

**St. Theresa Point First Nation  
Consolidated Financial Statements**

*March 31, 2019*

**St. Theresa Point First Nation**  
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*For the year ended March 31, 2019*

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## Management's Responsibility

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To the Members of St. Theresa Point First Nation:



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

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

MNP LLP, an independent firm of Chartered Professional 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.

  
\_\_\_\_\_  
Accounting Manager  
\_\_\_\_\_  
Executive Director

## Independent Auditor's Report

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To Members of St. Theresa Point First Nation:

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, change in its consolidated net debt and its consolidated 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 consolidated 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 for the Consolidated Financial Statements

Management is responsible for the preparation and presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

Winnipeg, Manitoba

October 27, 2020

*MNP LLP*

Chartered Professional Accountants

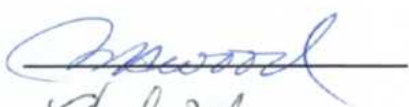


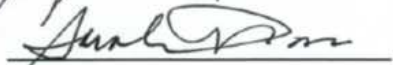


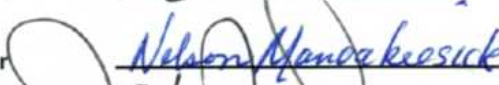


# St. Theresa Point First Nation

## Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
<b>Financial assets</b>		
Cash resources	353,633	414,369
Accounts receivable (Note 4)	4,436,786	1,299,961
Inventory for resale (Note 5)	37,918	37,918
Restricted cash (Note 6)	2,307,959	1,472,743
	<b>7,136,296</b>	<b>3,224,991</b>
<b>Liabilities</b>		
Bank indebtedness (Note 7)	2,112,875	1,295,304
Accounts payable and accruals (Note 8)	4,618,361	4,870,739
Deferred revenue (Note 9)	4,188,398	482,547
First Nations Finance Authority long-term debt (Note 10)	21,394,914	21,882,280
CMHC housing mortgages (Note 11)	15,189,836	14,994,046
Other long-term debt (Note 12)	1,878,858	1,017,769
	<b>49,383,242</b>	<b>44,542,685</b>
<b>Net debt</b>	<b>(42,246,946)</b>	<b>(41,317,694)</b>
<b>Contingencies (Note 13)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 14) (Schedule 1)	118,228,376	121,477,362
Fuel inventory held for use	1,809,275	2,064,207
Prepaid expenses	-	27,918
	<b>120,037,651</b>	<b>123,569,487</b>
<b>Accumulated surplus</b>	<b>77,790,705</b>	<b>82,251,793</b>

Approved on behalf of the Chief and Council

    	<p>Chief</p> <p>Councilor</p> <p>Councilor</p> <p>Councilor</p> <p>Councilor</p>	   	<p>Councilor</p> <p>Councilor</p> <p>Councilor</p> <p>Councilor</p>
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# St. Theresa Point First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2019*

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 15)		33,901,188	41,502,199	38,442,283
Other revenue (Note 16)		3,617,622	6,362,629	7,228,811
First Nations and Inuit Health (Note 17)		3,526,069	4,398,969	4,068,382
Province of Manitoba		760,000	983,095	877,590
Manitoba Keewatinowi Okimakanak Inc.		833,942	954,757	833,941
Canada Mortgage and Housing Corporation		1,038,510	884,024	1,286,153
Island Lake Tribal Council (Note 19)		228,000	415,956	375,556
Indigenous Services Canada recovery		-	-	(84,841)
Revenue deferred from prior year (Note 9)		-	482,547	875,289
Revenue deferred to subsequent year (Note 9)		-	(4,188,398)	(482,547)
		<b>43,905,331</b>	<b>51,795,778</b>	<b>53,420,617</b>
<b>Segment expenses</b>				
Band Administration	4	1,330,386	2,921,729	2,960,258
Business Enterprises	5	-	3,823,328	5,555,863
Community Service and Development	6	2,704,610	3,659,737	5,814,987
Education	7	14,681,120	17,118,513	16,409,855
Employment and Training	8	827,032	1,141,901	1,110,381
Health and Welfare	9	14,603,920	15,899,032	14,809,696
Law and Justice	10	606,182	517,332	485,720
Public Works	11	5,218,867	11,175,294	9,856,858
<b>Total segment expenses (Schedule 2)</b>		<b>39,972,117</b>	<b>56,256,866</b>	<b>57,003,618</b>
<b>Surplus (deficit)</b>		<b>3,933,214</b>	<b>(4,461,088)</b>	<b>(3,583,001)</b>
<b>Accumulated surplus, beginning of year</b>		<b>82,251,793</b>	<b>82,251,793</b>	<b>85,834,794</b>
<b>Accumulated surplus, end of year</b>		<b>86,185,007</b>	<b>77,790,705</b>	<b>82,251,793</b>

The accompanying notes are an integral part of these consolidated financial statements

**St. Theresa Point First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2019*

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Annual surplus (deficit)</b>	<b>3,933,214</b>	<b>(4,461,088)</b>	(3,583,001)
Purchases of tangible capital assets	-	<b>(4,255,040)</b>	(6,826,252)
Amortization of tangible capital assets	-	<b>7,504,026</b>	7,579,083
Change in materials held for use	-	-	856,157
Change in fuel inventory held for use	-	<b>254,932</b>	(284,018)
Change in prepaid expense	-	<b>27,918</b>	9,738
<b>Decrease (increase) in net debt</b>	<b>3,933,214</b>	<b>(929,252)</b>	(2,248,293)
<b>Net debt, beginning of year</b>	<b>(41,317,694)</b>	<b>(41,317,694)</b>	(39,069,401)
<b>Net debt, end of year</b>	<b>(37,384,480)</b>	<b>(42,246,946)</b>	(41,317,694)



**St. Theresa Point First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2019*

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Deficit	(4,461,088)	(3,583,001)
Non-cash items		
Amortization	7,504,026	7,579,083
	<b>3,042,938</b>	3,996,082
Changes in working capital accounts		
Accounts receivable	(3,136,825)	1,478,086
Accounts payable and accruals	(252,378)	754,046
Deferred revenue	3,705,851	(392,742)
Fuel inventory held for use	254,932	(284,018)
Prepaid expenses	27,918	9,738
Materials held for use	-	856,157
	<b>3,642,436</b>	6,417,349
<b>Financing activities</b>		
Advances of CMHC housing mortgages	828,208	1,365,226
Repayment of CMHC housing mortgages	(632,418)	(554,081)
Repayment of First Nations Finance Authority long-term debt	(487,366)	(367,894)
Advances of other long-term debt	1,106,809	-
Repayment of other long-term debt	(245,720)	(328,841)
	<b>569,513</b>	114,410
<b>Capital activity</b>		
Purchases of tangible capital assets	(4,255,040)	(6,826,252)
<b>Investing activity</b>		
Change in restricted cash	(835,216)	32,140
<b>Increase in cash deficiency</b>	(878,307)	(262,353)
<b>Cash deficiency, beginning of year</b>	(880,935)	(618,582)
<b>Cash deficiency, end of year</b>	(1,759,242)	(880,935)
<b>Cash deficiency are composed of:</b>		
Cash resources	353,633	414,369
Bank indebtedness	(2,112,875)	(1,295,304)
	(1,759,242)	(880,935)

# St. Theresa Point First Nation

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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### 1. Operations

St. Theresa Point First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its Members. St. Theresa Point First Nation includes the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

### 2. Change in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following section, as set out in the Canadian public sector accounting standards.

- PS 3430 Restructuring Transactions

Pursuant to the recommendations, the change was applied retroactively. There was no material impact on the consolidated financial statements of adopting the new Section.

### 3. Significant accounting policies

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

#### **Reporting entity consolidated**

The St. Theresa Point First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following controlled organizations:

- St. Theresa Point Bulk Fuels Ltd.
- STP Management Group Ltd
- Mikahnow Construction Ltd.
- St. Theresa Point Road Construction Corporation
- First Nation Insurance Services Inc.
- 7077115 Manitoba Ltd.

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

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

***Funds held in trust***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position as part of restricted cash.

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

***Inventory for resale and fuel inventory held for use***

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

***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, prepaid expenses and fuel inventory held for use.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

***Amortization***

Tangible capital assets are amortized annually using the declining balance method at the following rates which are intended to amortize the cost of the assets over their estimated useful lives. Asset under construction are not amortized until the assets are put into use. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

	<b><i>Rate</i></b>
Equipment	15% to 20%
Facilities	5%
Infrastructure	2.5% to 8%
Barge	2.5%
Vehicles	20% to 33%

***Asset under construction***

Asset under construction represents the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use they are amortized according to the rates indicated above.

**3. 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 First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

***Revenue recognition***

Government transfer revenue, including, but not limited to, Indigenous Services Canada, First Nations and Inuit Health and Canada Mortgage and Housing Corporation funding, is recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Rent and resident fees is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Interest revenue is recognized on an accrual basis in the year that it is earned.

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

***Employee future benefits***

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

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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. Provisions are made for slow moving and obsolete inventory. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

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

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. The First Nation's accounting for contaminated sites is explained further in Note 13.

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

**Segments**

The First Nation conducts its business through eight reportable segments as identified below. 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. 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.

*Business Enterprises* - reports on the activities of the businesses that operate both within the community and externally.

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

*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.

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

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 3 the Significant accounting policies.

**4. Accounts receivable**

	<b>2019</b>	<b>2018</b>
Trade and other receivables	<b>2,262,490</b>	1,527,851
Canada Mortgage and Housing Corporation	<b>499,903</b>	350,219
First Nations and Inuit Health	<b>273,500</b>	213,714
Indigenous Services Canada	<b>2,711,239</b>	208,116
Employee advances	<b>333,474</b>	492,006
	<b>6,080,606</b>	2,791,906
Less: allowance for doubtful accounts	<b>1,643,820</b>	1,491,945
	<b>4,436,786</b>	1,299,961

The allowance for doubtful accounts pertains to trade and other receivables and employee advances.

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**5. Inventory for resale**

Inventory held for resale consists of merchandise in the retail store, held for sale to First Nation Members.

**6. Restricted cash**

	2019	2018
Secured revenues - reserve account	1,222,218	1,175,888
Capital projects	625,817	14,901
Secured revenues trust account - proceeds on deposit	341,524	215,105
CMHC replacement reserve	102,810	53,619
Ottawa Trust Fund	15,590	13,230
	<b>2,307,959</b>	<b>1,472,743</b>

*Secured revenue trust account and reserve account*

The Secured Revenues Trust Account 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, upon initial advance, are held by the Authority in a fund as security for both bond and interim financing providers' payments. Interest earned on these funds during the year ended March 31, 2019 was \$341,524 (2018 - \$215,105).

*Capital projects*

Funds held with general contracting companies relate to funding received that must be used only on particular capital projects as specified.

*CMHC replacement reserve*

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. As at March 31, 2019, the replacement reserve bank account was underfunded by \$503,675 (2018 - \$450,509).

*CMHC operating surplus reserve*

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account must be established for the tracking and restriction on funds resulting from surplus dollars from operating activities. The operating surplus reserve is increased or decreased by the annual surplus from operations and is increased by interest revenue on funds held in the related accounts restricted accounts. As at March 31, 2019, the operating surplus reserve bank account was underfunded by \$276,440 (2018 - \$89,219).

*Ottawa Trust Fund*

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council.

Capital trust	\$166 (2018 - \$166); interest revenue \$nil (2018 - \$nil)
Revenue trust	\$15,424 (2018 - \$13,064); interest revenue \$2,360 (2018 - \$1,137)

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**7. Bank indebtedness**

	2019	2018
The first facility is a \$500,000 bank operating line of credit at a rate of prime plus 2.00%.	<b>500,000</b>	-
The second facility is a \$100,000 line of credit at a rate of prime plus 3.30% and authorized overdraft at 21.00%. The March 31, 2019 balance consists of a bank balance of \$16,967 less outstanding cheques of \$64,279 (2018 – overdraft bank balance of \$71,851 less outstanding cheques of \$39,984).	<b>47,312</b>	111,835
Authorized overdraft of \$500,000 at a rate of 24.00% (2018 - 24.00%). The March 31, 2019 balance consists of an overdraft bank balance of \$508,741 less outstanding cheques of \$315,964 (2018 – bank balance of \$276,167 less outstanding cheques of \$567,637).	<b>824,705</b>	291,470
Bank balance of \$45,975 less outstanding cheques of \$786,833 (2018 – bank balance of \$5,736 less outstanding cheques of \$897,735).	<b>740,858</b>	891,999
	<b>2,112,875</b>	1,295,304

**8. Accounts payable and accruals**

	2019	2018
Trade payables and accrued liabilities	<b>4,191,179</b>	4,281,691
Salaries and benefits	<b>273,703</b>	429,045
Indigenous Services Canada	<b>96,000</b>	128,000
Government remittances	<b>45,230</b>	32,003
First Nations and Inuit Health	<b>12,249</b>	-
	<b>4,618,361</b>	4,870,739

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**9. Deferred revenue**

	<b>2019</b>	<b>2018</b>
<b>Indigenous Services Canada ("ISC")</b>		
5 duplexes construction	<b>1,833,196</b>	294,418
Soil remediation	<b>911,880</b>	-
Garage	<b>414,434</b>	-
Arena	<b>331,993</b>	-
Community based initiative	<b>244,721</b>	-
	<b>3,736,224</b>	294,418
<b>First Nations and Inuit Health ("FNIH")</b>		
Nursing residence improvements	<b>452,174</b>	188,129
	<b>4,188,398</b>	482,547

*5 Duplexes Construction:* This funding must be spent on the construction of the 5 duplexes facility located in the First Nation. The First Nation has an opening balance of \$294,418 in deferred revenue. During the year, ISC provided \$1,999,104 of funding and the First Nation has incurred costs of \$460,326 during the year ended March 31, 2019, leaving \$1,833,196 to be recorded as deferred revenue as at March 31, 2019.

*Soil Remediation:* This funding must be spent on the soil remediation project. ISC provided \$911,880 of funding for the soil remediation project. No amount was spend during the year. The total amount of \$911,880 is to be recorded as deferred revenue as at March 31, 2019.

*Garage:* This funding must be spent on the construction of a garage. ISC provided \$731,304 of funding for the construction of a garage and the First Nation has incurred costs of \$316,870 during the year ended March 31, 2019, leaving \$414,434 to be recorded as deferred revenue as at March 31, 2019.

*Arena:* This funding must be spent on the construction of the recreational arena. ISC provided the First Nation \$400,000 and the First Nation has incurred costs of \$68,007 during the year ended March 31, 2019, leaving \$331,993 to be recorded as deferred revenue as at March 31, 2019.

*Community Based Initiative:* This funding must be spent on the community based initiative. ISC provided the First Nation \$400,354 and the First Nation has expended of \$155,633 during the year ended March 31, 2019, leaving \$244,721 to be recorded as deferred revenue as at March 31, 2019.

*Nursing Residence Improvements:* This funding must be spent on the construction of the nursing residence facility located in the First Nation. The First Nation has an opening balance of \$188,129 in deferred revenue. During the year, FNIH provided the First Nation \$409,786 and the First Nation has incurred costs of \$145,741 during the year ended March 31, 2019, leaving \$452,174 to be recorded as deferred revenue as at March 31, 2019.



**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**10. First Nations Finance Authority long-term debt**

	<b>2019</b>	<b>2018</b>
Promissory note payable requiring annual principal payment of \$170,643, plus interest at 2.90%, maturity date of June 2024. During the year the First Nation made additional payment of \$9,074.	<b>7,636,239</b>	7,815,956
Promissory note payable requiring annual principal payment of \$110,593, plus interest at 3.79%, maturity date of June 2024. During the year the First Nation made additional payment of \$17,542.	<b>5,635,949</b>	5,764,084
Promissory note payable requiring annual principal payment of \$15,764, plus interest at 2.99%, maturity date of June 2024. During the year the First Nation made additional payment of \$1,337.	<b>688,354</b>	705,455
Promissory note payable requiring annual principal payment of \$160,806, plus interest at 3.41%, maturity date of June 2028. During the year the First Nation made additional payment of \$1,608.	<b>7,434,372</b>	7,596,785
	<b>21,394,914</b>	21,882,280

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	457,806
2021	457,806
2022	457,806
2023	457,806
2024	457,806

The total of all promissory notes are authorized to a maximum of \$23,100,000, and are secured by the First Nation's non-government transfer revenue.

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**11. CMHC housing mortgages**

	2019	2018
Phase 1 - Mortgage payable to CMHC in monthly payments of \$6,565 including interest at 1.84%, renewal date of September 2022, maturity date of July 2032, secured by a Ministerial guarantee and assignment of fire insurance.	<b>931,127</b>	992,222
Phase 2 - Mortgage payable to CMHC in monthly payments of \$6,738 including interest at 2.50%, renewal date of June 2023, maturity date of May 2033, secured by a Ministerial guarantee and assignment of fire insurance.	<b>964,514</b>	1,021,573
Phase 3 - Mortgage payable to CMHC in monthly payments of \$5,455 including interest at 2.11%, renewal date of May 2019, maturity date of November 2033, secured by a Ministerial guarantee and assignment of fire insurance.	<b>825,653</b>	873,226
Phase 4 - Mortgage payable to CMHC in monthly payments of \$4,636 including interest at 2.04%, renewal date of May 2019, maturity date of March 2034, secured by a Ministerial guarantee and assignment of fire insurance.	<b>718,878</b>	759,460
Phase 5 - Mortgage payable to CMHC in monthly payments of \$5,207 including interest at 1.05%, renewal date of August 2021, maturity date of August 2036, secured by a Ministerial guarantee and assignment of fire insurance.	<b>994,345</b>	1,046,117
Phase 6 - Mortgage payable to CMHC in monthly payments of \$5,428 including interest at 1.30%, renewal date of June 2022, maturity date of June 2037, secured by a Ministerial guarantee and assignment of fire insurance.	<b>1,058,105</b>	1,109,166
Phase 7 - Mortgage payable to CMHC in monthly payments of \$4,682 including interest at 1.50%, renewal date of July 2022, maturity date of July 2037, secured by a Ministerial guarantee and assignment of fire insurance.	<b>900,469</b>	942,845
Phase 8 - Mortgage payable to CMHC in monthly payments of \$4,849 including interest at 1.92%, renewal date of April 2019, maturity date of April 2039, secured by a Ministerial guarantee and assignment of fire insurance.	<b>969,745</b>	1,008,979
Phase 9 - Mortgage payable to CMHC in monthly payments of \$2,790 including interest at 1.23%, renewal date of May 2020, maturity date of May 2040, secured by a Ministerial guarantee and assignment of fire insurance.	<b>623,911</b>	649,568
Phase 10 - Mortgage payable to CMHC in monthly payments of \$5,032 including interest at 1.46%, renewal date of March 2022, maturity date of March 2032, secured by a Ministerial guarantee and assignment of fire insurance.	<b>1,179,735</b>	1,222,609
Phase 11 - Mortgage payable to CMHC in monthly payments of \$18,684 including interest at 1.86%, renewal date of August 2022, maturity date of August 2032, secured by a Ministerial guarantee and assignment of fire insurance.	<b>2,661,469</b>	2,834,604
Phase 12 - Mortgage payable to CMHC in monthly payments of \$22,052 including interest at 2.21%, renewal date of February 2024, maturity date of February 2034, secured by a Ministerial guarantee and assignment of fire insurance.	<b>3,361,885</b>	-
CMHC construction advance, converted to mortgage payable for phase 12.	-	2,533,677
	<b>15,189,836</b>	14,994,046

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**11. CMHC housing mortgages** *(Continued from previous page)*

Subsequent to year-end, 2 mortgages with CMHC were subject to renewed loan terms, as follows:

- Phase 3 was renewed with required monthly payments of \$5,366 including interest at 1.87%, maturing November 2033, with a scheduled renewal date of May 2024.
- Phase 4 was renewed with required monthly payments of \$4,581 including interest at 1.87%, maturing March 2034, with a scheduled renewal date of May 2024.
- Phase 8 was renewed with required monthly payments of \$4,826 including interest at 1.87%, maturing April 2039, with a scheduled renewal date of June 2024.

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	861,403
2021	850,451
2022	866,366
2023	898,325
2024	915,173

**12. Other long-term debt**

	<b>2019</b>	<b>2018</b>
Mortgage payable in monthly payments of \$5,391 including interest of 3.49%, renewal date of June 2025, maturity date of June 2034, secured by a ministerial guarantee by the Government of Canada and an assignment of fire insurance.	<b>768,062</b>	805,614
Mortgage payable in monthly payments of \$4,282 including interest at 3.49%, maturity date of August 2019, secured by a Ministerial guarantee and assignment of fire insurance for a four-unit rental housing project. Subsequent to year-end, the mortgage was paid in full.	<b>21,324</b>	71,178
Mortgage payable in monthly payments of \$3,834 including interest at 3.50%, maturity date of October 2019, secured by a Ministerial guarantee and assignment of fire insurance. Subsequent to year-end, the mortgage was paid in full.	<b>26,609</b>	70,977
First Peoples Economic Growth Fund Inc. demand loan, without interest, repayable in monthly installments of \$1,458, matures February 2022, unsecured.	<b>52,500</b>	70,000
Loan payable in monthly payments of \$10,062 including interest at 7.99% per annum, maturity date of March 2022, secured by vehicle with a net book value of \$279,730.	<b>320,162</b>	-
Loan payable in monthly payments of \$11,487 including interest at 7.99% per annum, maturity date of March 2022, secured by vehicle with a net book value of \$315,994.	<b>365,492</b>	-
Loan payable in monthly payments of \$9,107 including interest at 7.30% per annum, maturity date of March 2021, secured by vehicle with a net book value of \$234,010.	<b>196,066</b>	-
First Peoples Economic Growth Fund Inc. demand loan, without interest, repayable in monthly installments of \$1,531, matures November 2026, unsecured.	<b>128,643</b>	-
	<b>1,878,858</b>	1,017,769

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

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	434,092
2021	403,091
2022	319,718
2023	61,111
2024	62,626

**13. Contingencies**

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2019 might be recovered.

At March 31, 2019, the First Nation has determined that some contaminated sites exist. However, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy described in Note 3.

**14. Tangible capital assets**

	<b>2019</b>	<b>2018</b>
<b>Construction in progress</b>		
Arena	<b>3,107,765</b>	3,040,878
5 duplexes	<b>1,873,748</b>	1,413,422
7 houses	<b>367,948</b>	-
Garage	<b>316,691</b>	-
Fish plant	<b>141,368</b>	141,368
Nursing residence	<b>171,183</b>	25,585
CMHC - 20 Unit project (Phase 12)	-	3,366,793
3 duplexes	-	772,472
	<b>5,978,703</b>	8,760,518
<b>Tangible capital assets in use</b>	<b>112,249,673</b>	112,716,844
	<b>118,228,376</b>	121,477,362

**St. Theresa Point First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**15. Indigenous Services Canada funding**

The Indigenous Services Canada ("ISC") revenue of \$41,502,199 (2018 – \$38,442,283) on the consolidated statement of operations and accumulated surplus agrees to the ISC confirmation.

**16. Other revenue**

	2019	2018
Gas and fuel sales	2,398,382	2,339,954
Other	2,425,372	3,147,820
Rent	1,287,589	1,539,201
Minister of Indigenous and Northern Relations	122,260	122,293
Federal Justice	66,912	66,912
Interest	62,114	12,631
	<b>6,362,629</b>	<b>7,228,811</b>

**17. First Nations and Inuit Health funding**

The First Nations and Inuit Health revenue of \$4,398,969 (2018 – \$4,068,382) on the consolidated statement of operations and accumulated surplus agrees to the First Nation and Inuit Health confirmation.

**18. Subsequent event**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on the economy through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**19. Related party transactions**

Island Lake Tribal Council provided grant revenue of \$415,956 (2018 - \$375,556) to the First Nation during the year. Island Lake Tribal Council is jointly controlled by 4 First Nation governments, including the First Nation.

**20. Economic dependence**

St. Theresa Point First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") and First Nations and Inuit Health as a result of Treaties entered into with the Government of Canada. These Treaties are administered by 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.

**21. Compliance with laws and regulations**

*St. Theresa Point First Nation Financial Administration Law*

The Chief and Council enacted the St. Theresa Point First Nation Financial Administration Law (the "FAL") in order to govern the financial administration of the First Nation. Included in the FAL is a provision that the law will come into force exactly 36 months after the date in which the First Nation obtains loan financing from the First Nations Finance Authority. The First Nation obtained loan financing from the First Nations Finance Authority on December 9, 2013 and needed to comply by December 9, 2016. The First Nation is not in compliance with all of the requirements of the Finance Administration Law. The results of this non-compliance have not yet been determined.

*First Nations Financial Transparency and Accountability Act*

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2019. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

*The Manitoba Environmental Protection Act*

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance. As directed by PS 3270, a liability must be 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 to the extent of the proportion of site capacity used compared to 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 asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

**22. Budget information**

The disclosed budget information was approved by the Chief and Council of St. Theresa Point First Nation on June 15, 2018.

**23. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**St. Theresa Point First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	<i>Land</i>	<i>Equipment</i>	<i>Facilities</i>	<i>Infrastructure</i>	<i>Barge</i>	<i>Vehicles</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	550,000	14,993,436	186,144,750	14,708,874	8,654,759	7,776,982	232,828,801
Acquisition of tangible capital assets	-	-	149,524	298,800	-	2,069,897	2,518,221
Transfer upon project completion	-	-	4,518,634	-	-	-	4,518,634
Balance, end of year	550,000	14,993,436	190,812,908	15,007,674	8,654,759	9,846,879	239,865,656
<b>Accumulated amortization</b>							
Balance, beginning of year	-	7,448,801	94,348,678	8,737,262	3,719,850	5,857,366	120,111,957
Annual amortization	-	1,508,926	4,829,430	246,884	123,373	795,413	7,504,026
Balance, end of year	-	8,957,727	99,178,108	8,984,146	3,843,223	6,652,779	127,615,983
<b>Net book value of tangible capital assets</b>	550,000	6,035,709	91,634,800	6,023,528	4,811,536	3,194,100	112,249,673
2018 Net book value of tangible capital assets	550,000	7,544,635	91,796,072	5,971,612	4,934,909	1,919,616	112,716,844

**St. Theresa Point First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	<i>Subtotal</i>	<i>Assets under construction</i>	<i>2019</i>	<i>2018</i>
<b>Cost</b>				
Balance, beginning of year	232,828,801	8,760,518	241,589,319	234,763,067
Acquisition of tangible capital assets	2,518,221	1,736,819	4,255,040	6,826,252
Transfer upon project completion	4,518,634	(4,518,634)	-	-
Balance, end of year	239,865,656	5,978,703	245,844,359	241,589,319
<b>Accumulated amortization</b>				
Balance, beginning of year	120,111,957	-	120,111,957	112,532,874
Annual amortization	7,504,026	-	7,504,026	7,579,083
Balance, end of year	127,615,983	-	127,615,983	120,111,957
<b>Net book value of tangible capital assets</b>	<b>112,249,673</b>	<b>5,978,703</b>	<b>118,228,376</b>	<b>121,477,362</b>
2018 Net book value of tangible capital assets	112,716,844	8,760,518	121,477,362	



**St. Theresa Point First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2019*

	2019	2018
<b>Consolidated expenses by object</b>		
Amortization	7,504,026	7,579,083
Bad debts	175,947	398,448
Bank charges and interest	1,083,913	1,259,111
Community and donations	795,793	1,160,694
Employee compensation	17,572,884	17,283,844
Fuel	1,744,501	2,939,859
Funerals & wakes	38,901	124,767
Insurance	413,677	431,133
Language and culture	603,379	799,133
Other	1,102,392	601,334
Professional development	243,458	48,849
Professional fees	505,546	673,029
Program delivery	1,691,176	1,613,786
Rent	198,722	282,606
Repairs and maintenance	3,266,967	3,311,380
Special education	2,709,526	2,495,235
Student expenses	823,232	622,040
Supplies	944,781	752,621
Telephone	363,594	302,020
Training	657,061	842,739
Travel	2,016,474	2,196,624
Tuition	843,353	621,580
Utilities	671,455	619,621
Welfare assistance	10,286,108	10,044,082
	<b>56,256,866</b>	<b>57,003,618</b>

**St. Theresa Point First Nation**  
**Schedule 3 - Consolidated Summary Schedule of Segment Operations**

*For the year ended March 31, 2019*

	<i>Schedule #</i>	<i>Revenue</i>	<i>Expenses</i>	<i>2019 Surplus (Deficit)</i>	<i>2018 Surplus (Deficit)</i>
<b>Segments</b>					
Band Administration	4	2,363,655	2,921,729	(558,074)	(5,591)
Business Enterprises	5	3,500,388	3,823,328	(322,940)	(517,026)
Community Service and Development	6	4,042,578	3,659,737	382,841	(2,543,631)
Education	7	17,854,229	17,118,513	735,716	390,258
Employment and Training	8	1,049,361	1,141,901	(92,540)	(105,712)
Health and Welfare	9	15,774,131	15,899,032	(124,901)	107,903
Law and Justice	10	396,252	517,332	(121,080)	(92,320)
Public Works	11	6,815,184	11,175,294	(4,360,110)	(816,882)
<b>Total</b>		<b>51,795,778</b>	<b>56,256,866</b>	<b>(4,461,088)</b>	<b>(3,583,001)</b>