

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

March 31, 2020

St. Theresa Point First Nation
Consolidated Financial Statements - Table of Contents
For the year ended March 31, 2020

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Debt	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	17
Schedule 2 - Consolidated Schedule of Expenses by Object	19
Schedule 3 - Consolidated Summary Schedule of Segment Operations	20
Schedule 4 - Consolidated Schedule of Segment Operations - Band Administration	21
Schedule 5 - Consolidated Schedule of Segment Operations - Business Enterprises	22
Schedule 6 - Consolidated Schedule of Segment Operations - Community Service and Development	23
Schedule 7 - Consolidated Schedule of Segment Operations - Education	24
Schedule 8 - Consolidated Schedule of Segment Operations - Employment and Training	25
Schedule 9 - Consolidated Schedule of Segment Operations - Health and Welfare	26
Schedule 10 - Consolidated Schedule of Segment Operations - Law and Justice	27
Schedule 11 - Consolidated Schedule of Segment Operations - Public Works	28

Management's Responsibility

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.



Chief Financial Officer

Independent Auditor's Report

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, 2020, and the consolidated statements of operations and accumulated surplus, changes 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, 2020, and the results of its consolidated operations, changes 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

May 9, 2022

MNP LLP

Chartered Professional Accountants

St. Theresa Point First Nation

Consolidated Statement of Financial Position

As at March 31, 2020

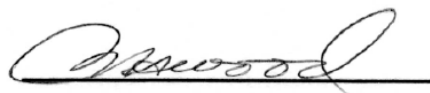
	2020	2019
Financial assets		
Cash	711,809	353,633
Accounts receivable (Note 3)	2,465,894	4,436,786
Inventory for resale (Note 4)	125,885	37,918
Restricted cash (Note 5)	2,679,744	2,307,959
	5,983,332	7,136,296
Liabilities		
Bank indebtedness (Note 6)	1,208,493	2,112,875
Accounts payable and accruals (Note 7)	9,115,328	4,618,361
Deferred revenue (Note 8)	3,668,094	4,188,398
First Nations Finance Authority long-term debt (Note 9)	20,891,646	21,394,914
CMHC housing mortgages (Note 10)	14,353,930	15,189,836
Other long-term debt (Note 11)	2,040,144	1,878,858
	51,277,635	49,383,242
Net debt	(45,294,303)	(42,246,946)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Note 13) (Schedule 1)	118,163,118	118,228,376
Inventory held for use (Note 14)	2,850,279	1,809,275
Prepaid expenses	88,850	-
	121,102,247	120,037,651
Accumulated surplus	75,807,944	77,790,705



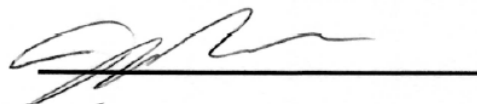
Chief



Councilor



Councilor



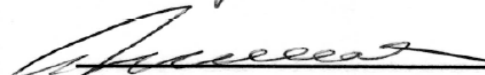
Councilor



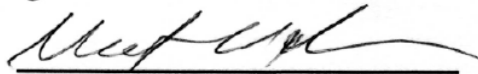
Councilor



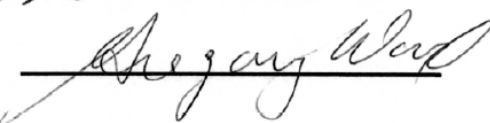
Councilor



Councilor



Councilor



Councilor

St. Theresa Point First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada (Note 15)		23,958,558	51,481,792	45,901,168
Other revenue (Note 16)		13,638,891	7,344,776	6,041,440
Island Lake Tribal Council (Note 17)		96,000	1,333,739	415,956
Canada Mortgage and Housing Corporation		1,084,886	1,174,315	884,024
Province of Manitoba		984,018	1,027,810	983,095
Assembly of Manitoba Chiefs Secretariat Inc. (Note 17)		-	830,032	-
Manitoba Keewatinowi Okimakanak Inc.		726,381	-	954,757
Revenue deferred from prior year (Note 8)		-	4,188,398	482,547
Revenue deferred to subsequent year (Note 8)		-	(3,668,094)	(4,188,398)
		40,488,734	63,712,768	51,474,589
Segment expenses				
Band Administration	4	2,914,400	3,834,302	2,911,303
Business Enterprises	5	-	4,956,996	3,823,328
Community Service and Development	6	3,741,872	5,577,195	3,659,737
Education	7	11,913,494	20,066,087	17,010,747
Employment and Training	8	1,886,951	1,439,052	1,141,901
Health and Welfare	9	14,340,371	17,270,549	15,696,035
Law and Justice	10	273,388	687,175	517,332
Public Works	11	7,805,011	11,864,173	11,175,294
Total segment expenses (Schedule 2)		42,875,487	65,695,529	55,935,677
Deficit		(2,386,753)	(1,982,761)	(4,461,088)
Accumulated surplus, beginning of year		77,790,705	77,790,705	82,251,793
Accumulated surplus, end of year		75,403,952	75,807,944	77,790,705

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

St. Theresa Point First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Annual surplus (deficit)	(2,386,753)	(1,982,761)	(4,461,088)
Purchases of tangible capital assets	-	(7,028,054)	(4,255,040)
Amortization of tangible capital assets	-	7,093,312	7,504,026
Change in fuel inventory held for use	-	(1,041,004)	254,932
Change in prepaid expense	-	(88,850)	27,918
Increase in net debt	(2,386,753)	(3,047,357)	(929,252)
Net debt, beginning of year	(42,246,946)	(42,246,946)	(41,317,694)
Net debt, end of year	(44,633,699)	(45,294,303)	(42,246,946)

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

St. Theresa Point First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(1,982,761)	(4,461,088)
Non-cash items		
Amortization	7,093,312	7,504,026
	5,110,551	3,042,938
Changes in working capital accounts		
Accounts receivable	1,970,892	(3,136,825)
Inventory for resale	(87,967)	-
Accounts payable and accruals	4,496,967	(252,378)
Deferred revenue	(520,304)	3,705,851
Fuel inventory held for use	(1,041,004)	254,932
Prepaid expenses	(88,850)	27,918
	9,840,285	3,642,436
Financing activities		
Bank indebtedness	(904,382)	817,571
Repayment of First Nations Finance Authority long-term debt	(503,268)	(487,366)
Advances of CMHC housing mortgages	-	828,208
Repayment of CMHC housing mortgages	(835,906)	(632,418)
Advances of other long-term debt	587,982	1,106,809
Repayment of other long-term debt	(426,696)	(245,720)
	(2,082,270)	1,387,084
Capital activity		
Purchases of tangible capital assets	(7,028,054)	(4,255,040)
Investing activity		
Change in restricted cash	(371,785)	(835,216)
Increase (decrease) in cash	358,176	(60,736)
Cash, beginning of year	353,633	414,369
Cash, end of year	711,809	353,633

St. Theresa Point First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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. 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.
- 10002099 Manitoba Ltd.
- 10040281 Manitoba Ltd.
- 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

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

Funds held in trust

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.

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

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. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

	Rate
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.

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.

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.

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

Revenue recognition

Government transfer revenue, including, but not limited to, Indigenous Services Canada 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 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 revenue 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.

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, 2020.

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 19.

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. 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 businesses endeavours.

Community Service 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 and social 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 2 the Significant accounting policies.

3. Accounts receivable

	2020	2019
Trade and other receivables	2,289,102	2,262,490
Indigenous Services Canada	1,129,586	2,984,739
Employee advances	681,456	333,474
Assembly of Manitoba Chiefs Secretariat Inc.	207,508	-
Canada Mortgage and Housing Corporation	86,484	499,903
Island Lake Tribal Council	40,823	-
	4,434,959	6,080,606
Less: allowance for doubtful accounts	1,969,065	1,643,820
	2,465,894	4,436,786

Accounts receivable with Assembly of Manitoba Chiefs Secretariat Inc. and Island Lake Tribal Council are unsecured, non-interest bearing, due on demand and have arisen from transactions in the normal course of operations.

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, 2020

4. Inventory for resale

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

5. Restricted cash

	2020	2019
Secured revenues - reserve account	1,273,003	1,222,218
Capital projects	1,064,562	625,817
Secured revenues trust account - proceeds on deposit	323,454	341,524
CMHC replacement reserve	1,952	102,810
Ottawa Trust Fund	16,773	15,590
	2,679,744	2,307,959

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.

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, 2020, the replacement reserve bank account was underfunded by \$720,593 (2019 - \$503,675).

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, 2020, the operating surplus reserve bank account was underfunded by \$35,715 (2019 - \$275,640).

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 (2019 - \$166); interest revenue \$nil (2019 - \$nil)
Revenue trust	\$16,607 (2019 - \$15,424); interest revenue \$1,183 (2019 - \$2,360)

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. Bank indebtedness

	2020	2019
The first facility is a \$500,000 bank operating line of credit at a rate of prime plus 2.00% per annum.	476,518	500,000
The second facility is a \$100,000 line of credit at a rate of prime plus 3.30% per annum and authorized overdraft at 21.00% per annum. The March 31, 2020 balance consists of a bank balance of \$6,416 less outstanding cheques of \$20,158 plus outstanding deposits of \$74 (2019 – bank balance of \$16,967 less outstanding cheques of \$64,279).	13,668	47,312
Authorized overdraft of \$500,000 at a rate of 24.00% per annum (2019 - 24.00% per annum). The March 31, 2020 balance consists of outstanding cheques of \$399,380 (2019 – bank balance overdrawn by \$508,741 less outstanding cheques of \$315,964).	399,380	824,705
Bank balance of \$1,026,782 less outstanding cheques of \$1,345,709 (2019 – bank balance of \$45,975 less outstanding cheques of \$786,833).	318,927	740,858
	1,208,493	2,112,875

7. Accounts payable and accruals

	2020	2019
Trade payables and accrued liabilities	8,618,373	4,191,179
Salaries and benefits	426,425	273,703
Indigenous Services Canada	64,000	108,249
Government remittances	6,530	45,230
	9,115,328	4,618,361

8. Deferred revenue

	2020	2019
Indigenous Services Canada ("ISC")		
Soil remediation	502,918	911,880
5 duplexes construction	830,565	1,833,196
Garage	-	414,434
Arena	-	331,993
Community based initiative	533,648	244,721
Nursing residence improvements	76,877	452,174
Housing construction	1,364,400	-
Jordan's Principle	359,686	-
	3,668,094	4,188,398

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

9. First Nations Finance Authority long-term debt

	2020	2019
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 payments of \$14,465.	7,451,130	7,636,239
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 payments of \$22,667.	5,502,689	5,635,949
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 payments of \$1,849.	670,741	688,354
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 payments of \$6,480.	7,267,086	7,434,372
	20,891,646	21,394,914

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:

2021	457,805
2022	457,805
2023	457,805
2024	457,805
2025	457,805

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.

Subsequent to year-end, the First Nation obtained \$2,106,000 of demand loan financing from the First Nations Finance Authority, with annual payments of \$22,157 beginning October 2020 including interest at 2.40% per annum.

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

10. CMHC housing mortgages

	2020	2019
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.	868,940	931,127
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.	907,053	964,514
Phase 3 - Mortgage payable to CMHC in monthly payments of \$5,366 including interest at 1.87% per annum, renewal date of May 2024, maturity date of November 2033, secured by a Ministerial guarantee and assignment of fire insurance.	776,410	825,653
Phase 4 - Mortgage payable to CMHC in monthly payments of \$4,581 including interest at 1.87% per annum, renewal date of May 2024, maturity date of March 2034, secured by a Ministerial guarantee and assignment of fire insurance.	677,062	718,878
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.	942,050	994,345
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.	1,006,408	1,058,105
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.	857,485	900,469
Phase 8 - Mortgage payable to CMHC in monthly payments of \$4,826 including interest at 1.87% per annum, renewal date of June 2024, maturity date of April 2039, secured by a Ministerial guarantee and assignment of fire insurance.	929,626	969,745
Phase 9 - Mortgage payable to CMHC in monthly payments of \$2,635 including interest at 0.64% per annum, renewal date of November 2020, maturity date of May 2040, secured by a Ministerial guarantee and assignment of fire insurance (*).	597,954	623,911
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.	1,136,270	1,179,735
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.	2,485,205	2,661,469
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.	3,169,467	3,361,885
	14,353,930	15,189,836

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

(*) Subsequent to year-end, certain of these mortgages were renewed with similar terms of repayment and interest.

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:

2021	852,886
2022	868,557
2023	884,532
2024	900,817
2025	917,418

11. Other long-term debt

	2020	2019
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.	728,813	768,062
First Peoples Economic Growth Fund Inc. demand loan, without interest, repayable in monthly installments of \$1,458, matures February 2022, unsecured.	35,000	52,500
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 \$252,795 (2019 - \$279,730).	254,436	320,162
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 \$223,784 (2019 - \$315,994).	223,372	365,492
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 \$187,208 (2019 - \$234,010). Subsequent to year-end, the loan was paid in full.	97,181	196,066
First Peoples Economic Growth Fund Inc. demand loan, without interest, repayable in monthly payments of \$1,531, matures November 2026, unsecured.	113,360	128,643
Loan payable in monthly payments of \$9,600 including interest at 7.49% per annum, maturity date of April 2023, secured by vehicle with a net book value of \$258,984.	307,982	-
Kitayan Community Futures Development Corporation demand loan in monthly payments of \$2,773 including interest at 7% per annum, maturity date of April 2025, unsecured.	140,000	-
Kitayan Community Futures Development Corporation demand loan in monthly payments of \$2,773 including interest at 7% per annum, maturity date of April 2025, unsecured.	140,000	-
Term loan, repaid during this year.	-	47,933
	2,040,144	1,878,858

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. 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:

2021	545,182
2022	480,487
2023	227,527
2024	122,408
2025	128,180

12. 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, 2020 might be recovered.

At March 31, 2020, 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 2.

13. Tangible capital assets

	2020	2019
Construction in progress		
Arena	3,484,479	3,107,765
5 duplexes	2,877,483	1,873,748
7 houses	1,591,644	367,948
Garage	-	316,691
Fish plant	141,368	141,368
Nursing residence	-	171,183
Deposit on equipment	193,056	-
Office building	314,169	-
Camp	200,000	-
6 Homes	459,982	-
	9,262,181	5,978,703
Tangible capital assets in use	108,900,937	112,249,673
	118,163,118	118,228,376

14. Inventory held for use

	2020	2019
Fuels	2,371,411	1,809,275
Material for repairs	478,868	-
	2,850,279	1,809,275

St. Theresa Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

15. Indigenous Services Canada funding

The Indigenous Services Canada ("ISC") revenue of \$51,481,792 (2019 – \$45,901,168) on the consolidated statement of operations and accumulated surplus agrees to the ISC confirmation.

16. Other revenue

	2020	2019
Gas and fuel sales	3,189,736	2,398,382
Other	2,967,650	2,104,183
Rent	962,044	1,287,589
Minister of Indigenous and Northern Relations	123,369	122,260
Federal Justice	64,912	66,912
Interest	37,065	62,114
	7,344,776	6,041,440

17. Related party transactions

Island Lake Tribal Council provided grant revenue of \$1,333,739 (2019 - \$415,956) to the First Nation during the year. Island Lake Tribal Council is jointly controlled by four First Nation governments, including the First Nation.

Assembly of Manitoba Chiefs Secretariat Inc. provided grant revenue of \$415,016 (2019 - \$nil) to the First Nation during the year. Assembly of Manitoba Chiefs Secretariat Inc. is jointly controlled by sixty two First Nation governments, including the First Nation.

18. Economic dependence

St. Theresa Point First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") 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.

19. 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 possible effects 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, 2020. 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.

20. Budget information

The disclosed budget information was approved by the Chief and Council of St. Theresa Point First Nation on March 26, 2019.

21. Comparative figures

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

22. Significant event

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

St. Theresa Point First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	<i>Land</i>	<i>Equipment</i>	<i>Facilities</i>	<i>Infrastructure</i>	<i>Barge</i>	<i>Vehicles</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	550,000	14,993,436	190,812,908	15,007,674	8,654,759	9,846,879	239,865,656
Acquisition of tangible capital assets	-	666,004	-	29,722	806,670	931,083	2,433,479
Transfer upon project completion	-	-	1,311,097	-	-	-	1,311,097
Balance, end of year	550,000	15,659,440	192,124,005	15,037,396	9,461,429	10,777,962	243,610,232
Accumulated amortization							
Balance, beginning of year	-	8,957,727	99,178,108	8,984,146	3,843,223	6,652,779	127,615,983
Annual amortization	-	1,226,370	4,669,215	237,026	140,455	820,246	7,093,312
Balance, end of year	-	10,184,097	103,847,323	9,221,172	3,983,678	7,473,025	134,709,295
Net book value of tangible capital assets	550,000	5,475,343	88,276,682	5,816,224	5,477,751	3,304,937	108,900,937
2019 Net book value of tangible capital assets	550,000	6,035,709	91,634,800	6,023,528	4,811,536	3,194,100	112,249,673

St. Theresa Point First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Assets under construction</i>	<i>2020</i>	<i>2019</i>
Cost				
Balance, beginning of year	239,865,656	5,978,703	245,844,359	241,589,319
Acquisition of tangible capital assets	2,433,479	4,594,575	7,028,054	4,255,040
Transfer upon project completion	1,311,097	(1,311,097)	-	-
Balance, end of year	243,610,232	9,262,181	252,872,413	245,844,359
Accumulated amortization				
Balance, beginning of year	127,615,983	-	127,615,983	120,111,957
Annual amortization	7,093,312	-	7,093,312	7,504,026
Balance, end of year	134,709,295	-	134,709,295	127,615,983
Net book value of tangible capital assets	108,900,937	9,262,181	118,163,118	118,228,376
2019 Net book value of tangible capital assets	112,249,673	5,978,703	118,228,376	

St. Theresa Point First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Amortization	7,093,312	7,504,026
Bad debts	347,550	175,947
Bank charges and interest	1,167,099	1,083,913
Community contributions	2,464,402	1,678,706
Employee compensation	21,794,713	16,689,971
Fuel	2,826,779	1,744,501
Income assistance	11,245,515	10,286,108
Insurance	472,050	413,677
Professional fees	460,661	505,546
Program delivery	2,322,056	3,308,257
Repairs and maintenance	4,650,216	3,266,967
Special education	1,749,555	2,709,526
Student expenses	699,539	828,356
Supplies	1,633,901	944,781
Telephone	440,179	363,594
Training	884,747	900,519
Travel	3,483,947	2,016,474
Tuition	1,071,376	843,353
Utilities	887,932	671,455
	65,695,529	55,935,677

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

For the year ended March 31, 2020

	<i>Schedule #</i>	<i>Revenue</i>	<i>Expenses</i>	<i>2020 Surplus (Deficit)</i>	<i>2019 Surplus (Deficit)</i>
Segments					
Band Administration	4	1,898,762	3,834,302	(1,935,540)	(547,648)
Business Enterprises	5	4,536,737	4,956,996	(420,259)	(322,940)
Community Service and Development	6	6,523,756	5,577,195	946,561	264,649
Education	7	23,228,756	20,066,087	3,162,669	843,482
Employment and Training	8	1,050,840	1,439,052	(388,212)	(92,540)
Health and Welfare	9	19,099,543	17,270,549	1,828,994	(124,901)
Law and Justice	10	374,118	687,175	(313,057)	(121,080)
Public Works	11	7,000,256	11,864,173	(4,863,917)	(4,360,110)
Total		63,712,768	65,695,529	(1,982,761)	(4,461,088)