
RED SUCKER LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

RED SUCKER LAKE FIRST NATION

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MARCH 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Red Sucker Lake First Nation are the responsibility of management and have been approved by Chief and Council.

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

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

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

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

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


Chief


Councillor


Councillor


Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Red Sucker Lake First Nation

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Red Sucker Lake First Nation as at March 31, 2016, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
August 8, 2018

Collins Barrow HMA LLP
Chartered Professional Accountants

RED SUCKER LAKE FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2016 2015

FINANCIAL ASSETS

| | | |
|------------------------------|------------------|------------------|
| Cash | \$ 103,451 | \$ 774,776 |
| Restricted cash (Note 3) | 85,864 | 85,601 |
| Accounts receivable (Note 4) | 457,843 | 217,716 |
| Investments (Note 5) | <u>975,676</u> | <u>998,462</u> |
| | <u>1,622,834</u> | <u>2,076,555</u> |

LIABILITIES

| | | |
|---|----------------------|----------------------|
| Accounts payable and accrued liabilities (Note 6) | 3,418,917 | 2,790,702 |
| Deferred revenue (Note 7) | 310,955 | 314,050 |
| Long term debt (Note 8) | <u>8,726,070</u> | <u>9,196,178</u> |
| | <u>12,455,942</u> | <u>12,300,930</u> |
| NET DEBT | <u>(10,833,108)</u> | <u>(10,224,375)</u> |

NON-FINANCIAL ASSETS

| | | |
|----------------------------------|----------------------|----------------------|
| Tangible capital assets (Note 9) | 35,235,757 | 35,710,145 |
| Construction in progress | | 1,037,224 |
| Prepaid expenses | <u>842,555</u> | <u>548,443</u> |
| | <u>36,078,312</u> | <u>37,295,812</u> |
| ACCUMULATED SURPLUS | <u>\$ 25,245,204</u> | <u>\$ 27,071,437</u> |

CONTINGENT LIABILITIES (Note 10)

On behalf of the Chief and Council


Chief


Councillor


Councillor

.....
Councillor


Councillor

.....
Councillor

RED SUCKER LAKE FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2 0 1 6 | 2 0 1 5 |
|---|-----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | \$ 7,929,714 | \$ 10,014,587 | \$ 10,514,262 |
| First Nations and Inuit Health | 315,490 | 1,529,514 | 1,659,348 |
| Canada Mortgage and Housing Corporation | 446,849 | 494,495 | 446,849 |
| Employment and Social Development Canada | 218,565 | 219,939 | 218,565 |
| Rental Revenue | | 60,000 | 50,312 |
| Other | | 560,313 | 1,124,805 |
| Deferred from prior year | | 314,050 | |
| Deferred to following year | | (310,955) | |
| INAC recovery | - | (138,000) | - |
| | <u>8,910,618</u> | <u>12,743,943</u> | <u>14,014,141</u> |
| EXPENDITURES | | | |
| Administration | 898,139 | 2,272,983 | 1,357,056 |
| Economic development | 83,728 | 136,579 | 51,203 |
| Employment and training | | 217,171 | 220,631 |
| Private funds | | 195,142 | 166,404 |
| Operations and maintenance | 599,408 | 575,461 | 1,171,128 |
| Social assistance | 3,381,507 | 3,941,668 | 4,088,521 |
| Capital | | 2,546,106 | 1,732,863 |
| Education authority | 3,280,446 | 3,033,979 | 3,451,123 |
| Housing | | 343,768 | 793,600 |
| Health authority | <u>1,266,037</u> | <u>1,307,319</u> | <u>1,514,425</u> |
| | <u>9,509,265</u> | <u>14,570,176</u> | <u>14,546,954</u> |
| ANNUAL DEFICIT | (598,647) | (1,826,233) | (532,813) |
| ACCUMULATED SURPLUS, <i>beginning of year</i> | <u>29,814,863</u> | <u>27,071,437</u> | <u>27,604,250</u> |
| ACCUMULATED SURPLUS, <i>end of year</i> | \$ <u>29,216,216</u> | \$ <u>25,245,204</u> | \$ <u>27,071,437</u> |

RED SUCKER LAKE FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

| | BUDGET (UNAUDITED) | 2 0 1 6 | 2 0 1 5 |
|--|------------------------|-------------------------|-------------------------|
| Annual deficit | \$ (598,647) | \$ (1,826,233) | \$ (532,813) |
| Acquisition of tangible capital assets | (642,776) | (644,683) | (1,544,961) |
| Amortization of capital assets | <u>2,150,000</u> | <u>2,156,295</u> | <u>2,177,698</u> |
| | <u>1,507,224</u> | <u>1,511,612</u> | <u>632,737</u> |
| Acquisition of prepaid expenses | (840,000) | (842,555) | (548,443) |
| Use of prepaid expenses | <u>548,443</u> | <u>548,443</u> | <u>209,910</u> |
| | <u>(291,557)</u> | <u>(294,112)</u> | <u>(338,533)</u> |
| (INCREASE) IN DEBT FOR YEAR | 617,020 | (608,733) | (238,609) |
| NET DEBT, <i>beginning of year</i> | <u>(10,584,413)</u> | <u>(10,224,375)</u> | <u>(9,985,766)</u> |
| NET DEBT, <i>end of year</i> | <u>\$ (9,967,393)</u> | <u>\$ (10,833,108)</u> | <u>\$ (10,224,375)</u> |

RED SUCKER LAKE FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

| | 2 0 1 6 | 2 0 1 5 |
|---|-------------------|-------------------|
| CASH FLOW FROM | | |
| <i>OPERATING ACTIVITIES</i> | | |
| Cash receipts from funding agencies | \$ 11,882,901 | \$ 12,449,139 |
| Cash received from other sources | 640,605 | 1,424,805 |
| Cash paid to suppliers and others | (7,830,698) | (8,619,312) |
| Cash paid to employees | (3,944,367) | (4,088,521) |
| Interest paid | (304,713) | (293,273) |
| | <u>443,728</u> | <u>872,838</u> |
| <i>CAPITAL ACTIVITIES</i> | | |
| Purchase of capital assets and construction in progress | (644,683) | (1,544,961) |
| <i>INVESTING ACTIVITY</i> | | |
| Purchase of investments | <u>-</u> | (700,000) |
| <i>FINANCING ACTIVITIES</i> | | |
| Proceeds from long term debt | | 1,343,038 |
| Repayment of long term debt | (470,107) | (514,519) |
| | (470,107) | <u>828,519</u> |
| NET DECREASE IN CASH DURING YEAR | (671,062) | (543,604) |
| CASH, <i>beginning of year</i> | <u>860,377</u> | <u>1,403,981</u> |
| CASH, <i>end of year</i> | <u>\$ 189,315</u> | <u>\$ 860,377</u> |
| CASH COMPRISED OF | | |
| Cash - operating | \$ 103,451 | \$ 774,776 |
| Cash - restricted | <u>85,864</u> | <u>85,601</u> |
| | <u>\$ 189,315</u> | <u>\$ 860,377</u> |

RED SUCKER LAKE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. NATURE OF OPERATIONS

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

REPORTING ENTITY

These consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

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

First Nation Programs:

- Red Sucker Lake First Nation
- Red Sucker Lake CMHC Housing Authority
- Red Sucker Lake Health Authority Inc.
- Red Sucker Lake Employment and Training

Incorporated and unincorporated enterprises (wholly-owned):

- 6173536 Manitoba Ltd. (o/a RSL Inc.)
- Red Sucker Lake Air Services Ltd.

ASSET CLASSIFICATION

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

RESTRICTED CASH

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. The First Nation's investments in various commercial enterprises are accounted for using the modified equity method.

Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends.

TANGIBLE CAPITAL ASSETS

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

Tangible capital assets acquired are reported at net book value.

Houses acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the corresponding mortgage. Amortization of all other tangible capital asset categories is provided for on a straight-line basis, over the expected useful life of the asset as follows:

| | |
|-------------------------|---------------|
| Buildings | 25 - 40 years |
| Equipment | 5 - 10 years |
| Housing | 25 - 40 years |
| Roads | 50 years |
| Vehicles | 10 years |
| Waste and water systems | 40 - 50 years |

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

CONSTRUCTION IN PROGRESS

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

LONG-LIVED ASSETS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2016**

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

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

Government transfer revenue which includes Indigenous and Northern Affairs Canada, First Nations and Inuit Health Branch, Employment and Social Development Canada and Canada Mortgage and Housing Corporation is recognized as the revenue becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements that relate to subsequent fiscal periods is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt and is recognized as revenue in the year to which it was designated. Revenue that is restricted for particular purposes is deferred and recognized when eligible expenditures have been incurred.

The First Nation recognizes video lottery terminal revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to the Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present gaming revenue (net of commissions), as these amounts are fixed as per their agreement with Manitoba Liquor and Lotteries Corporation.

Sales are recognized when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

Rents are recorded in the year they are earned.

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

Interest revenue is recognized on an accrual basis in the period 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 subsequent collection is reasonably assured.

EMPLOYEE FUTURE BENEFITS

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

SEGMENTS

The First Nation conducts its business through a number of reportable segments. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2016**

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

Financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, deferred revenue, due to federal government agencies and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments and the carrying values of the First Nation's financial assets and liabilities approximates their fair values.

FAIR VALUE

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

USE OF ESTIMATES

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

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

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

PROVISION FOR SITE REHABILITATION

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

3. RESTRICTED CASH

Ottawa Trust Fund

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

CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve is to be credited with an annual allocation of \$67,300. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

| | 2 0 1 6 | 2 0 1 5 |
|---------------------|------------------|------------------|
| Ottawa Trust | \$ 5,415 | \$ 5,152 |
| CMHC Escrow Account | <u>80,449</u> | <u>80,449</u> |
| | <u>\$ 85,864</u> | <u>\$ 85,601</u> |

4. ACCOUNTS RECEIVABLE

| | 2 0 1 6 | 2 0 1 5 |
|---|-------------------|-------------------|
| Indigenous and Northern Affairs Canada | \$ | \$ 178,095 |
| Canada mortgage and housing corporation | 394,945 | |
| Manitoba Keewatinowi Okimakanak | 20,784 | |
| Other | <u>42,114</u> | <u>39,621</u> |
| | <u>\$ 457,843</u> | <u>\$ 217,716</u> |

5. INVESTMENTS

| | 2 0 1 6 | 2 0 1 5 |
|--------------------------------------|-------------------|-------------------|
| 6173536 Manitoba Ltd. (o/a RSL Inc.) | \$ 275,676 | \$ 298,462 |
| Red Sucker Lake Air Services Ltd. | <u>700,000</u> | <u>700,000</u> |
| | <u>\$ 975,676</u> | <u>\$ 998,462</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2 0 1 6 | 2 0 1 5 |
|--|---------------------|---------------------|
| Trade payables | \$ 3,286,173 | \$ 2,576,659 |
| Indigenous and Northern Affairs Canada | 34,488 | 51,733 |
| First Nations and Inuit Health Branch | 45,126 | 45,126 |
| Accrued salaries and benefits | 40,275 | 97,889 |
| Accrued interest | <u>12,855</u> | <u>19,295</u> |
| | <u>\$ 3,418,917</u> | <u>\$ 2,790,702</u> |

7. DEFERRED REVENUE

| | 2 0 1 6 | 2 0 1 5 |
|--|----------------|----------------|
| Indigenous and Northern Affairs Canada | | |
| Water - Over \$1.5M - Housing Plumbing Retrofits | 114,050 | 114,050 |
| Post Secondary Student Support Program | 7,238 | |
| First Nations and Inuit Health Branch | 28,891 | |
| Northern Store - Rent | <u>160,776</u> | <u>200,000</u> |
| | <u>310,955</u> | <u>314,050</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

8. LONG TERM DEBT

| | 2 0 1 6 | 2 0 1 5 |
|---|---------------------|---------------------|
| Canada Mortgage and Housing Corporation mortgage, interest at 2.40%, repayable in monthly installments of \$6,599, due October 2016. | \$ 1,248,790 | \$ 1,284,510 |
| Canada Mortgage and Housing Corporation mortgage, interest at 1.64%, repayable in monthly installments of \$6,611, due February 2017. | 1,416,733 | 1,459,318 |
| Canada Mortgage and Housing Corporation mortgage, interest at 1.64%, repayable in monthly installments of \$6,278, due December 2016. | 1,336,357 | 1,376,941 |
| Canada Mortgage and Housing Corporation mortgage, interest at 1.62%, repayable in monthly installments of \$10,438, due March 2018. | 2,338,924 | 2,404,973 |
| Canada Mortgage and Housing Corporation mortgage, interest at 1.92%, repayable in monthly installments of \$3,825, due July 2019. | 871,092 | 892,463 |
| Canada Mortgage and Housing Corporation mortgage, interest at 1.05%, repayable in monthly installments of \$3,033, due April 2020. | 786,690 | 721,085 |
| First National Financial Corporation loan, interest at 3.71%, repayable in monthly installments of \$9,397, due December 2017. | 394,379 | 490,691 |
| Promissory note - Stella Cull, repayable in monthly installments of \$4,705 including interest at 4.75% compounded monthly. | 172,934 | 205,320 |
| Promissory note - Edward Cull, repayable in monthly installments of \$4,461 including interest at 4.75% compounded monthly. | 160,171 | 194,680 |
| First Nations Bank loan, fully retired during the year. | - | 166,197 |
| | <u>\$ 8,726,070</u> | <u>\$ 9,196,178</u> |

The estimated annual principal payments required in each of the next five years to meet retirement provisions are as follows:

| | |
|----------------|------------|
| March 31, 2017 | \$ 501,900 |
| 2018 | 515,675 |
| 2019 | 529,917 |
| 2020 | 435,711 |
| 2021 | 327,761 |

RED SUCKER LAKE FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

9. CAPITAL ASSETS

| | Cost | | | Accumulated Amortization | | | Net Book Value | |
|-------------------------|----------------------|---------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|----------------------|
| | Opening Balance | Additions | Closing Balance | Opening Balance | Amortization | Closing Balance | Total 2 0 1 6 | Total 2 0 1 5 |
| Buildings | \$ 18,451,478 | \$ 122,950 | \$ 18,574,428 | \$ 10,460,224 | \$ 466,032 | \$ 10,926,256 | \$ 7,648,172 | \$ 7,991,254 |
| Equipment | 337,450 | 22,341 | 359,791 | 336,757 | 5,780 | 342,537 | 17,254 | 693 |
| Housing | 27,812,031 | 1,238,640 | 29,050,671 | 15,646,525 | 1,045,208 | 16,691,733 | 12,358,938 | 12,165,506 |
| Land | 220,000 | | 220,000 | | | | 220,000 | 220,000 |
| Roads | 1,354,390 | | 1,354,390 | 850,679 | 27,088 | 877,767 | 476,623 | 503,711 |
| Vehicles | 3,257,669 | 297,976 | 3,555,645 | 1,853,182 | 201,967 | 2,055,149 | 1,500,496 | 1,404,487 |
| Water and Waste Systems | 17,313,910 | - | 17,313,910 | 3,889,416 | 410,220 | 4,299,636 | 13,014,274 | 13,424,494 |
| | <u>\$ 68,746,928</u> | <u>\$ 1,681,907</u> | <u>\$ 70,428,835</u> | <u>\$ 33,036,783</u> | <u>\$ 2,156,295</u> | <u>\$ 35,193,078</u> | <u>\$ 35,235,757</u> | <u>\$ 35,710,145</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

10. CONTINGENT LIABILITIES

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

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

11. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

| | 2 0 1 6 | 2 0 1 5 |
|--|----------------------|----------------------|
| Total INAC revenue per confirmation | \$ 10,014,587 | \$ 10,189,550 |
| Deferred revenue: | | |
| Water - Over \$1.5M - Housing Plumbing Retrofits | <u>-</u> | <u>324,712</u> |
| Total INAC revenue per financial statements | \$ <u>10,014,587</u> | \$ <u>10,514,262</u> |

12. RECONCILIATION OF FIRST NATIONS AND INUIT HEALTH BRANCH REVENUE

| | 2 0 1 6 | 2 0 1 5 |
|---|---------------------|---------------------|
| Total FNIH revenue per confirmation | \$ 1,529,514 | \$ 1,563,548 |
| Deferred revenue | <u>-</u> | <u>95,800</u> |
| Total FNIH revenue per financial statements | \$ <u>1,529,514</u> | \$ <u>1,659,348</u> |

13. ECONOMIC DEPENDENCE

Red Sucker Lake First Nation receives the majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations and Inuit Health Branch (FNIHB) pursuant to funding arrangements with the Government of Canada. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

14. RELATED PARTY TRANSACTIONS

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2016**

15. COMPARATIVE FIGURES

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

16. BUDGET INFORMATION

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

17. EXPENSES BY OBJECT

| | 2 0 1 6 | 2 0 1 5 |
|------------------------------|-----------------------------|-----------------------------|
| Amortization | \$ 2,156,295 | \$ 2,177,698 |
| Insurance | 154,836 | 117,741 |
| Interest | 304,713 | 293,273 |
| Professional fees | 569,467 | 275,511 |
| Purchased goods and services | 2,461,344 | 3,285,980 |
| Salaries and benefits | 4,137,241 | 3,708,848 |
| Social assistance | 4,166,100 | 4,088,521 |
| Travel | <u>620,180</u> | <u>599,382</u> |
| | <u>\$ 14,570,176</u> | <u>\$ 14,546,954</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

18. SEGMENT DISCLOSURE

Red Sucker Lake First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The segment results for the year are as follows:

| | Administration | | Economic Development | | Employment and Training | |
|-----------------------|------------------------|----------------------|----------------------|------------------|-------------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Revenues | | | | | | |
| Federal Government | | | | | | |
| INAC | \$ 867,453 | \$ 626,954 | \$ 83,278 | \$ 83,278 | \$ | \$ |
| FNIHB | | | | | | |
| CMHC | | | | | | |
| ESDC | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>219,939</u> | <u>218,565</u> |
| Total revenue | <u>867,453</u> | <u>626,954</u> | <u>83,278</u> | <u>83,278</u> | <u>219,939</u> | <u>218,565</u> |
| Expenses | | | | | | |
| Amortization | | 71,879 | | | | |
| Debt servicing | 185,627 | 79,156 | | | 507 | 427 |
| Other | 1,607,047 | 1,061,270 | 49,368 | 17,712 | 155,314 | 158,480 |
| Salaries and benefits | <u>480,309</u> | <u>144,750</u> | <u>87,211</u> | <u>33,491</u> | <u>61,350</u> | <u>61,724</u> |
| Total expenses | <u>2,272,983</u> | <u>1,357,055</u> | <u>136,579</u> | <u>51,203</u> | <u>217,171</u> | <u>220,631</u> |
| Surplus (Deficit) | <u>\$ (1,405,530)</u> | <u>\$ (730,101)</u> | <u>\$ (53,301)</u> | <u>\$ 32,075</u> | <u>\$ 2,768</u> | <u>\$ (2,066)</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

18. SEGMENT DISCLOSURE (continued)

| | Private funds | | Operations and Maintenance | | Social Assistance | | Capital | |
|-----------------------|-------------------|-------------------|----------------------------|----------------------|-------------------|-------------------|------------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Revenues | | | | | | | | |
| Federal Government | | | | | | | | |
| INAC | \$ | \$ | \$ 845,638 | \$ 644,138 | \$ 3,976,940 | \$ 4,254,609 | \$ 425,600 | \$ 1,076,877 |
| FNIHB | | | | | | | | |
| CMHC | | | | | | | | |
| ESDC | | | | | | | | |
| Solicitor General | - | - | - | - | - | - | - | - |
| Subtotal | - | - | 845,638 | 644,138 | 3,976,940 | 4,254,609 | 425,600 | 1,076,877 |
| Other revenue | <u>334,649</u> | <u>583,778</u> | - | - | - | - | <u>30,581</u> | <u>153</u> |
| Total revenue | <u>334,649</u> | <u>583,778</u> | <u>845,638</u> | <u>644,138</u> | <u>3,976,940</u> | <u>4,254,609</u> | <u>456,181</u> | <u>1,077,030</u> |
| Expenses | | | | | | | | |
| Amortization | | | | 616,118 | | | 2,156,295 | 689,627 |
| Debt servicing | | | | 615 | 5,540 | | 123 | |
| Other | 194,392 | 166,404 | 369,786 | 282,191 | 3,790,351 | 3,954,510 | 294,886 | 1,043,236 |
| Salaries and benefits | <u>750</u> | <u>-</u> | <u>205,675</u> | <u>272,204</u> | <u>145,777</u> | <u>134,011</u> | <u>94,802</u> | <u>-</u> |
| Total expenses | <u>195,142</u> | <u>166,404</u> | <u>575,461</u> | <u>1,171,128</u> | <u>3,941,668</u> | <u>4,088,521</u> | <u>2,546,106</u> | <u>1,732,863</u> |
| Surplus (Deficit) | <u>\$ 139,507</u> | <u>\$ 417,374</u> | <u>\$ 270,177</u> | <u>\$ (526,990)</u> | <u>\$ 35,272</u> | <u>\$ 166,088</u> | <u>\$ (2,089,925)</u> | <u>\$ (655,833)</u> |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

18. SEGMENT DISCLOSURE (continued)

| | Education | | Housing | | Health | | TOTAL | |
|---------------------------------|--------------|--------------|------------|-----------|------------|------------|-----------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues | | | | | | | | |
| Federal Government | | | | | | | | |
| INAC | \$ 3,815,678 | \$ 3,814,406 | \$ | \$ | \$ | \$ 14,000 | \$ 10,014,587 | \$ 10,514,262 |
| FNIHB | | | | | 1,529,514 | 1,659,348 | 1,529,514 | 1,659,348 |
| CMHC | | | 494,495 | 446,849 | | | 494,495 | 446,849 |
| ESDC | | | | | | | 219,939 | 218,565 |
| Island Lake Tribal Council Inc. | - | - | - | - | - | - | - | - |
| Subtotal | 3,815,678 | 3,814,406 | 494,495 | 446,849 | 1,529,514 | 1,673,348 | 12,258,535 | 12,839,024 |
| Other revenue | 60,000 | 25,799 | 50,000 | 376,479 | 10,178 | 188,908 | 485,408 | 1,175,117 |
| Total revenue | 3,875,678 | 3,840,205 | 544,495 | 823,328 | 1,539,692 | 1,862,256 | 12,743,943 | 14,014,141 |
| Expenses | | | | | | | | |
| Amortization | | 440,584 | | 326,427 | | 33,063 | 2,156,295 | 2,177,698 |
| Debt servicing | 46 | | 111,567 | 162,672 | 1,303 | 50,403 | 304,713 | 293,273 |
| Other | 797,213 | 842,121 | 193,023 | 258,011 | 520,547 | 583,200 | 7,971,927 | 8,367,135 |
| Salaries and benefits | 2,236,720 | 2,168,418 | 39,178 | 46,490 | 785,469 | 847,760 | 4,137,241 | 3,708,848 |
| Total expenses | 3,033,979 | 3,451,123 | 343,768 | 793,600 | 1,307,319 | 1,514,426 | 14,570,176 | 14,546,954 |
| Surplus (Deficit) | \$ 841,699 | \$ 389,082 | \$ 200,727 | \$ 29,728 | \$ 232,373 | \$ 347,830 | \$ (1,826,233) | \$ (532,813) |