
St. THERESA POINT FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

ST. THERESA POINT FIRST NATION

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MARCH 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of St. Theresa Point First Nation are the responsibility of management and have been approved by Chief and Council.

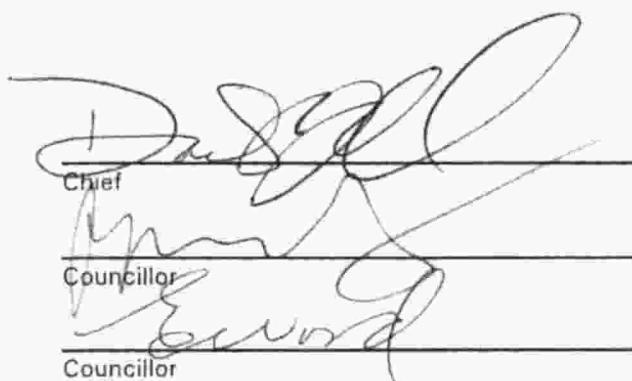
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are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

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

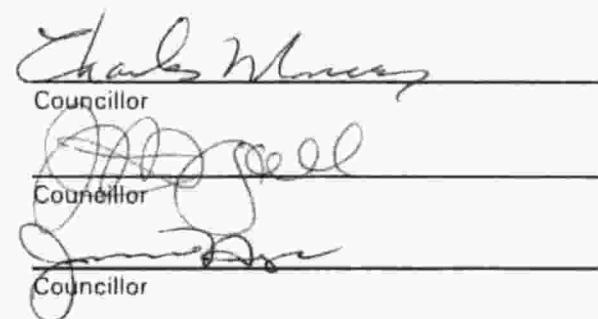
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management and Chief and Council of St. Theresa Point First Nation and meet when required.



David Bell
Chief
Councillor
Councillor



Charles Wm. Bell
Councillor
Councillor
Councillor



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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
St. Theresa Point First Nation

We have audited the accompanying consolidated financial statements of St. Theresa Point First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 St. Theresa Point First Nation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow HMA LLP
Chartered Professional Accountants

Winnipeg, Manitoba
June 23, 2017



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ST. THERESA POINT FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2016	2015
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FINANCIAL ASSETS

Restricted cash (Note 3)	\$ 1,139,684	\$ 734,542
Accounts receivable (Note 4)	1,913,886	1,496,817
Inventory held for sale (Note 5)	1,516,489	1,786,459
Investment in business enterprises (Note 6)	<u>157,287</u>	-
	<u>4,727,346</u>	<u>4,017,818</u>

LIABILITIES

Bank indebtedness	1,846,643	108,146
Accounts payable and accrued liabilities (Note 7)	4,102,443	2,294,351
Deferred revenue (Note 8)	240,930	782,083
Long term debt (Note 9, 10)	28,004,664	20,396,238
Accountable mortgage advances (Note 11)	<u>984,193</u>	<u>1,120,548</u>
	<u>35,178,873</u>	<u>24,701,366</u>
NET DEBT	<u>(30,451,527)</u>	<u>(20,683,548)</u>

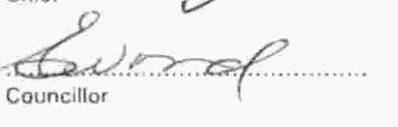
NON-FINANCIAL ASSETS

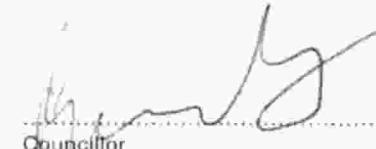
Prepaid expenses	7,426	
Tangible capital assets (Note 12)	115,807,850	112,917,942
Construction in progress (Note 13)	<u>6,893,393</u>	<u>4,438,592</u>
	<u>122,708,669</u>	<u>117,356,534</u>
Accumulated surplus (Note 14)	<u>\$ 92,257,142</u>	<u>\$ 96,672,986</u>

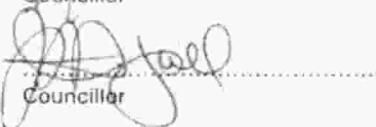
CONTINGENT LIABILITIES (Note 16)

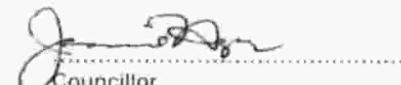
Approved on behalf of Chief and Council


Chief


Councillor


Councillor


Councillor


Councillor


Councillor

ST. THERESA POINT FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2016	2015
REVENUE			
Indigenous and Northern Affairs Canada	\$ 29,749,457	\$ 30,533,283	\$ 30,996,150
Indigenous and Northern Affairs Canada - funding recoveries	(369,000)	(157,924)	(68,549)
First Nations and Inuit Health	2,830,732	2,937,949	3,022,747
First Nations and Inuit Health - funding recoveries			(194,210)
Employment and Social Development Canada	744,005	809,005	809,005
Canada Mortgage and Housing Corporation	754,227	744,407	637,036
Federal Justice	60,000	27,721	66,912
Solicitor General	77,000	17,671	38,876
Indian Residential School Settlement		359,300	
Equity income (loss) from investment in business enterprises		157,187	
Other	2,458,365	3,234,681	4,152,994
Business enterprise sales	2,060,000	3,819,922	4,468,791
Province of Manitoba	260,000	309,436	321,009
Tobacco tax rebates	1,500,000	1,584,630	876,267
Rental	498,819	1,241,862	1,109,110
Island Lake Tribal Council	380,145	379,787	317,050
Deferred from prior year		782,083	144,540
Deferred to subsequent year	-	(240,930)	(782,083)
	<u>41,003,750</u>	<u>46,540,070</u>	<u>45,915,645</u>
EXPENDITURES			
Band administration	1,757,635	1,859,663	2,043,615
Community and economic development	4,848,535	8,598,407	9,103,872
Community services	1,876,440	2,078,441	2,061,436
Social development	10,496,793	10,382,715	11,429,838
Employment and training	795,800	1,028,285	919,342
Capital	4,028,167	7,613,346	7,328,010
Community health and wellness	2,852,799	3,789,945	3,616,092
Daycare	315,954	349,682	382,608
Housing	910,123	1,061,946	1,029,547
Education	13,287,621	<u>14,193,484</u>	<u>13,744,919</u>
	<u>41,169,867</u>	<u>50,955,914</u>	<u>51,659,279</u>
ANNUAL DEFICIT	(166,117)	(4,415,844)	(5,743,634)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>96,672,986</u>	<u>96,672,986</u>	<u>102,416,620</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ 96,506,869	\$ 92,257,142	\$ 96,672,986

ST. THERESA POINT FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 6	2 0 1 5
Annual deficit	\$(4,415,844)	\$(5,743,634)
Acquisition of tangible capital assets	(8,970,052)	(5,109,848)
Acquisition of construction in progress	(2,454,801)	16,641
Amortization of tangible capital assets	<u>6,080,144</u>	<u>5,274,980</u>
	<u>(5,344,709)</u>	<u>181,773</u>
Acquisition of prepaid expenses	(7,426)	
Use of prepaid expenses	- <u>602,482</u>	<u>602,482</u>
	<u>(7,426)</u>	<u>602,482</u>
INCREASE IN NET DEBT FOR YEAR	(9,767,979)	(4,959,379)
NET DEBT, <i>beginning of year</i>	<u>(20,683,548)</u>	<u>(15,724,169)</u>
NET DEBT, <i>end of year</i>	<u>\$(30,451,527)</u>	<u>\$(20,683,548)</u>

ST. THERESA POINT FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

STATEMENT 4

YEAR ENDED MARCH 31

2016 2015

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from Indigenous and Northern Affairs Canada	\$ 30,378,958	\$ 30,323,389
Cash received from First Nations and Inuit Health	2,937,949	2,919,747
Cash received from other sources	12,648,807	11,916,314
Cash paid to suppliers and employees	(42,588,169)	(42,613,378)
Interest on long-term debt	(758,118)	(807,888)
	<u>2,619,427</u>	<u>1,738,184</u>

CAPITAL ACTIVITIES

Acquisition of tangible capital assets	(8,970,052)	(5,109,848)
Disposal (acquisition) of construction in progress	(2,454,801)	16,641
	<u>(11,424,853)</u>	<u>(5,093,207)</u>

FINANCING ACTIVITIES

Proceeds of long term debt	8,194,638	2,624,606
Repayment of long term debt	(586,212)	(249,830)
Accountable mortgage advances - net	(136,355)	(4,058)
	<u>7,472,071</u>	<u>2,370,718</u>

CHANGE IN CASH POSITION DURING YEAR

CASH, <i>beginning of year</i>	<u>626,396</u>	<u>1,610,701</u>
CASH (BANK INDEBTEDNESS), <i>end of year</i>	<u><u>\$ (706,959)</u></u>	<u><u>\$ 626,396</u></u>

Cash (bank indebtedness) consists of:

Restricted cash	\$ 1,139,684	\$ 734,542
Bank indebtedness	(1,846,643)	(108,146)
	<u><u>\$ (706,959)</u></u>	<u><u>\$ 626,396</u></u>

ST. THERESA POINT FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. OPERATIONS

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

REPORTING ENTITY

These consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation. Trusts administered on behalf of third parties by St. Theresa Point First Nation are excluded from the reporting entity of the First Nation.

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

- St. Theresa Point First Nation Band Administration
- St. Theresa Point First Nation Education Authority
- St. Theresa Point First Nation Health Authority
- St. Theresa Point First Nation Social Services
- St. Theresa Point First Nation In-Home Care
- St. Theresa Point First Nation Economic Development
- St. Theresa Point First Nation Capital Projects
- St. Theresa Point First Nation Employment and Training
- St. Theresa Point First Nation Retail and Barge
- St. Theresa Point First Nation - Bulk Fuels Ltd.
- Ke-tche-wa-zang Home
- Mikahnow Construction Ltd.
- St. Theresa Point First Nation Housing Authority
- St. Theresa Point First Nation Tobacco Tax Rebate
- 4676484 Manitoba Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

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

Business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the business entity's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and withdrawals. Entities accounted for by the modified equity method include:

- St. Theresa Point Road Construction Corp.

ASSET CLASSIFICATION

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

RESTRICTED CASH

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

INVENTORY HELD FOR SALE

Inventory held for sale consists primarily of fuel and is valued at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

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 liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

NON-FINANCIAL ASSETS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2016****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******TANGIBLE CAPITAL ASSETS***

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

Tangible capital assets acquired are reported at net book value.

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

Environmental infrastructure	2.5% to 5%
Equipment	20% to 30%
Facilities	2.5% to 5%
Transportation infrastructure	2.5%
Vehicles	20% to 33%

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

CONSTRUCTION IN PROGRESS

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

LONG-LIVED ASSETS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

REVENUE RECOGNITION

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

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

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

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

Income from investment in business enterprises is recognized in accordance with the modified equity method of accounting for the investment and corresponds to the First Nation's proportionate share of the business enterprise's net surplus earned during the year.

Tobacco tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

EMPLOYEE FUTURE BENEFITS

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution pension plan are expensed as incurred.

SEGMENTS

The First Nation conducts its operations through ten reportable segments as identified in Note 20. These operating segments are established by senior management to facilitate the achievement of the First Nation's long term objectives to aid in resource allocation decisions, and to assess operational performance.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

FINANCIAL INSTRUMENTS

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

FAIR VALUE

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

USE OF ESTIMATES

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

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory held for sale is stated after provisions are made for slow-moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

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

PROVISION FOR SITE REHABILITATION

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site, ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2016 as funding from agencies will offset any cost associated with the closure of landfill sites.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

3. RESTRICTED CASH

OTTAWA TRUST FUND

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

SECURED REVENUES TRUST ACCOUNT

The Secured Revenues Trust Account (SRTA) is governed by the Secured Revenues Trust Management Agreement between the First Nation and the First Nation Finance Authority (FNFA) whereby 5% of any funds borrowed from the FNFA are held by the Authority in a fund as security for both bond and interim financing providers' payments. As at March 31, 2016, funds held in this account were \$878,041 (March 31, 2015 - \$504,464). In addition, there were proceeds on deposit of \$95,975 as at March 31, 2016 (March 31, 2015 - \$50,912).

CMHC REPLACEMENT RESERVE

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$121,900. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2016, there was an accumulated balance of \$414,842 (March 31, 2015 - \$346,027) for this reserve, \$100,440 (March 31, 2015 - \$64,831) in the replacement reserve bank account and \$281,196 (March 31, 2015 - \$314,402) remains unfunded and due from operating.

CAPITAL PROJECTS

Funds held with Ingram Consulting Ltd., Ininew Limited Partnership and P.M. Associates Ltd. relate to funding received that must be used only on particular capital projects as specified.

	2 0 1 6	2 0 1 5
Ottawa Trust Fund	\$ 11,013	\$ 9,941
Secured Revenues Trust Account - Proceeds on deposit	95,975	50,912
Secured Revenues Trust Account - Reserve Account	878,041	504,464
CMHC Replacement Reserve	100,440	64,831
Capital projects:		
Ingram Consulting Ltd.	4,487	
Ininew Limited Partnership	50,702	62,366
PM Associates Ltd.	<u>3,513</u>	<u>37,541</u>
	<u><u>\$ 1,139,684</u></u>	<u><u>\$ 734,542</u></u>

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

4. ACCOUNTS RECEIVABLE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$	\$
Economic Development Opportunities		6,601
Fuel Assistance	125,000	
Planning and Design	5,163	50,352
Soil Remediation	115,930	171,630
Student Accommodation	27,467	
Tuition Agreements	118,051	8,703
Canada Mortgage and Housing Corporation		19,600
Island Lake Tribal Council	53,499	29,687
Manitoba Keewatinowin Okimakanak Inc.	185,403	152,370
Province of Manitoba	185,495	686,907
Trade, other accounts receivable and advances to members	<u>1,921,914</u>	<u>1,068,978</u>
	2,737,922	2,194,828
Less: Allowance for doubtful accounts	<u>(824,036)</u>	<u>(698,011)</u>
	<u>\$ 1,913,886</u>	<u>\$ 1,496,817</u>

5. INVENTORY HELD FOR SALE

Inventory held for sale consists of the following:

	2 0 1 6	2 0 1 5
Fuel	\$ 1,503,695	\$ 1,768,499
Merchandise	<u>12,794</u>	<u>17,960</u>
	<u>\$ 1,516,489</u>	<u>\$ 1,786,459</u>

6. INVESTMENT IN BUSINESS ENTERPRISES

The First Nation's investment in St. Theresa Point Road Construction Corp. through 4676484 Manitoba Ltd. was established for the purpose of completing the construction and maintenance of an all-weather road adjacent to the east side of Lake Winnipeg. This investment consists of the following:

	2 0 1 6	2 0 1 5
100 common shares	\$ 100	\$
Cumulative earnings (loss) from investment	<u>157,187</u>	<u>-</u>
	<u>157,287</u>	<u>-</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 6	2 0 1 5
Trade payables and accrued liabilities	\$ 3,904,731	\$ 1,981,313
Payable to Indigenous and Northern Affairs Canada	<u>197,712</u>	<u>292,549</u>
	<u>\$ 4,102,443</u>	<u>\$ 2,273,862</u>

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

8. DEFERRED REVENUE	2016	2015
Indigenous and Northern Affairs Canada		
Band Operated School	\$ 125,000	\$ 590,472
Fuel Assistance	115,930	48,344
Soil Remediation		
Other		
Manitoba Keewatinowi Okimakanak Inc.	143,267	
	\$ 240,930	\$ 782,083
9. LONG TERM DEBT	2016	2015
Peace Hills Trust mortgage payable, 5.85%, repayable in monthly instalments of \$4,546 including interest, renews August 2019, matures August 2020, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	\$ 165,860	\$ 210,784
CMHC mortgage payable, 1.71%, repayable in monthly instalments of \$6,505 including interest, renews September 2017, matures July 2032, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,112,133	1,170,650
Peace Hills Trust mortgage payable, 4.05%, repayable in monthly instalments of \$3,860 including interest, renews October 2017, matures October 2018, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	154,740	194,113
Peace Hills Trust mortgage payable, 3.49%, repayable in monthly instalments of \$5,391 including interest, renews June 2019, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	876,931	910,701
CMHC mortgage payable, 2.26%, repayable in monthly instalments of \$5,836 including interest, renews August 2016, matures August 2036, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,145,508	1,189,172
CMHC mortgage payable, 1.65%, repayable in monthly instalments of \$5,616 including interest, renews June 2017, matures June 2037, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,207,063	1,254,135
CMHC mortgage payable, 1.44%, repayable in monthly instalments of \$4,659 including interest, renews July 2017, matures July 2037, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,026,167	1,066,984
CMHC mortgage payable, 1.67%, repayable in monthly instalments of \$6,355 including interest, renews June 2018, matures May 2033, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,138,101	1,194,863

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

9. LONG TERM DEBT *(continued)*

CMHC mortgage payable, 2.11%, repayable in monthly instalments of \$5,455 including interest, renews January 2019, matures November 2033, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	965,475	1,010,098
CMHC mortgage payable, 2.04%, repayable in monthly instalments of \$4,636 including interest, renews March 1, 2019, matures May 2034, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	838,232	876,377
Toromont Industries Ltd. equipment loan, 5.95%, repayable in monthly instalments of \$8,390 including interest, matures August 2018.	174,480	276,025
CMHC mortgage payable, 1.92%, repayable in monthly instalments of \$4,849 including interest, renews April 2019, matures April 2039, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	1,085,281	1,122,281
CMHC mortgage payable, 1.23%, repayable in monthly instalments of \$2,790 including interest, renews May 1, 2020, matures May 2040, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	699,968	
Interim Financing <i>(Note 10)</i>	10,418,808	3,800,387
Debenture Financing <i>(Note 10)</i>	6,743,934	6,119,668
Kitayan Community Futures Development Corporation equipment loan, 7.00%, repayable in monthly instalments of \$3,791 including interest, matures February 2018.	87,455	
Kitayan Community Futures Development Corporation equipment loan, 7.00%, repayable in monthly instalments of \$426 including interest, matures February 2018.	2,500	
Kitayan Community Futures Development Corporation capital loan, 7.00%, repayable in monthly instalments of \$2,472 including interest, matures September 2016.	57,028	
First Peoples Economic Growth Fund Inc. capital loan, without interest, repayable in monthly instalments of \$1,458, matures March 2022.	105,000	
	<u>\$ 28,004,664</u>	<u>\$ 20,396,238</u>

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

March 31, 2017	\$697,409
2018	702,892
2019	566,571
2020	525,252
2021	485,167

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

10. LONG TERM FINANCING - FIRST NATION FINANCING AUTHORITY

A) GENERAL TERM & CONDITIONS:

The First Nation has entered into an agreement with the First Nation Finance Authority (FNFA) to borrow funds at an interest rate of 2.6%. The funds received have been advanced by the FNFA in anticipation of a bond issuance by the FNFA. This interim financing will be replaced by long term financing upon the issuance of such securities based on the earlier of five years from the date of issuance of the interim financing or the completion by the First Nation of the defined purpose included in the Borrowing Agreement.

The interim financing loans require monthly interest payments only and are paid from Secured Revenue sources other than Indigenous and Northern Affairs Canada or First Nations and Inuit Health funding. These funds are specified in the Borrowing Law adopted by the First Nation and are paid directly into a Secured Revenues Trust Account (SRTA), which is governed by a Secured Revenues Trust Management Agreement between the First Nation and the FNFA.

The following amounts are withdrawn directly from the SRTA, which is governed by a trust agreement:

- 1) Monthly interest and principal payments directly to the FNFA under the terms of the Borrowing Agreement, and
- 2) The excess in the SRTA is paid to the First Nation.

A) DEBT RESERVE FUND:

Investment: 5% of any funds borrowed from the FNFA are held by the FNFA in a fund as security for bond and interim financing providers payments. If at any time the First Nation does not have sufficient funds to meet its obligations under the terms and conditions of the Borrowing Agreement, the payments will be made from the Debt Reserve Fund. As at March 31, 2016, \$878,041 (March 31, 2015 - \$504,464) was held in this fund.

B) CURRENT INTERIM FINANCING:

Funds outstanding	\$10,418,808
Interest on interim	<u>113,030</u>
Total funds owing	<u>\$10,531,838</u>

Total interest paid during the current fiscal year on the above was \$128,795.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

10. LONG TERM FINANCING - FIRST NATION FINANCING AUTHORITY *(continued)*

C) DEBENTURE FINANCING

During the fiscal year, the First Nation agreed to have \$750,000 transferred out of this interim financing to long term debenture financing with a term of 10 years, an amortization period of 30 years and an interest rate of 2.985%.

Series No. 1 - Interest rate is 3.79%

Series No. 2 - Interest rate is 2.985%

Debenture Issue No.1

Balance owing at March 31, 2016	\$ 6,005,757
Less: current portion	<u>110,593</u>
Long term portion	<u>\$ 5,895,164</u>

Debenture Issue No.2

Balance owing at March 31, 2016	\$ 738,177
Less: current portion	<u>15,764</u>
Long term portion	<u>\$ 722,413</u>
Total Band interest debenture 1	<u>\$ 250,244</u>
Principal amount for each of the next five years on debentures	<u>\$ 126,358</u>

11. ACCOUNTABLE MORTGAGE ADVANCES

St. Theresa Point First Nation was in the process of constructing an 8 unit CMHC housing project which was not complete as at March 31, 2016. Accountable mortgage advances from Canada Mortgage and Housing Corporation were \$984,193 as at March 31, 2016 (March 31, 2015 - \$1,120,548) with the terms of repayment to be established at the interest adjustment date determined by CMHC at which time these advances will be converted into mortgages.

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

12. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	2016	2015
Environmental infrastructure	\$ 14,633,833	\$		\$ 14,633,833	\$ 7,972,657	\$ 254,102	\$	\$ 8,226,759	\$ 6,407,074	\$ 6,661,176
Equipment	3,928,457	7,169,169	21,276	11,076,350	2,252,292	1,082,889	21,276	3,313,905	7,762,445	1,676,165
Facilities	177,582,144	1,395,559		178,977,703	80,462,853	4,219,312		84,682,165	94,295,538	97,119,291
Land	510,000			510,000					510,000	510,000
Transportation infrastructure	8,654,759			8,654,759	3,330,425	133,109		3,463,534	5,191,225	5,324,334
Vehicles	6,234,164	405,324	-	6,639,488	4,607,188	390,732	-	4,997,920	1,641,568	1,626,976
	<u>\$ 211,543,357</u>	<u>\$ 8,970,052</u>	<u>\$ 21,276</u>	<u>\$ 220,492,133</u>	<u>\$ 98,625,415</u>	<u>\$ 6,080,144</u>	<u>\$ 21,276</u>	<u>\$ 104,684,283</u>	<u>\$ 115,807,850</u>	<u>\$ 112,917,942</u>

13. CONSTRUCTION IN PROGRESS

	2016	2015
Arena	\$ 1,835,912	\$ 1,298,899
Buildings	310,530	310,530
CMHC - 20 unit housing project	1,651,982	
CMHC - 5 unit housing project		804,966
CMHC - 8 unit housing project	1,459,363	613,682
Complex	261,141	261,141
Digital Video	418,152	364,030
Fish Plant	74,060	71,573
Garage	75,040	70,000
North/South Road	796,478	643,771
VLT	10,735	-
	<u>\$ 6,893,393</u>	<u>\$ 4,438,592</u>

The costs of construction in progress for each respective project will be transferred to tangible capital assets and upon completion of the project. Amortization of these costs will not occur until their transfer to tangible capital assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2 0 1 6	2 0 1 5
Accumulated deficit from operations	\$(7,328,488)	\$(6,680,117)
Equity in tangible capital assets	98,028,472	102,441,759
Equity in business enterprises	157,287	
Equity in funds held in trust	985,029	565,317
Replacement reserve	<u>414,842</u>	<u>346,027</u>
	<u>92,257,142</u>	<u>96,672,986</u>

15. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenditures to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements. At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2016 might be recovered.

Various lawsuits have been filed against the First Nation entities for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be expensed in the year paid.

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

16. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 6	2 0 1 5
Arrangement #1314-05-000059 (MANITOBA)	<u>\$ 30,533,283</u>	<u>\$ 30,996,150</u>
Total INAC revenue per financial statements	<u>\$ 30,533,283</u>	<u>\$ 30,996,150</u>

17. RECONCILIATION OF FNIH FUNDING

	2 0 1 6	2 0 1 5
Arrangement #1516-MB-000053 (MANITOBA)	<u>\$ 2,937,949</u>	<u>\$ 2,871,217</u>
Total FNIH revenue per financial statements	<u>\$ 2,937,949</u>	<u>\$ 2,871,217</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

18. ECONOMIC DEPENDENCE

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

19. RELATED PARTY TRANSACTIONS

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

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

20. SEGMENTS

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

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

Capital - activities include the planning, managing and delivery of capital projects, major renovations, construction and large scale infrastructure to the community.

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

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

Community Services - activities include the maintenance of the community and its infrastructure.

Daycare - activities include the provision of care to children within the community.

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

Employment and Training - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

Housing - activities include the development and sustainment of residential housing opportunities for community members.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

21. COMPARATIVE FIGURES

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

22. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of St. Theresa Point First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

23. CONSOLIDATED EXPENSES BY OBJECT

	2 0 1 6	2 0 1 5
Amortization	\$ 6,080,144	\$ 5,274,977
Bank charges and interest	97,741	81,482
Community events and donations	326,573	156,216
Cost of sales	2,586,370	3,536,534
Insurance	304,963	419,552
Interest on long-term debt	758,118	726,406
Other	3,747,629	4,617,045
Professional fees	486,499	704,546
Program contribution	1,237,582	592,060
Rent	35,629	24,195
Repairs and maintenance	2,019,979	1,322,866
Salaries, wages and benefits	16,274,997	16,325,514
Social assistance	10,804,029	11,510,607
Student support	1,412,066	1,532,223
Supplies	1,157,530	1,112,427
Telephone	173,379	179,683
Training	365,078	147,553
Travel	2,637,575	2,896,076
Utilities	<u>450,033</u>	<u>499,317</u>
	<u><u>\$ 50,955,914</u></u>	<u><u>\$ 51,659,279</u></u>

ST. THERESA POINT FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

24. SEGMENT DISCLOSURE

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

	Band Administration		Capital		Community and Economic Development		Community Health and Wellness	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Federal Government								
INAC	\$ 1,413,978	\$ 1,405,365	\$ 2,341,213	\$ 3,250,058	\$ 267,685	\$ 267,685	\$ 14,000	\$ 14,000
FNIH							2,937,949	3,022,747
ESDC								
CMHC	—	—	184,517	108,200	—	—	—	—
Subtotal	1,413,978	1,405,365	2,525,730	3,358,258	267,685	267,685	2,951,949	3,036,747
Funding recoveries								(194,210)
Other revenue	217,191	199,223	1,189,738	1,101,981	8,448,155	8,628,084	236,370	453,837
Deferred revenues	—	—	(67,586)	(13,740)	—	—	—	—
Total revenue	1,631,169	1,604,588	3,647,882	4,446,499	8,715,840	8,895,769	3,188,319	3,296,374
Expenditures								
Amortization			3,770,574	3,042,555	251,037	259,921	721,750	708,731
Debt servicing	53,638	33,426	25,338	25,707	570,853	532,531	6,694	5,090
Other	714,114	673,194	2,000,938	1,839,288	5,697,811	6,751,039	1,474,925	1,344,430
Salaries and benefits	1,091,911	1,336,995	1,816,496	2,420,460	2,078,706	1,560,381	1,586,576	1,557,841
Total expenditures	1,859,663	2,043,615	7,613,346	7,328,010	8,598,407	9,103,872	3,789,945	3,616,092
Annual surplus (deficit)	\$(228,494)	\$(439,027)	\$(3,965,464)	\$(2,881,511)	\$ 117,433	\$(208,103)	\$(601,626)	\$(319,718)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

24. SEGMENT DISCLOSURE *(continued)*

	Community Services		Daycare		Education		Employment and Training	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues								
Federal Government								
INAC	\$ 1,875,119	\$ 1,760,941	\$	\$	\$14,071,446	\$13,104,902	\$ 53,230	\$ 117,697
FNIH								
ESDC							809,005	809,005
CMHC	—	—	—	—	—	—	—	—
Subtotal	1,875,119	1,760,941	—	—	14,071,446	13,104,902	862,235	926,702
Funding recoveries					(1,168)			
Other revenue			372,271	354,372			35,995	
Deferred revenue	(125,000)	—	—	—	590,472	(590,472)	143,267	(33,331)
Total revenue	1,750,119	1,760,941	372,271	354,372	14,660,750	12,514,430	1,041,497	893,371
Expenditures								
Amortization	199,257	210,093	25,355	27,184	631,952	611,633	3,768	4,047
Debt servicing			631	586	16,935	15,503	3,756	6,787
Other	1,325,924	1,234,624	60,341	110,612	5,552,093	5,421,945	507,819	394,391
Salaries and benefits	553,260	616,719	263,355	244,226	7,992,504	7,695,838	512,942	514,117
Total expenditures	2,078,441	2,061,436	349,682	382,608	14,193,484	13,744,919	1,028,285	919,342
Surplus (Deficit)	\$(328,322)	\$(300,495)	\$ 22,589	\$(28,236)	\$ 467,266	\$(1,230,489)	\$ 13,212	\$(25,971)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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24. SEGMENT DISCLOSURE *(continued)*

	Housing		Social Development		TOTAL	
	2016	2015	2016	2015	2016	2015
Revenues						
Federal Government						
INAC	\$	\$	\$ 10,496,612	\$ 11,075,502	\$ 30,533,283	\$ 30,996,150
FNIH					2,937,949	3,022,747
ESDC					809,005	809,005
CMHC	559,890	528,836	-	-	744,407	637,036
Subtotal	559,890	528,836	10,496,612	11,075,502	35,024,644	35,464,938
Funding recoveries			(156,756)	(68,549)	(157,924)	(262,759)
Other revenue	632,477	613,512			11,132,197	11,351,009
Deferred revenue	-	-	-	-	541,153	(637,543)
Total revenue	1,192,367	1,142,348	10,339,856	11,006,953	46,540,070	45,915,645
Expenditures						
Amortization	471,514	403,829	4,937	6,984	6,080,144	5,274,977
Debt servicing	178,014	188,258			855,859	807,888
Other	405,918	430,960	10,005,031	11,050,417	27,744,914	29,250,900
Salaries and benefits	6,500	6,500	372,747	372,437	16,274,997	16,325,514
Total expenditures	1,061,946	1,029,547	10,382,715	11,429,838	50,955,914	51,659,279
Surplus (Deficit)	\$ 130,421	\$ 112,801	\$(42,859)	\$(422,885)	\$(4,415,844)	\$(5,743,634)