

**Tootinaowaziibeeng Treaty
Reserve #292
Financial Statements**
March 31, 2019

Tootinaowaziibeeng Treaty Reserve #292

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Management's Responsibility

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 fulfills 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.

December 18, 2019



Chief and
Councillor



Finance
Administrator

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Tootinaowaziibeeng Treaty Reserve #292 (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Swan River, Manitoba

December 18, 2019

MNP LLP

Chartered Professional Accountants

MNP

Tootinaowaziibeeng Treaty Reserve #292
Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Financial assets		
Cash (Note 3)	1,045,702	430,210
Restricted cash (Note 4)	84,718	74,807
Accounts receivable (Note 5)	435,402	515,971
Inventory for resale	20,985	21,878
Investments	5,961	6,433
Funds held in trust (Note 6)	1,257	1,230
	1,594,025	1,050,529
Liabilities		
Bank indebtedness (Note 7)	3,680	443,454
Accounts payable and accruals (Note 8)	1,736,052	999,355
Deferred revenue (Note 9)	415,219	85,361
Term loans due on demand (Note 10)	1,561,262	992,080
Capital lease obligations (Note 11)	73,404	147,824
Long-term debt (Note 12)	4,960,223	2,825,523
	8,749,840	5,493,597
Net debt	(7,155,815)	(4,443,068)
Contingencies and commitments (Note 15)		
Non-financial assets		
Tangible capital assets (Note 13)	17,318,059	13,046,753
Prepaid expenses	118,717	189,370
	17,436,776	13,236,123
Accumulated surplus	10,280,961	8,793,055

Approved on behalf of Chief and Council:




Chief and
Councillor
Councillor




Councillor
Councillor

Tootinaowaziibeeng Treaty Reserve #292
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada (Note 14)	3,058,989	7,567,094	7,073,311
Health Canada (Note 14)	2,295,386	2,440,835	2,971,414
First Peoples Development, Inc. (Note 14)	262,170	505,888	342,682
Canada Mortgage and Housing Corporation (Note 14)	212,279	371,086	400,373
Convenience Store	-	804,714	677,759
Video Lotto Terminals (incl. tobacco sales)	-	499,119	436,426
Other revenue	173,795	483,868	447,779
Province of Manitoba (incl. tobacco & fuel tax rebates) (Note 14)	-	338,586	162,976
User fees	55,992	26,458	253,686
Rental income	99,754	136,942	120,577
Deferred revenue (net)	-	(166,498)	294,120
Income from TTR Legacy Trust	-	337,915	338,494
Manitoba First Nation Education Resource Centre (MFNERC)	5,858	34,066	21,412
Gain on debt forgiveness	-	170,590	-
	6,164,223	13,550,663	13,541,009
Program expenses			
Health Services	2,605,202	2,780,304	2,557,633
Community Development (Trust)	-	167,548	342,300
Social Services	-	1,846,135	1,689,617
Band Operations	3,578,615	5,779,312	4,529,023
Convenience Store Operations	-	977,372	803,888
Gaming Operations	-	514,659	505,340
	6,183,817	12,065,330	10,427,801
Surplus (deficit) before other items	(19,594)	1,485,333	3,113,208
Other income (expense)			
Gain (loss) on disposal of capital assets	-	2,573	(165,917)
Surplus (deficit)	(19,594)	1,487,906	2,947,291
Accumulated surplus, beginning of year	8,793,055	8,793,055	5,845,764
Accumulated surplus, end of year	8,779,111	10,280,961	8,793,055

Tootinaowaziibeeng Treaty Reserve #292
Consolidated Statement of Change in Net Debt

For the year ended March 31, 2019

	2019	2019	2018
Annual surplus	(89,597)	1,487,906	2,947,291
Purchases of tangible capital assets	-	(5,198,215)	(4,154,947)
Amortization of tangible capital assets	-	919,482	694,341
(Gain) loss on disposal of tangible capital assets	-	(2,573)	165,917
Proceeds of disposal of tangible capital assets	-	10,000	-
Acquisition of prepaid expenses	-	-	(85,217)
Use of prepaid expenses	-	70,653	-
Increase in net debt	(89,597)	(2,712,747)	(432,615)
Net debt, beginning of year	(4,443,068)	(4,443,068)	(4,010,453)
Net debt, end of year	(4,532,665)	(7,155,815)	(4,443,068)

Tootinaowaziibeeng Treaty Reserve #292
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Surplus	1,487,906	2,947,291
Non-cash items		
Amortization	919,482	694,341
(Gain) loss on disposal of capital assets	(2,573)	165,917
Changes in working capital accounts		
Accounts receivable	80,569	(153,924)
Prepaid expenses	70,653	(85,217)
Accounts payable and accruals	736,697	127,025
Deferred revenue	329,858	(317,870)
Investments	472	(509)
Inventories for resale	893	(5,005)
Funds held in trust	(27)	(27)
	3,623,930	3,372,022
Financing activities		
Advances of long-term debt	2,436,745	679,665
Repayment of long-term debt	(302,045)	(199,772)
Advances of term debt due on demand	780,000	391,000
Repayments of term debt due on demand	(210,818)	(172,402)
Repayment of capital lease obligations	(74,420)	(51,557)
	2,629,462	646,934
Capital activities		
Purchases of tangible capital assets	(5,198,215)	(4,154,947)
Proceeds of disposal of tangible capital assets	10,000	-
	(5,188,215)	(4,154,947)
Increase (decrease) in cash resources	1,065,177	(135,991)
Cash resources, beginning of year	61,563	197,554
Cash resources, end of year	1,126,740	61,563
Cash resources are composed of:		
Cash	1,045,702	430,210
Restricted cash	84,718	74,807
Bank indebtedness	(3,680)	(443,454)
	1,126,740	61,563

Tootinaowaziibeeng Treaty Reserve #292

Notes to the Financial Statements

For the year ended March 31, 2019

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 Indigenous Skills and Employment Training Strategy (ISETS) Program
- Anishinabe Childhood Development Inc.
- Tootinaowaziibeeng Treaty Reserve Holdings Inc.
- Tootinaowaziibeeng Convenience Store
- Tootinaowaziibeeng VLT Operations

All inter-entity balances and transactions have been eliminated on consolidation.

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 includes 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, 2019

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):

	Method	Rate
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, 2019

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 and user fees 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.

Rental income 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, 2019

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 collectability 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, 2019

3. Cash

	2019	2018
Unrestricted cash in bank	1,045,702	430,210

4. Restricted cash

	2019	2018
Health - moveable assets reserve	3,636	3,694
Housing - replacement reserve	81,082	71,113

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, 2019, \$3,636 (2018 - \$3,694) has been set aside to fund this reserve. The unfunded portion at March 31, 2019 was \$31,487 (2018 - \$50,846).

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 \$8,800 (2018 - \$8,050), to ensure that major repairs of buildings financed by CMHC are done as necessary. At March 31, 2019, \$81,082 (2018 - \$71,113) has been set aside to fund this reserve. The overfunded portion at March 31, 2019 was \$5,751 (2018 - underfunded by \$597).

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, 2019, 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

	2019	2018
Indigenous Services Canada	171,202	234,642
Assembly of Manitoba Chiefs	93,743	-
First Peoples Development, Inc.	55,812	47,408
CMHC	88,223	126,869
Members	13,053	2,311
Receiver General of Canada	8,928	27,457
Other	10,518	71,554
Province of Manitoba	12,116	36,892
Allowance for doubtful accounts	(18,193)	(31,162)
	435,402	515,971

Indigenous Services Canada accounts receivable consists of the following:

\$106,528	Tuition Agreement (18/19)
\$ 44,753	Economic Development (18/19)
\$ 9,921	Basic Needs (18/19)
\$ 5,000	A&C Water (18/19)
<u>\$ 5,000</u>	School Feasibility (18/19)
\$171,202	

Tootinaowaziibeeng Treaty Reserve #292
Notes to the Financial Statements
For the year ended March 31, 2019

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.

Capital Trust		
Balance	65	65
Revenue Trust		
Balance, beginning of year	1,165	1,138
Interest	27	27
Balance, end of year	1,192	1,165
	1,257	1,230

7. Bank indebtedness

	2019	2018
Operating line of credit	-	312,697
Other bank indebtedness	3,680	130,757
	3,680	443,454

At March 31, 2019, the First Nation had an authorized line of credit of \$500,000 (2018 - \$200,000) and there was \$500,000 (2018 - \$32,848) that remained unused. In 2018, a portion of the use of the authorized line of credit relates to cheques that had been issued and were outstanding at the end of the year, which amounted to \$145,545.

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

	2019	2018
Trade accounts payable	1,473,912	799,999
Receiver General of Canada	84,797	24,598
Group pension plan and insurance	45,979	71,188
Indigenous Services Canada	55,094	55,094
Other	3,587	476
Accrued liabilities	72,683	48,000
	1,736,052	999,355

Indigenous Services Canada accounts payable consists of the following:

\$15,700 - Special Needs Funding (17/18)
\$ 9,385 - Parental Engagement Strategy (17/18)
\$10,009 - Teacher Recruitment and Retention (17/18)
\$10,000 - First Nation Career Promotion and Awareness (17/18)
\$10,000 - Community Building (16/17)
\$55,094

Tootinaowaziibeeng Treaty Reserve #292
Notes to the Financial Statements
For the year ended March 31, 2019

9. Deferred revenue

	<i>Balance, March 31, 2018</i>	<i>Funding Received 2019</i>	<i>Revenue Recognized 2019</i>	<i>Balance, March 31, 2019</i>
ISC - Renovation	-	400,000	(346,541)	53,459
ISC - School Feasibility Study	5,000	94,500	(104,500)	-
ISC - Post Secondary	-	417,494	(355,182)	62,312
ISC - PDIP	-	36,000	(6,500)	29,500
ISC - Capacity Innovation	-	20,000	(10,000)	10,000
ISC - Wastewater > \$1.5M (Septic)	21,970	679,579	(701,549)	-
ISC - Community Based Initiative	-	105,401	(500)	104,901
ISC - Jordan's Principle	-	121,959	-	121,959
	26,970	1,874,933	(1,524,772)	382,131
First Peoples Development, Inc. - ISETS	26,829	280,333	(274,074)	33,088
CMHC - RRAP	4,462	60,000	(67,100)	-
CMHC - Retrofit Initiatives	27,100	-	(33,600)	-
	58,391	340,333	(374,774)	33,088
	85,361	2,215,266	(1,899,546)	415,219

10. Term loans due on demand

	<i>2019</i>	<i>2018</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 \$636,668 (2018 - \$652,993) and a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	525,001	595,001
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:	64,955	76,301
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:	184,639	304,111
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:	6,667	16,667
CIBC - demand loan authorized up to \$1,300,000, bearing interest at prime plus 1.0%, repayable in monthly installments of \$8,743, with a Band Council Resolution redirecting all funds from Indigenous Services Canada to the financial institution, pledged as collateral:	780,000	-
	1,561,262	992,080

Tootinaowaziibeeng Treaty Reserve #292

Notes to the Financial Statements

For the year ended March 31, 2019

10. Term loans due on demand (Continued from previous page)

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

2020	252,879
2021	189,079
2022	134,925
2023	141,757
<u>2024 and thereafter</u>	842,622
	1,561,262

11. Capital lease obligations

	2019	2018
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 \$112,455 (2018 - \$160,650):	73,404	147,824

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

2020	76,242
Less: imputed interest	2,838
Balance of obligation	73,404

12. Long-term debt

	2019	2018
BMO - loan repayable in monthly installments of \$3,663 plus interest at 6.99%, due February 2021, secured by a 2018 International Water Truck having a net book value of \$81,570:	78,645	-
BMO - loan repayable in monthly installments of \$923 plus interest at 7.55%, due October 2020, secured by school bus having a net book value of \$18,153:	16,480	-
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:	61,597	71,613
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:	424,959	459,752
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:	477,290	513,098
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:	473,531	506,077

Tootinaowaziibeeng Treaty Reserve #292
Notes to the Financial Statements
For the year ended March 31, 2019

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

	2019	2018
Canada Mortgage and Housing Corporation - mortgage repayable in blended monthly installments of \$3,996 with interest at 2.52%, due September 2033 with a renewal date of September 1, 2023, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	582,363	149,744
Canada Mortgage and Housing Corporation - mortgage repayable in blended monthly installments of \$12,024 with interest at 2.14%, due March 2034 with a renewal date of March 1, 2024, secured by a Ministerial Guarantee, a CMHC undertaking to insure and an assignment of fire insurance:	1,851,163	-
GE Canada Equipment Financing - loan repayable in monthly installments of \$4,602 with interest at 6.05% included therein, repaid in full during the year:	-	9,065
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 having a net book value of \$59,628 (2018 - \$66,253):	24,328	40,944
Manitoba Lotteries Corporation - loan repayable in weekly installments of \$334 with interest at 2.35% included therein, due July 2022, secured by six video lotto terminals having a net book value of \$77,704 (2018 - \$86,338):	55,938	71,819
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:	<u>913,929</u>	<u>1,003,411</u>
	<hr/> <u>4,960,223</u>	<hr/> <u>2,825,523</u>

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:

2020	400,663
2021	403,074
2022	365,071
2023	372,463
2024 and thereafter	<hr/> 3,418,952
	<hr/> <u>4,960,223</u>

During the year, interest paid was \$136,053 (2018 - \$148,221).

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 \$975,000 (2018 - \$1,356,403). The buildings under construction in the prior year relate to new CMHC housing project that was started prior to March 31, 2018 and a new cultural hall recreation facility. These projects were completed during the year. The current building under construction is the Jordan's Principle building that is expected to be completed in the next fiscal year. No amortization of the asset has been recorded during the year because it is currently under construction.

Tootinaowaziibeeng Treaty Reserve #292
Notes to the Financial Statements
For the year ended March 31, 2019

14. Government Transfers

	<i>Operating</i>	<i>Capital & Repairs</i>	<i>2019 Total</i>	<i>2018 Total</i>
Indigenous Services Canada	6,076,923	1,490,171	7,567,094	7,073,311
Health Canada	2,399,386	41,449	2,440,835	2,971,414
Canada Mortgage and Housing Corporation	231,086	140,000	371,086	400,373
First Peoples Development Inc.	465,758	40,130	505,888	342,682
Province of Manitoba	338,586	-	338,586	162,976
	9,511,739	1,711,750	11,223,489	10,950,756

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.

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 \$119,509 (2018 - \$116,631). There were no significant changes to the pension plan in 2019.

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, 2019

19. Trusts administered by the First Nation

Trust funds administered by the First Nation, amounting \$20,720 (2018 - \$573,342) 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:

	2019	2018
Minor distribution fund (restricted cash)	20,720	37,351
Adult distribution fund (restricted cash)	-	535,991
	20,720	573,342

20. Corresponding Figures

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

Tootinaowazibeeng Treaty Reserve #292
Schedule 1 - Schedule of Consolidated Tangible Capital Assets
For the year ended March 31, 2019

	<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>
Cost							
Balance, beginning of year	355,972	12,894,369	885,124	1,528,549	4,706,267	227,797	20,598,078
Acquisition of tangible capital assets	-	2,730,220	51,125	776,480	665,390	-	4,223,215
Construction-in-progress	-	975,000	-	-	-	-	975,000
Disposal of tangible capital assets	-	-	(500)	(6,927)	-	-	(7,427)
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	355,972	16,599,589	935,749	2,298,102	5,371,657	227,797	25,788,866
Accumulated amortization							
Balance, beginning of year	-	4,697,707	609,273	1,199,104	986,127	219,764	7,711,975
Annual amortization	-	431,371	44,975	225,686	166,354	2,900	871,286
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	5,129,078	654,248	1,424,790	1,152,481	222,664	8,583,261
Net book value of tangible capital assets	355,972	11,470,511	281,501	873,312	4,219,176	5,133	17,205,605
Net book value of tangible capital assets 2018	355,972	8,196,662	275,851	329,445	3,720,140	8,033	12,886,103

Tootinaowaziibeng Treaty Reserve #292

Schedule 1 - Schedule of Consolidated Tangible Capital Assets

For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Capital Asset Under Lease</i>	<i>2019</i>	<i>2018</i>
Cost				
Balance, beginning of year	20,598,078	270,000	20,868,078	16,901,687
Acquisition of tangible capital assets	4,223,215	-	4,223,215	2,798,544
Construction-in-progress	975,000	-	975,000	1,356,403
Disposal of tangible capital assets	(7,427)	-	(7,427)	-
Write down of tangible capital assets	-	-	-	(188,556)
Balance, end of year	25,788,866	270,000	26,058,866	20,868,078
Accumulated amortization				
Balance, beginning of year	7,711,975	109,350	7,821,325	7,149,623
Annual amortization	871,286	48,196	919,482	694,341
Accumulated amortization on disposals	-	-	-	(22,639)
Balance, end of year	8,583,261	157,546	8,740,807	7,821,325
Net book value of tangible capital assets				
	17,205,605	112,454	17,318,059	13,046,753
Net book value of tangible capital assets 2018	12,886,103	160,650	13,046,753	

Tootinaowaziibeeng Treaty Reserve #292
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Consolidated expenses by object			
Administration	173,798	-	-
Advertising	2,744	2,544	-
Amortization	-	919,482	694,341
Automotive	178,399	211,945	193,986
Bank charges and interest	12,648	17,671	35,664
Cash shortage	3,250	23,072	-
Community donations	26,113	247,103	255,987
Community events	49,225	28,994	44,614
Consulting	12,000	51,149	15,727
Contracted services	-	-	49,386
Cost of goods sold	-	1,011,139	827,990
Elders fees	12,900	40,022	11,150
Election expenses	8,000	8,000	-
Food and beverage	32,995	55,502	37,940
Funeral	1,762	7,076	27,134
GST and Sales tax	-	12,993	7,620
Honourarium	233,150	203,652	189,800
Insurance	103,527	184,419	178,980
Interest on long-term debt	132,735	136,053	88,221
Meeting	-	9,491	-
Miscellaneous	5,455	4,753	7,164
Office equipment lease	15,300	22,857	17,863
Office supplies and expenses	50,860	73,401	112,207
Professional development	20,123	7,902	14,418
Professional fees	71,175	313,956	145,416
Program education	-	2,600	-
Program expense	392,656	499,408	464,183
Property tax	6,151	-	6,583
Rent	-	111,251	72,664
Repairs and maintenance	847,732	786,067	737,145
Salaries and benefits (includes pension expense)	2,877,837	3,166,220	2,986,055
Social assistance	-	1,380,064	1,287,557
Supplies (including workshops)	196,286	517,876	602,303
Telephone	68,227	83,780	69,174
Training	122,884	171,354	131,251
Travel	384,070	682,035	514,563
Tuition	55,483	485,394	50,401
User fees	-	26,018	25,789
Utilities	83,932	484,605	415,307
Vehicle	2,400	-	-
Work opportunity program	-	75,482	109,218
	6,183,817	12,065,330	10,427,801

Tootinaowaziibeeng Treaty Reserve #292

Schedule 3 - Consolidated Schedule of Segment Revenue and Expenses

For the year ended March 31, 2019

	<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	2,777,429	(121,959)	2,696,414	2,780,304	(83,890)	684,465
Community Development (Trust)	-	337,915	-	337,915	167,548	170,367	(3,806)
Social Services	1,963,566	-	-	1,963,566	1,846,135	117,431	143,596
Band Operations	5,562,584	1,535,620	(44,539)	7,054,665	5,779,312	1,275,353	2,155,103
Convenience Store Operations	-	939,105	-	939,105	977,372	(38,267)	(33,123)
Gaming Operations	-	561,571	-	561,571	514,659	46,912	1,056
Total	7,567,094	6,152,640	(166,498)	13,553,236	12,065,330	1,487,906	2,947,291