

**Tootinaowaziibeeng Treaty Reserve  
#292  
Consolidated Financial Statements  
*March 31, 2018***

# Tootinaowaziibeeng Treaty Reserve #292

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*For the year ended March 31, 2018*

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## **Management's Responsibility**

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### **To the Members of Tootinaowaziibeeng Treaty Reserve #292:**

The accompanying consolidated financial statements of Tootinaowaziibeeng Treaty Reserve #292 are the responsibility of management and have been approved by the Chief and Council.

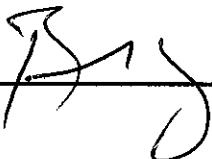
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

February 4, 2019



Chief and  
Councillor



Finance  
Administrator

# Independent Auditors' Report

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## To the Chief and Council and Members of Tootinaowaziibeeng Treaty Reserve #292:

We have audited the accompanying consolidated financial statements of Tootinaowaziibeeng Treaty Reserve #292, which comprise the 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tootinaowaziibeeng Treaty Reserve #292 as at March 31, 2018 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Swan River, Manitoba

February 4, 2019

**MNP LLP**

Chartered Professional Accountants

**Tootinaowaziibeeng Treaty Reserve #292**  
**Consolidated Statement of Financial Position**

As at March 31, 2018

	2018	2017
<b>Financial assets</b>		
Cash (Note 3)	430,210	369,018
Restricted cash (Note 4)	74,807	109,884
Accounts receivable (Note 5)	515,971	362,047
Inventory for resale	21,878	16,873
Investments	6,439	5,930
Funds held in trust (Note 6)	1,230	1,203
	<b>1,050,535</b>	<b>864,955</b>
<b>Liabilities</b>		
Bank indebtedness (Note 7)	443,454	281,348
Accounts payable and accruals (Note 8)	999,355	872,331
Deferred revenue (Note 9)	85,361	403,231
Term loans due on demand (Note 10)	992,080	773,481
Capital lease obligations (Note 11)	147,824	199,381
Long-term debt (Note 12)	2,825,523	2,345,630
	<b>5,493,597</b>	<b>4,875,402</b>
<b>Net debt</b>	<b>(4,443,062)</b>	<b>(4,010,447)</b>
<b>Contingencies and commitments (Note 15)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	13,046,753	9,752,064
Prepaid expenses	189,370	104,153
	<b>13,236,123</b>	<b>9,856,217</b>
<b>Accumulated surplus</b>	<b>8,793,061</b>	<b>5,845,770</b>

Approved on behalf of Chief and Council:

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**Tootinaowaziibeeng Treaty Reserve #292**  
**Consolidated Statement of Operations and Accumulated Surplus**

*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada (Note 14)	2,795,595	7,073,311	6,333,354
Health Canada (Note 14)	2,164,931	2,971,414	1,742,054
First Peoples Development, Inc. (Note 14)	470,782	342,682	545,813
Canada Mortgage and Housing Corporation (Note 14)	104,964	400,373	180,852
Convenience Store	-	677,759	603,027
Video Lotto Terminals (incl. tobacco sales)	-	436,426	458,210
Other revenue	36,500	476,602	288,655
Province of Manitoba (incl. tobacco & fuel tax rebates) (Note 14)	-	162,976	154,713
Administration fees	146,632	389,343	283,510
User fees	21,600	253,686	51,222
Rental income	124,844	126,577	110,325
Deferred revenue (net)	-	294,120	(37,734)
Income from TTR Legacy Trust	-	338,494	300,000
Work opportunity program	-	114,835	85,087
Manitoba First Nation Education Resource Centre (MFNERC)	30,000	21,412	24,552
	<b>5,895,848</b>	<b>14,080,010</b>	<b>11,123,640</b>
<b>Program expenses</b>			
Health Services	2,428,797	2,708,656	1,857,678
Community Development (Trust)	-	342,300	43,447
Social Services	-	1,841,015	1,695,866
Band Operations	3,509,804	4,765,603	4,848,110
Convenience Store Operations	-	803,888	701,635
Gaming Operations	-	505,340	444,846
	<b>5,938,601</b>	<b>10,966,802</b>	<b>9,591,582</b>
<b>Surplus (deficit) before other items</b>	<b>(42,753)</b>	<b>3,113,208</b>	<b>1,532,058</b>
<b>Other income</b>			
Loss on disposal of capital assets	-	(165,917)	(3,197)
<b>Surplus (deficit)</b>	<b>(42,753)</b>	<b>2,947,291</b>	<b>1,528,861</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>5,845,770</b>	<b>4,316,909</b>
<b>Accumulated surplus, end of year</b>	<b>-</b>	<b>8,793,061</b>	<b>5,845,770</b>

**Tootinaowaziibeeng Treaty Reserve #292**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2018*

	<b>2018</b> <i>Budget</i>	<b>2018</b>	2017
<b>Annual surplus</b>	<b>(42,753)</b>	<b>2,947,291</b>	1,528,861
Purchases of tangible capital assets	-	(4,154,947)	(3,250,458)
Amortization of tangible capital assets	-	694,341	577,275
Loss on disposal of tangible capital assets	-	165,917	3,197
Acquisition of assets under capital lease	-	-	(270,000)
Acquisition of prepaid expenses	-	(85,217)	(60,450)
<b>Increase in net debt</b>	<b>(42,753)</b>	<b>(432,615)</b>	(1,471,575)
<b>Net debt, beginning of year</b>	<b>-</b>	<b>(4,010,447)</b>	(2,538,872)
<b>Net debt, end of year</b>	<b>(42,753)</b>	<b>(4,443,062)</b>	(4,010,447)

**Tootinaowaziibeeng Treaty Reserve #292**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	2,947,291	1,528,861
Non-cash items		
Amortization	694,341	577,275
Loss on disposal of capital assets	165,917	3,197
Changes in working capital accounts		
Accounts receivable	(153,924)	(166,755)
Prepaid expenses	(85,217)	(60,450)
Accounts payable and accruals	127,025	320,191
Deferred revenue	(317,870)	37,734
Investments	(509)	(33)
Inventories for resale	(5,005)	(1,424)
Funds held in trust	(27)	(23)
	<b>3,372,022</b>	2,238,573
<b>Financing activities</b>		
Advances of long-term debt	679,665	1,584,195
Repayment of long-term debt	(199,772)	(217,195)
Advances of term debt due on demand	391,000	-
Repayments of term debt due on demand	(172,402)	(40,833)
Repayment of capital lease obligations	(51,557)	(70,619)
	<b>646,934</b>	1,255,548
<b>Capital activities</b>		
Purchases of tangible capital assets	(4,154,947)	(3,250,458)
<b>Increase (decrease) in cash resources</b>	<b>(135,991)</b>	243,663
<b>Cash resources (deficiency), beginning of year</b>	<b>197,554</b>	(46,109)
<b>Cash resources, end of year</b>	<b>61,563</b>	197,554
<b>Cash resources are composed of:</b>		
Cash and cash equivalents	430,210	369,018
Restricted cash	74,807	109,884
Bank indebtedness	(443,454)	(281,348)
	<b>61,563</b>	197,554

# Tootinaowaziibeeng Treaty Reserve #292

## Notes to the Financial Statements

For the year ended March 31, 2018

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### 1. Operations

The Tootinaowaziibeeng Treaty Reserve #292 (the "Nation") is located in the province of Manitoba, and provides various services to its members. Tootinaowaziibeeng Treaty Reserve #292 includes the First Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

### 2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

#### ***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities and partnerships.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Tootinaowaziibeeng Treaty Reserve #292
- Tootinaowaziibeeng Anishinabe Health Authority
- Tootinaowaziibeeng Housing Authority
- Tootinaowaziibeeng Aboriginal Skills and Employment Training Strategy (ASETS) Program
- Anishinabe Childhood Development Inc.
- Tootinaowaziibeeng Treaty Reserve Holdings Inc.
- Tootinaowaziibeeng Convenience Store
- Tootinaowaziibeeng VLT Operations

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

#### ***Basis of presentation***

Sources of revenue and expenses 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.

#### ***Cash resources***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### ***Funds held in Trust***

##### *Ottawa Trust Fund*

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

***Inventory for Resale***

Inventory of supplies and goods available for resale are recorded at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

***Investments***

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. Investments consist of patronage equity accounts.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible assets are recorded at their fair value at the date of contribution.

***Capital lease***

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

***Amortization***

Tangible capital assets are amortized annually using the following method at rates intended to amortize the cost of the assets over their estimated useful lives (amortization is recorded at one-half the normal rate in the year of acquisition):

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4-5 %
Furniture, Fixtures and Equipment	declining balance	20 %
Automotive Equipment	declining balance	30 %
Infrastructure	declining balance	4 %
Computer Equipment and Software	declining balance	30 %
Assets under capital lease	declining balance	30 %

***Long-term debt***

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

***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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

***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 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 value exceeds its fair value. Any impairment is included in operations for the year.

***Net debt***

The First Nation's consolidated 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 financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

***Revenue recognition***

***Government transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Other revenue***

Other revenues are earned from other services provided by the First Nation and are recognized at their fair value when the service has been provided.

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

Rent is recorded in the year it is earned.

***Gaming revenue***

The First Nation recognizes Video Lottery Terminals (VLT) revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is gross of commissions paid to Manitoba Liquor and Lotteries which management believes is the most appropriate presentation of gaming revenue on the financial statements.

***Insurance proceeds***

Due to the inability to reasonably ascertain the proceeds ultimately receivable related to housing units damaged/destroyed, these proceeds are recognized only when the amounts have been confirmed through actual receipt of funds.

***Provision for site rehabilitation***

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. A liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

# Tootinaowaziibeeng Treaty Reserve #292

## Notes to the Financial Statements

For the year ended March 31, 2018

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### 2. Significant accounting policies (Continued from previous page)

#### ***Employee future benefits***

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the plan are expensed as incurred.

#### ***Segments***

The First Nation conducts its business through 6 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

*Health Services* - activities include the delivery of community-based health promotion and disease prevention programs, primary home and community care services, programs to control communicable diseases and address environmental issues and non-insured health benefits.

*Community Development* - receives funds from the Tootinaowaziibeeng Treaty Reserve First Nation Legacy Trust in accordance with the Trust Agreement (e.g. annual distribution), and utilizes the funds for various projects that will better the First Nation community and its members.

*Social Services* - activities include satisfying the economic, social and health related needs of members of the community who require assistance.

*Band Operations* - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes. Also includes activities relating to overseeing educational programming for members and the development and maintenance of the community's buildings, houses, roads and infrastructure.

*Convenience Store Operations* - activities include providing retail services within the community for fuel, tobacco and grocery products.

*Gaming Operations* - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of the community members.

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 reported segment, revenue and expenses 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 financial statements as disclosed in Note 2 *Significant accounting policies*.

#### ***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation 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. Payables to funding agencies are based on anticipated repayment requirements; however actual repayments will be determined upon the funding agencies review of financial statements. These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the operations in the periods in which they become known.

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

**New accounting policies**

**PS 2200 Related Party Disclosure and PS 3420 Inter-Entity Transactions**

Effective April 1, 2017, the First Nation adopted the recommendation related to PS 2200 *Related Party Disclosure* and PS 3420 *Inter-Entity Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the consolidated financial statements of adopting the new standards.

**PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights**

Effective April 1, 2017, the First Nation adopted the recommendation related to PS 3210 *Assets*, PS 3320 *Contingent Assets* and PS 3380 *Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

PS 3320 *Contingent Assets* established disclosure standards on contingent assets.

PS 3380 *Contractual Rights* established disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received as asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the consolidated financial statements of adopting the new sections.

**3. Cash**

	<b>2018</b>	<b>2017</b>
Unrestricted cash in bank	430,210	369,018

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**4. Restricted cash**

	<b>2018</b>	2017
Health - moveable assets reserve	3,694	3,752
Housing - replacement reserve	71,113	106,132

**Health Reserves**

The Moveable Assets Reserve is funded by an annual allocation in the Health Services Transfer agreement. These funds, along with accumulated interest, must be held in a separate bank account and are to be used only for the replacement or acquisition of physical assets. As of March 31, 2018, \$3,694 (2017 - \$3,752) has been set aside to fund this reserve. The unfunded portion at March 31, 2018 was \$50,846 (2017 - \$33,150).

**CMHC Reserves**

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following: A replacement reserve, established by an annual allocation of \$8,050 (2017 - \$10,175), to ensure that major repairs of buildings financed by CMHC are done as necessary. At March 31, 2018, \$71,113 (2017 - \$106,132) has been set aside to fund this reserve. The underfunded portion at March 31, 2018 was \$597 (2017 - overfunded by \$39,852).

A subsidy surplus reserve can be established by retaining excess federal assistance payments received. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance. At March 31, 2018, the projects had no accumulated surplus, therefore no subsidy surplus reserve balance was required.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**5. Accounts receivable**

	<b>2018</b>	2017
Indigenous Services Canada	234,642	116,000
First Peoples Development, Inc.	47,408	111,022
CMHC - subsidy and retrofit initiative	126,869	37,603
Members	2,311	4,768
Receiver General of Canada	27,457	5,806
Other	71,554	94,363
Province of Manitoba	36,892	23,647
Allowance for doubtful accounts	(31,162)	(31,162)
	<b>515,971</b>	362,047

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Indigenous Services Canada accounts receivable consists of the following:

\$172,500 - Cultural hall  
\$ 7,116 - Pension admin  
\$ 5,000 - School feasibility  
\$ 16,026 - CPP/pension  
\$ 34,000 - Basic needs  
\$234,642

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**6. Funds held in trust**

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

<b>Capital Trust</b>	<b>2018</b>	<b>2017</b>
Balance	65	65
<b>Revenue Trust</b>		
Balance, beginning of year	1,138	1,115
Interest	27	23
Balance, end of year	1,165	1,138
	1,230	1,203

**7. Bank indebtedness**

	<b>2018</b>	<b>2017</b>
Operating line of credit	312,697	281,338
Other bank indebtedness	130,757	10
	443,454	281,348

At March 31, 2018, the First Nation had an authorized line of credit of \$200,000 (2017 - \$200,000) and there was \$32,848 (2017 - \$56,586) that remained unused. A portion of the use of the authorized line of credit relates to cheques that have been issued and are outstanding at the end of the year, which amount to \$145,545 (2017 - \$137,924).

The line of credit bears interest at prime plus 1% and is secured by a Band Council resolution redirecting all funds from Indigenous Services Canada to the financial institution.

**8. Accounts payable and accruals**

	<b>2018</b>	<b>2017</b>
Trade accounts payable	799,999	731,934
Receiver General of Canada	24,598	20,812
Group pension plan and insurance	71,188	19,096
Indigenous Services Canada	55,094	45,094
Other	476	2,895
Accrued liabilities	48,000	52,500
	999,355	872,331

Indigenous Services Canada accounts payable consists of the following:

\$15,700 - Special Needs Funding  
\$ 9,385 - Parental engagement strategy  
\$10,009 - Teacher recruitment and retention  
\$10,000 - First Nation Career Promotion and Awareness  
\$10,000 - Community Building (16/17)  
\$55,094

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**9. Deferred revenue**

	<i>Balance, March 31, 2017</i>	<i>Funding Received 2018</i>	<i>Revenue Recognized 2018</i>	<i>Balance, March 31, 2018</i>
ISC - School Feasibility Study	-	5,000	-	5,000
ISC - Post Secondary	33,023	371,919	(404,942)	-
ISC - Cultural Hall	70,585	901,500	(972,085)	-
ISC - Wastewater > \$1.5M (Septic)	215,285	1,203,782	(1,397,097)	21,970
	<b>318,893</b>	<b>2,482,201</b>	<b>(2,774,124)</b>	<b>26,970</b>
First Peoples Development, Inc. - ASETS	48,978	159,732	(181,881)	26,829
First Peoples Development, Inc. - Daycare	6,610	182,950	(189,560)	-
CMHC - RRAP	28,750	80,550	(104,838)	4,462
CMHC - Retrofit Initiatives	-	150,000	(122,900)	27,100
	<b>84,338</b>	<b>573,232</b>	<b>(599,179)</b>	<b>58,391</b>
	<b>403,231</b>	<b>3,055,433</b>	<b>(3,373,303)</b>	<b>85,361</b>

**10. Term loans due on demand**

	<i>2018</i>	<i>2017</i>
CIBC - demand loan bearing interest at prime plus 1.0%, repayable in monthly installments of \$5,833, with five mobile homes (having a net book value of \$652,993) and a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	<b>595,001</b>	659,167
CIBC - demand loan bearing interest at prime plus 1.0%, repayable in monthly installments of \$1,032, with a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	<b>76,301</b>	87,648
CIBC - demand loan bearing interest at prime plus 1.0%, repayable in monthly installments of \$10,861, with a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	<b>304,111</b>	-
CIBC - demand loan bearing interest at prime plus 1.0%, repayable in monthly installments of \$833, with a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	<b>16,667</b>	26,667
	<b>992,080</b>	<b>773,482</b>

Principal repayments on long-term debt in each of the next five years

2019	179,373
2020	183,732
2021	115,096
2022	57,311
2023	59,916
	<b>595,428</b>

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**11. Capital lease obligations**

	<b>2018</b>	<b>2017</b>
John Deere Financial Inc. - capital lease payable in equal monthly installments of \$6,930, including interest at 7.65%, due February 2020, secured by 2013 John Deere Grader, having a net book value of \$160,650:	<b>147,824</b>	199,381

Minimum lease payments related to the obligation under capital lease are as follows:

2019	83,157
2020	76,242
	<hr/>
	159,399
Less: imputed interest	11,575
	<hr/>
Balance of obligation	<b>147,824</b>

**12. Long-term debt**

	<b>2018</b>	<b>2017</b>
Canada Mortgage and Housing Corporation - mortgage repayable in blended monthly installments of \$897 with interest at 1.12%, due February 1, 2025 with a renewal date of February 2020, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance (net book value - \$110,230):	71,613	81,517
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$334 with interest at 2.35% included in therein, due September 2020, secured by six video lotto terminals (net book value - \$66,253):	40,944	57,173
Canada Mortgage and Housing Corporation - mortgage in blended monthly installments of \$3,298 with interest at 1.08%, due August 2030, with a renewal date of August 2020, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance (net book value - \$331,836):	459,752	494,172
GE Canada Equipment Financing - loan repayable in monthly installments of \$4,602 with interest at 6.05% included therein, due May 2018, secured by two 2016 International School Buses (net book value - \$96,080):	9,065	61,472
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$334 with interest at 2.35% included in therein, due July 2022, secured by six video lotto terminals (net book value - \$96,197):	71,819	87,331
Tootinaowaziibeeng Treaty Reserve First Nation Legacy Trust - loan repayable in annual installments of \$114,228 (to be deducted from annual income distribution from the Trust), with interest at 2.7% included therein, due August 2026:	1,003,411	1,015,432
Canada Mortgage and Housing Corporation - mortgage repayable in blended monthly installments of \$3,418 with interest at 1.05%, due August 2031 with a renewal date of August 1, 2021, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance (net book value - \$561,148):	513,098	548,533

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**12. Long-term debt** *(Continued from previous page)*

	<b>2018</b>	<b>2017</b>
Canada Mortgage and Housing Corporation - mortgage repayable in blended monthly installments of \$3,243 with interest at 1.3%, due June 2032 with a renewal date of June 1, 2022, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance (net book value - \$594,195):	<b>506,077</b>	-
Canada Mortgage and Housing Corporation - advances received for the construction of a three unit housing project with payment terms to be finalized upon project completion (net book value - \$149,744):	<b>149,744</b>	-
	<b>2,825,523</b>	2,345,630

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2019	259,729
2020	219,124
2021	214,525
2022	218,527
2023	222,621
	<hr/>
	1,134,526
	<hr/>

During the year, interest paid was \$148,221 (2017 - \$76,186).

**13. Tangible capital assets**

Please see Schedule 1 for further information on tangible capital assets.

The buildings asset class includes buildings under construction with a carrying value of \$1,356,403 (2017 - nil). The buildings under construction relate a new CMHC housing project that was started prior to March 31, 2018 and a new cultural hall recreation facility. These projects are expected to be completed within the next fiscal year. No amortization of these assets have been recorded during the year because they are currently under construction.

**14. Government Transfers**

	<i>Operating</i>	<i>Capital &amp; Repairs</i>	<b>2018 Total</b>	<b>2017 Total</b>
Indigenous Services Canada	4,661,329	2,411,982	7,073,311	6,333,354
Health Canada	2,254,289	717,125	2,971,414	1,742,054
Canada Mortgage and Housing Corporation	141,073	259,300	400,373	180,852
First Peoples Development Inc.	342,682	-	342,682	545,813
Province of Manitoba	162,976	-	162,976	154,713
	<hr/>	<hr/>	<hr/>	<hr/>
	7,562,349	3,388,407	10,950,756	8,956,786
	<hr/>	<hr/>	<hr/>	<hr/>

# Tootinaowaziibeeng Treaty Reserve #292

## Notes to the Financial Statements

*For the year ended March 31, 2018*

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### **15. Contingencies and commitments**

A portion of the balance included as surpluses (deficits) is from funds contributed by government agencies. Such surpluses (deficits) may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant agreements. Any such repayment or recovery, where not otherwise ascertainable, will be recorded in the fiscal period in which such determination is made.

In a previous year, the First Nation has received two forgivable loans from CMHC's Residential Rehabilitation Assistance Program (RRAP) totalling \$32,000, which was included in income. Provided the First Nation continues to own and occupy the subject houses until November 1, 2019, the principal amount plus interest at 5.25% and 3.125%, respectively, will be forgiven. However, if the houses are disposed of prior to November 1, 2019, the unearned portion of the forgivable loan plus interest will become due and payable.

In August 2016, the First Nation signed an agreement with P.M. Associates Ltd. Under this agreement, the First Nation is obligated to pay P.M. Associates Ltd. \$139,500 for project management services related to the design and construction of new septic fields throughout the community. Also related to this project, the First Nation entered into an agreement with Glen Hartman Construction Ltd. totalling \$1.7 million. This project was still on-going at March 31, 2018; however, the majority of it was complete.

The First Nation has undertaken a new 3 unit CMHC housing project which was underway at March 31, 2018. The budgeted project cost was \$599,000 and is to be financed with a CMHC mortgage, of which \$149,744 had been disbursed by March 31.

### **16. Pension Plan**

The Tootinaowaziibeeng Treaty Reserve #292 has a defined contribution pension plan whereby employees' contributions to the plan are fully matched by the First Nation. The contribution amount varies depending on which entity the individual is employed by and ranges from 2% to 8%. The pension plan is administered and managed by London Life.

The expense recognized in the consolidated statement of operations and accumulated surplus with respect to this plan was \$116,631 (2017 - \$87,174). There were no significant changes to the pension plan in 2018.

### **17. Economic dependence**

Tootinaowaziibeeng Treaty Reserve #292 receives substantially all of its revenue from the Government of Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada (ISC) under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

### **18. Budget information**

Canadian public sector accounting standards require the disclosure of budget information for comparison to the First Nation's actual revenues and expenses. The First Nation's Social Services program, Gaming operations and Convenience Store operations budgeted revenue and expenses and deficit have not been reported in these financial statements.

**Tootinaowaziibeeng Treaty Reserve #292**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2018*

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**19. Trusts administered by the First Nation**

Trust funds administered by the First Nation, amounting \$573,342 (2017 - \$580,535) have not been included on the statement of financial position, nor have their operations been included on the statement of operations. The trust funds relate to monies that were to be paid to members of the First Nation upon receipt of the settlement proceeds from the Government of Canada in April 2017 for the 1905 Railway Expropriation Specific Claim. The remaining funds are owed to members that could not be located or have not yet turned 18 years of age. The trust fund balances at March 31 were as follows:

	<b>2018</b>	<b>2017</b>
Adult distribution fund (restricted cash)	37,351	24,544
Minor distribution fund (restricted cash)	<u>535,991</u>	<u>555,991</u>
	<b>573,342</b>	<b>580,535</b>

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**20. Corresponding Figures**

Prior year's corresponding figures have been reclassified where necessary to conform to the current year's presentation.

**Tootinaowaziibeeng Treaty Reserve #292**  
**Schedule 1 - Schedule of Consolidated Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<i>Land</i>	<i>Buildings</i>	<i>Furniture, Fixtures and Equipment</i>	<i>Automotive Equipment</i>	<i>Infrastructure</i>	<i>Computer Equipment and Software</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	355,972	10,442,092	868,280	1,428,376	3,309,170	227,797	16,631,687
Acquisition of tangible capital assets	-	1,284,430	16,844	100,173	1,397,097	-	2,798,544
Construction-in-progress	-	1,356,403	-	-	-	-	1,356,403
Disposal of tangible capital assets	-	-	-	-	-	-	-
Write down of tangible capital assets	-	(188,556)	-	-	-	-	(188,556)
Balance, end of year	355,972	12,894,369	885,124	1,528,549	4,706,267	227,797	20,598,078
<b>Accumulated amortization</b>							
Balance, beginning of year	-	4,395,619	563,607	1,079,631	855,501	214,765	7,109,123
Annual amortization	-	324,727	45,666	119,473	130,626	4,999	625,491
Accumulated amortization on disposals	-	(22,639)	-	-	-	-	(22,639)
Balance, end of year	-	4,697,707	609,273	1,199,104	986,127	219,764	7,711,975
<b>Net book value of tangible capital assets</b>	<b>355,972</b>	<b>8,196,662</b>	<b>275,851</b>	<b>329,445</b>	<b>3,720,140</b>	<b>8,033</b>	<b>12,886,103</b>
2017							
Net book value of tangible capital assets 2017	355,972	6,046,473	304,673	348,745	2,453,669	13,032	9,522,564

**Tootinaowaziibeeng Treaty Reserve #292**  
**Schedule 1 - Schedule of Consolidated Tangible Capital Assets**  
*For the year ended March 31, 2018*

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	<i>Subtotal</i>	<i>Capital Asset Under Lease</i>	<i>2018</i>	<i>2017</i>
<b>Cost</b>				
Balance, beginning of year	16,631,687	270,000	16,901,687	13,415,045
Acquisition of tangible capital assets	2,798,544	-	2,798,544	3,520,458
Construction-in-progress	1,356,403	-	1,356,403	-
Disposal of tangible capital assets	-	-	-	(28,578)
Write down of tangible capital assets	(188,556)	-	(188,556)	(5,238)
Balance, end of year	<b>20,598,078</b>	<b>270,000</b>	<b>20,868,078</b>	<b>16,901,687</b>
<b>Accumulated amortization</b>				
Balance, beginning of year	7,109,123	40,500	7,149,623	6,602,967
Annual amortization	625,491	68,850	694,341	577,275
Accumulated amortization on disposals	(22,639)	-	(22,639)	(30,619)
Balance, end of year	<b>7,711,975</b>	<b>109,350</b>	<b>7,821,325</b>	<b>7,149,623</b>
<b>Net book value of tangible capital assets</b>	<b>12,886,103</b>	<b>160,650</b>	<b>13,046,753</b>	<b>9,752,064</b>
Net book value of tangible capital assets 2017	2017	9,522,564	229,500	9,752,064

**Tootinaowaziibeeng Treaty Reserve #292**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Consolidated expenses by object</b>			
Administration	297,654	379,103	288,110
Advertising	-	-	3,250
Amortization	-	694,341	577,275
Automotive	111,976	193,986	171,989
Bad debts	-	-	2,645
Bank charges and interest	2,900	35,664	17,399
Cash shortage	-	-	14,180
Specific claim	-	-	63,543
Community donations	8,392	255,987	196,361
Community events	46,000	44,614	42,428
Consulting	10,000	15,727	172,835
Contracted services	-	49,386	11,832
Cost of goods sold	-	827,990	687,321
Elders fees	-	11,150	1,986
Election expenses	-	-	6,000
Food and beverage	25,000	37,940	47,936
Funeral	9,500	27,134	45,418
GST and Sales tax	-	7,620	-
Honourarium	193,450	189,800	190,330
Insurance	68,700	178,980	104,640
Interest on long-term debt	247,489	148,221	75,275
Miscellaneous	2,000	7,164	8,500
Office equipment lease	16,500	17,863	14,569
Office supplies and expenses	57,497	112,207	85,386
Professional development	19,340	14,418	36,587
Professional fees	60,000	145,416	131,295
Program education	32,400	-	13,779
Program expense	529,150	624,601	503,018
Property tax	3,000	6,583	4,078
Rent	-	72,664	77,092
Repairs and maintenance	534,666	677,145	738,757
Salaries and benefits (includes pension expense)	2,798,454	2,985,535	2,548,109
Social assistance	-	1,287,557	1,200,120
Supplies (including workshops)	246,563	602,303	312,664
Telephone	49,000	69,174	61,090
Training	156,222	131,251	161,786
Transportation	-	-	16,114
Travel	269,228	514,563	429,424
Tuition	54,220	50,401	75,312
User fees	-	25,789	24,007
Utilities	89,300	415,307	344,545
Work opportunity program	-	109,218	84,598
	<b>5,938,601</b>	<b>10,966,802</b>	<b>9,591,583</b>

**Tootinaowaziibeeng Treaty Reserve #292**  
**Schedule 3 - Consolidated Schedule of Segment Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
Health Services	40,944	3,395,153	6,610	3,442,707	2,708,656	734,051	105,106
Community Development (Trust)	-	338,494	-	338,494	342,300	(3,806)	256,553
Social Services	1,833,213	-	-	1,833,213	1,841,015	(7,802)	(14,283)
Band Operations	5,199,154	1,518,929	287,510	7,005,593	4,765,603	2,239,990	1,102,605
Convenience Store Operations	-	778,620	-	778,620	803,888	(25,268)	(4,285)
Gaming Operations	-	515,466	-	515,466	505,340	10,126	83,164
<b>Total</b>	<b>7,073,311</b>	<b>6,546,662</b>	<b>294,120</b>	<b>13,914,093</b>	<b>10,966,802</b>	<b>2,947,291</b>	<b>1,528,860</b>