment | 764,235 | | | 764,235 | 259,440 | 50,949 | | 310,389 | 453,846 | 504,795 |
| Housing | 11,437,011 | | | 11,437,011 | 8,250,427 | 378,260 | | 8,628,687 | 2,808,324 | 3,186,584 |
| Land improvements | 1,642,062 | | | 1,642,062 | 328,778 | 39,289 | | 368,067 | 1,273,995 | 1,313,284 |
| Roads | 98,845 | | | 98,845 | 76,065 | 2,471 | | 78,536 | 20,309 | 22,780 |
| VLTs | 404,939 | — | (\$ 404,939) | — | 268,580 | — | (\$ 268,580) | — | — | 136,359 |
| | \$ 18,139,724 | \$ — | \$ (404,939) | \$ 17,734,785 | \$ 11,523,617 | \$ 720,504 | \$ (268,580) | \$ 11,975,541 | \$ 5,759,244 | \$ 6,616,107 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****8. CONTINGENT LIABILITIES**

- a) 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 agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. If any amounts become repayable, they will be accounted for in the year of determination.
- b) At March 31, 2018, the First Nation has determined that some contaminated sites exist, however, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy in Note 2.
- c) In 2013, the First Nation entered into a Siteholder Agreement with Manitoba Lotteries Corporation for 20 video lottery terminals which remain the property of Manitoba Lotteries. In exchange, the First Nation has agreed to pay administration fees to Manitoba Lotteries totalling \$374,000 over 7 years, interest at 2.35%, repayable in weekly installments of \$1,114. As of March 31, 2018 the outstanding balance was \$102,549.

9. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

| | 2 0 1 8 | 2 0 1 7 |
|---|------------------|------------------|
| Agreement: | \$ 3,708,189 | \$ 4,599,518 |
| Less: Indigenous Services recovery: | | |
| Basic Needs | (64,569) | (8,280) |
| In-Home Care | (1,758) | |
| Water O&M | (3,369) | |
| Wastewater O&M | (6,547) | - |
| TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS | \$ 3,631,946 | \$ 4,591,238 |

10. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

11. RELATED PARTY TRANSACTIONS

In the normal course of business 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 related parties aggregate revenue and expenditures derived from related parties is not determinable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

12. EXPENSES BY OBJECT

The following is a summary of expenses by object:

| | 2 0 1 8 | 2 0 1 7 |
|---|---------------------|---------------------|
| Administration | \$ 193,001 | \$ 161,266 |
| Amortization | 720,506 | 778,370 |
| Community initiatives and contributions | 514,216 | 474,938 |
| Contract services | 2,897 | 9,135 |
| Donations | 4,400 | 274,105 |
| Equipment and materials | 23,743 | 231,914 |
| Flood | 1,000 | 237,833 |
| Fuel and oil | 75,039 | 84,274 |
| Insurance | 125,136 | 18,259 |
| Interest | 72,168 | 47,362 |
| Office and general | 23,107 | 37,791 |
| Other | 380,778 | 748,328 |
| Professional fees | 406,430 | 685,470 |
| Rent | 24,000 | 12,000 |
| Repairs and maintenance | 369,122 | 567,833 |
| Salaries and benefits | 1,950,857 | 1,864,189 |
| Social assistance | 750,304 | 793,988 |
| Student support | 1,123,877 | 1,262,904 |
| Supplies | 68,392 | 58,341 |
| Telephone | 46,875 | 47,013 |
| Training | 37,487 | 96,469 |
| Travel | 198,195 | 216,268 |
| Utilities | <u>215,211</u> | <u>245,388</u> |
| | <u>\$ 7,326,741</u> | <u>\$ 8,953,438</u> |

13. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Professional Accountants. Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

14. BUDGET INFORMATION

The budget figures are generally presented as supplementary information to the financial statements and are not audited. Budget information has not been presented in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

15. SEGMENT DISCLOSURE

Canupawakpa Dakota Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

| | Government and Administration | | Economic Development | | Social Services | | Employment, Training and Child Care | |
|--------------------------|-------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|---------------------------|-------------------------------------|---------------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenues | | | | | | | | |
| Federal Government | | | | | | | | |
| I.S.C. | \$ 443,583 | \$ 479,578 | \$ 59,288 | \$ 102,808 | \$ 913,993 | \$ 1,006,197 | \$ 25,000 | \$ 218,836 |
| C.M.H.C. | | | | | | | | |
| E.S.D.C. | | | | | | | | |
| Other | — | — | — | — | — | — | — | — |
| Subtotal | 443,583 | 479,578 | 59,288 | 102,808 | 913,993 | 1,006,197 | 243,836 | 318,488 |
| Other revenue | <u>481,309</u> | <u>347,255</u> | <u>—</u> | <u>—</u> | <u>1,444</u> | <u>—</u> | <u>2,122</u> | <u>30</u> |
| Total revenue | <u>924,892</u> | <u>826,833</u> | <u>59,288</u> | <u>102,808</u> | <u>915,437</u> | <u>1,006,197</u> | <u>245,958</u> | <u>318,518</u> |
| Expenses | | | | | | | | |
| Amortization | 239,990 | 253,071 | | | | | | |
| Other | 522,946 | 1,105,685 | 66,720 | 67,303 | 945,956 | 952,533 | 190,671 | 181,593 |
| Salaries and benefits | <u>125,912</u> | <u>105,369</u> | <u>—</u> | <u>40,000</u> | <u>110,076</u> | <u>67,403</u> | <u>73,652</u> | <u>164,129</u> |
| Total expenses | <u>888,848</u> | <u>1,464,125</u> | <u>66,720</u> | <u>107,303</u> | <u>1,056,032</u> | <u>1,019,936</u> | <u>264,323</u> | <u>345,722</u> |
| Surplus (Deficit) | <u>\$ 36,044</u> | <u>\$(637,292)</u> | <u>\$(7,432)</u> | <u>\$(4,495)</u> | <u>\$(140,595)</u> | <u>\$(13,739)</u> | <u>\$(18,365)</u> | <u>\$(27,204)</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

15. SEGMENT DISCLOSURE (continued)

| | Education | | Health | | Community Services | | Capital and Capital Projects | |
|--------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|------------------------------|-------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenues | | | | | | | | |
| Federal Government | | | | | | | | |
| I.S.C. | \$ 1,932,575 | \$ 2,006,919 | \$ 14,000 | \$ 14,000 | \$ 148,776 | \$ 369,293 | \$ 322,098 | \$ 445,419 |
| F.N.I.H. | | | 1,403,179 | 1,107,040 | | | | |
| C.M.H.C. | | | | | | | | |
| E.S.D.C. | | | | 4,635 | | | | |
| Other | - | - | - | - | - | - | - | - |
| Subtotal | 1,932,575 | 2,006,919 | 1,417,179 | 1,125,675 | 148,776 | 369,293 | 322,098 | 445,419 |
| Other revenue | - | 4,788 | 6,328 | 33,624 | 39,999 | 72,189 | - | - |
| Total revenue | 1,932,575 | 2,011,707 | 1,423,507 | 1,159,299 | 188,775 | 441,482 | 322,098 | 445,419 |
| Expenses | | | | | | | | |
| Amortization | | | 102,035 | 95,829 | | | | |
| Debt servicing | 10,840 | | | | | | | |
| Other | 1,251,766 | 1,400,772 | 551,608 | 538,269 | 122,213 | 395,924 | 139,168 | 333,051 |
| Salaries and benefits | 360,035 | 398,065 | 797,642 | 572,497 | 53,989 | 78,076 | - | - |
| Total expenses | 1,622,641 | 1,798,837 | 1,451,285 | 1,206,595 | 176,202 | 474,000 | 139,168 | 333,051 |
| Surplus (Deficit) | \$ 309,934 | \$ 212,870 | \$(27,778) | \$(47,296) | \$ 12,573 | \$(32,518) | \$ 182,930 | \$ 112,368 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

15. SEGMENT DISCLOSURE (continued)

| | Housing | | Band Funds | | TOTAL | |
|--------------------------|----------------------------|----------------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenues | | | | | | |
| Federal Government | | | | | | |
| I.S.C. | \$ | \$ | \$ | \$ | \$ | \$ |
| F.N.I.H. | | | | | 3,859,313 | 4,424,214 |
| C.M.H.C. | | 194,585 | 588,664 | | 1,403,179 | 1,107,040 |
| E.S.D.C. | | | | | 413,421 | 907,152 |
| Other | | | | | | 4,635 |
| Subtotal | 194,585 | 588,664 | - | - | 5,675,913 | 6,443,041 |
| Other revenue | 124,743 | 142,225 | 967,116 | 892,498 | 1,623,061 | 1,492,609 |
| Total revenue | 319,328 | 730,889 | 967,116 | 892,498 | 7,298,974 | 7,935,650 |
| Expenses | | | | | | |
| Amortization | | | 220 | 58,320 | 342,245 | 407,220 |
| Debt servicing | | | | | 10,840 | |
| Other | 741,100 | 1,323,812 | 640,226 | 523,072 | 5,172,374 | 6,822,014 |
| Salaries and benefits | 38,564 | 55,428 | 241,412 | 243,237 | 1,801,282 | 1,724,204 |
| Total expenses | 779,664 | 1,379,240 | 881,858 | 824,629 | 7,326,741 | 8,953,438 |
| Surplus (Deficit) | <u>\$(460,336)</u> | <u>\$(648,351)</u> | <u>\$(85,258)</u> | <u>\$(67,869)</u> | <u>\$(27,767)</u> | <u>\$(1,017,788)</u> |