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RED SUCKER LAKE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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# RED SUCKER LAKE FIRST NATION

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MARCH 31, 2017

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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.

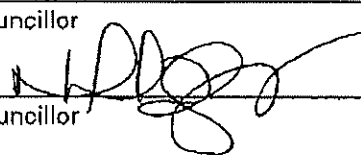
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

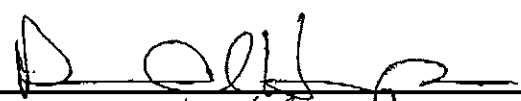
The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to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

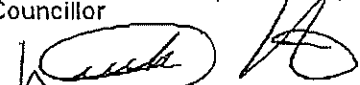
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Red Sucker Lake First Nation and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

  
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Chief

  
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Councillor

  
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Councillor

  
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Councillor

  
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Councillor

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Councillor

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Qualified Opinion**

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, 2017, 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, except for the effects of the matters described in Basis for Qualified Opinion paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Red Sucker Lake First Nation as at March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

Except as explained in the following paragraphs, 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 Financial Statements section of our report. We are independent of Red Sucker Lake First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

During our audit we were not able to obtain access to the records of 6173536 Manitoba Ltd. o/a RSL Inc. entity wholly owned and controlled by the First Nation. As a result our verification was limited to the amounts recorded in the First Nation records and we were unable to determine whether any adjustments to assets, liabilities, accumulated surplus, revenue or expenditures were required, nor we were able to determine that amounts recorded in the First Nation records were accurate and complete.

During our examination we observed deficiencies in accounting and reporting of expenditures and payables. Our verification of expenditures and payables was limited to the extent of amounts recorded in the First Nation records. As a result we were unable to determine whether any adjustments to assets, liabilities and accumulated surplus were required, nor were we able to determine that amounts recorded in the First Nation records were accurate and complete.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Red Sucker Lake 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 Red Sucker Lake First Nation or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Red Sucker Lake 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 Red Sucker Lake First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Red Sucker Lake First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 12, 2020

*Baker Tilly HMA LLP*  
Chartered Professional Accountants

# RED SUCKER LAKE FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016 (Restated)
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### FINANCIAL ASSETS

Cash	\$ 159,504	\$ 103,451
Restricted cash (Note 4)	37,920	85,864
Accounts receivable (Note 5)	709,269	457,843
Investments (Note 6)	<u>470,933</u>	<u>410,541</u>
	<u>1,377,626</u>	<u>1,057,699</u>

### LIABILITIES


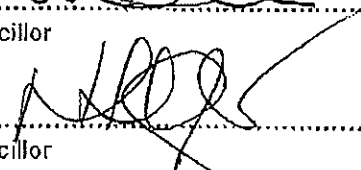

Accounts payable and accrued liabilities (Note 7)	2,467,838	3,418,917
Deferred revenue (Note 8)	60,349	310,955
Long term debt (Note 9)	<u>8,124,380</u>	<u>8,726,070</u>
	<u>10,652,567</u>	<u>12,455,942</u>
NET DEBT	( 9,274,941)	( 11,398,243)

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	33,051,344	35,235,757
Construction in progress (Note 11)	860,554	
Prepaid expenses (Note 12)	<u>1,104,394</u>	<u>842,555</u>
	<u>35,016,292</u>	<u>36,078,312</u>
ACCUMULATED SURPLUS	\$ <u>25,741,351</u>	\$ <u>24,680,069</u>

### CONTINGENT LIABILITIES (Note 13)

On behalf of the Chief and Council

  
Chief  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6 <i>(Restated)</i>
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 14,913,479	\$ 14,913,478	\$ 10,014,587
First Nations and Inuit Health	1,536,949	1,643,698	1,529,514
Canada Mortgage and Housing Corporation		493,738	494,495
Employment and Social Development Canada		373,977	219,939
Other	71,438	772,111	620,313
Deferred from prior year		310,955	314,050
Deferred to following year		( 60,349)	( 310,955)
INAC recovery	-	-	( 138,000)
	<u>16,521,866</u>	<u>18,447,608</u>	<u>12,743,943</u>
<b>EXPENDITURES</b>			
Administration	921,056	1,940,836	2,272,983
Economic development	83,278	154,022	136,579
Employment and training		351,127	217,171
Private funds		306,191	195,142
Operations and maintenance	753,300	499,228	575,461
Social assistance	4,368,200	4,316,617	3,941,668
Capital	3,162,985	4,310,289	2,546,106
Education authority	4,800,151	3,481,220	3,033,979
Housing	979,044	467,933	343,768
Health authority	1,356,161	1,558,863	1,307,319
	<u>16,424,175</u>	<u>17,386,326</u>	<u>14,570,176</u>
ANNUAL SURPLUS (DEFICIT)	<u>97,691</u>	<u>1,061,282</u>	<u>( 1,826,233)</u>
ACCUMULATED SURPLUS, beginning of year	24,680,069	24,680,069	27,071,437
Prior period adjustment <i>(Note 3)</i>	-	-	( 565,135)
As restated	<u>24,680,069</u>	<u>24,680,069</u>	<u>26,506,302</u>
ACCUMULATED SURPLUS, end of year	\$ <u>24,777,760</u>	\$ <u>25,741,351</u>	\$ <u>24,680,069</u>

# RED SUCKER LAKE FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6 (Restated)
Annual surplus (deficit)	\$ <u>97,691</u>	\$ <u>1,061,282</u>	\$ <u>( 1,826,233)</u>
Acquisition of tangible capital assets	( 152,000)	( 152,900)	( 644,683)
Amortization of capital assets	2,330,000	2,337,313	2,156,295
Acquisition of construction in progress	( 860,000)	( 860,554)	-
	<u>1,318,000</u>	<u>1,323,859</u>	<u>1,511,612</u>
Acquisition of prepaid expenses	( 1,100,000)	( 1,104,394)	( 842,555)
Use of prepaid expenses	<u>842,555</u>	<u>842,555</u>	<u>548,443</u>
	<u>( 257,445)</u>	<u>( 261,839)</u>	<u>( 294,112)</u>
CHANGE IN NET DEBT FOR YEAR	<u>1,158,246</u>	<u>2,123,302</u>	<u>( 608,733)</u>
NET DEBT, beginning of year	( 11,398,243)	( 11,398,243)	( 10,224,375)
Prior period adjustment (Note 3)	-	-	( 565,135)
As restated	<u>( 11,398,243)</u>	<u>( 11,398,243)</u>	<u>( 10,789,510)</u>
NET DEBT, end of year	\$ <u>( 10,239,997)</u>	\$ <u>( 9,274,941)</u>	\$ <u>( 11,398,243)</u>



# RED SUCKER LAKE FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

	2 0 1 7	2 0 1 6 (Restated)
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from funding agencies	\$ 17,151,795	\$ 11,882,901
Cash received from other sources	793,781	640,605
Cash paid to suppliers and others	( 11,613,696)	( 7,637,829)
Cash paid to employees	( 4,369,882)	( 4,137,241)
Interest paid	( 338,744)	( 304,713)
	<u>1,623,254</u>	<u>443,723</u>
<i>CAPITAL ACTIVITIES</i>		
Purchase of capital assets and construction in progress	( 1,013,454)	( 644,683)
<i>FINANCING ACTIVITY</i>		
Repayment of long term debt	( 601,690)	( 470,107)
NET INCREASE (DECREASE) IN CASH DURING YEAR	8,110	( 671,067)
CASH, <i>beginning of year</i>	<u>189,310</u>	<u>860,377</u>
CASH, <i>end of year</i>	\$ <u>197,420</u>	\$ <u>189,310</u>

### CASH COMPRISED OF

Cash - operating	\$ 159,504	\$ 103,451
Cash - restricted	<u>37,920</u>	<u>85,864</u>
	\$ <u>197,424</u>	\$ <u>189,315</u>

# RED SUCKER LAKE FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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### 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, 2017

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, 2017

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, 2017

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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, 2017 as funding from agencies will offset any cost associated with the closure of landfill sites.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 3. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2016-17 management determined that the investment in RSL Air Services Ltd. should be reported on their March 31, 2017 financial statements on modified equity basis. As a result of this change in accounting policy, prior period adjustment in the amount of \$565,135 has been recorded in the March 31, 2017 financial statements. The cumulative effect of the adjustment has been reflected in accumulated surplus, with the comparative figures being restated accordingly.

The following table outlines the impact of this change on the prior period:

	As previously reported	Increase (Decrease)	Restated
Investment in Red Sucker Lake Air Services Ltd.	\$ <u>700,000</u>	\$ ( <u>565,135</u> )	\$ <u>134,865</u>
<u>Consolidated Statement of Operations</u>			
Accumulated surplus, beginning of year	\$ <u>25,245,204</u>	\$ ( <u>565,135</u> )	\$ <u>2,480,069</u>
<u>Consolidated Statement of Change in Net Debt</u>			
Net Debt, beginning of year	\$ ( <u>10,833,108</u> )	\$ ( <u>565,135</u> )	\$ <u>1,398,243</u>

## 4. 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 7	2 0 1 6
Ottawa Trust	\$ 5,358	\$ 5,415
CMHC replacement reserve	<u>32,562</u>	<u>80,449</u>
	\$ <u>37,920</u>	\$ <u>85,864</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 5. ACCOUNTS RECEIVABLE

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada	\$ 620,427	\$
Canada Mortgage and Housing Corporation	40,451	394,945
Manitoba Keewatinowi Okimakanak	35,194	20,784
Other	<u>13,197</u>	<u>42,114</u>
	<u>\$ 709,269</u>	<u>\$ 457,843</u>

## 6. INVESTMENTS

	2 0 1 7	2 0 1 6 (Restated)
6173536 Manitoba Ltd. (o/a RSL Inc.)	\$ 275,676	\$ 275,676
Red Sucker Lake Air Services Ltd.	<u>195,257</u>	<u>134,865</u>
	<u>\$ 470,933</u>	<u>\$ 410,541</u>

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
Trade payables	\$ 2,419,342	\$ 3,286,173
Indigenous and Northern Affairs Canada	17,244	34,488
First Nations and Inuit Health Branch		45,126
Accrued salaries and benefits	20,278	40,275
Accrued interest	<u>10,974</u>	<u>12,855</u>
	<u>\$ 2,467,838</u>	<u>\$ 3,418,917</u>

## 8. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada		121,288
First Nations and Inuit Health Branch	60,349	28,891
Other	<u>-</u>	<u>160,776</u>
	<u>60,349</u>	<u>310,955</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 9. LONG TERM DEBT

	2017	2016
Canada Mortgage and Housing Corporation mortgage, interest at 1.46%, repayable in monthly installments of \$6,069, due March 2022.	\$ 1,189,671	\$ 1,248,790
Canada Mortgage and Housing Corporation mortgage, interest at 1.46%, repayable in monthly installments of \$6,494, due March 2022.	1,351,524	1,416,733
Canada Mortgage and Housing Corporation mortgage, interest at 1.46%, repayable in monthly installments of \$6,167, due March 2022.	1,274,299	1,336,357
Canada Mortgage and Housing Corporation mortgage, interest at 1.62%, repayable in monthly installments of \$10,438, due March 2018.	2,237,091	2,338,924
Canada Mortgage and Housing Corporation mortgage, interest at 1.92%, repayable in monthly installments of \$3,825, due July 2019.	836,335	871,092
Canada Mortgage and Housing Corporation mortgage, interest at 1.05%, repayable in monthly installments of \$3,033, due April 2020.	748,490	786,690
First National Financial Corporation loan, interest at 3.71%, repayable in monthly installments of \$9,397, due December 2017.	294,458	394,379
Promissory note - Stella Cull, repayable in monthly installments of \$4,705 including interest at 4.75% compounded monthly.	98,817	172,934
Promissory note - Edward Cull, repayable in monthly installments of \$4,461 including interest at 4.75% compounded monthly.	<u>93,695</u>	<u>160,171</u>
	<u>\$ 8,124,380</u>	<u>\$ 8,726,070</u>

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

March 31, 2018	\$ 518,772
2019	514,486
2020	406,473
2021	328,753
2022	334,506



# RED SUCKER LAKE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 10. CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2017	Total 2016
Buildings	\$ 18,574,428	\$	\$ 18,574,428	\$ 10,926,256	\$ 471,564	\$ 11,397,820	\$ 7,176,608	\$ 7,648,172
Equipment	359,791	141,000	500,791	342,537	36,737	379,274	121,517	17,254
Housing	29,050,671		29,050,671	16,691,733	1,160,553	17,852,286	11,198,385	12,358,938
Land	220,000		220,000				220,000	220,000
Roads	1,354,390		1,354,390	877,767	27,088	904,855	449,535	476,623
Vehicles	3,555,645	11,900	3,567,545	2,055,149	231,151	2,286,300	1,281,245	1,500,496
Water and Waste Systems	17,313,910	-	17,313,910	4,299,636	410,220	4,709,856	12,604,054	13,014,274
	<u>\$ 70,428,835</u>	<u>\$ 152,900</u>	<u>\$ 70,581,735</u>	<u>\$ 35,193,078</u>	<u>\$ 2,337,313</u>	<u>\$ 37,530,391</u>	<u>\$ 33,051,344</u>	<u>\$ 35,235,757</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 11. CONSTRUCTION IN PROGRESS

During the year, Red Sucker Lake First Nation was involved in the construction of six units duplex project. The cost of 860,554 incurred as at March 31, 2017 is deferred until the subsequent year. Upon completion all related costs will form a part of the tangible capital assets.

## 12. PREPAID EXPENSES

	2 0 1 7	2 0 1 6
Fuel	\$ 676,950	\$ 321,525
Supplies	<u>427,444</u>	<u>521,030</u>
	<u>\$ 1,104,394</u>	<u>\$ 842,555</u>

## 13. 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, 2017 might be recovered.

In addition, the following claim has been filed the outcome of which was not certain as of March 31, 2017:

Louise Spence filed a complaint with the Canadian Human Rights Commission seeking unspecified amounts against the First Nation for alleged discrimination in the course of her termination from her teacher position in the First Nation.

## 14. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 7	2 0 1 6
Total INAC revenue per confirmation	\$ <u>14,913,478</u>	\$ <u>10,014,587</u>
Total INAC revenue per financial statements	<u>\$ 14,913,478</u>	<u>\$ 10,014,587</u>

## 15. RECONCILIATION OF FIRST NATIONS AND INUIT HEALTH BRANCH REVENUE

	2 0 1 7	2 0 1 6
Total FNIH revenue per confirmation	\$ <u>1,643,698</u>	\$ <u>1,529,514</u>
Total FNIH revenue per financial statements	<u>\$ 1,643,698</u>	<u>\$ 1,529,514</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 16. 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.

## 17. 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.

## 18. COMPARATIVE FIGURES

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

## 19. 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.

## 20. EXPENSES BY OBJECT

	2 0 1 7	2 0 1 6
Amortization	\$ 2,337,313	\$ 2,156,295
Insurance	205,394	154,836
Interest	338,744	304,713
Professional fees	681,540	569,467
Supplies and services	4,407,397	2,685,776
Salaries and benefits	4,369,882	4,137,241
Social assistance	4,316,617	3,941,668
Travel	<u>729,439</u>	<u>620,180</u>
	<u>\$ 17,386,326</u>	<u>\$ 14,570,176</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 21. 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Federal Government						
INAC	\$ 766,521	\$ 867,453	\$ 83,278	\$ 83,278	\$	\$
FNIHB						
CMHC						
ESDC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,977</u>	<u>219,939</u>
Total revenue	<u>766,521</u>	<u>867,453</u>	<u>83,278</u>	<u>83,278</u>	<u>373,977</u>	<u>219,939</u>
Expenses						
Debt servicing	119,117	185,627			927	507
Other	1,311,712	1,607,047	43,321	49,368	287,700	155,314
Salaries and benefits	<u>510,007</u>	<u>480,309</u>	<u>110,701</u>	<u>87,211</u>	<u>62,500</u>	<u>61,350</u>
Total expenses	<u>1,940,836</u>	<u>2,272,983</u>	<u>154,022</u>	<u>136,579</u>	<u>351,127</u>	<u>217,171</u>
Surplus (Deficit)	<u>\$ ( 1,174,315)</u>	<u>\$ ( 1,405,530)</u>	<u>\$ ( 70,744)</u>	<u>\$ ( 53,301)</u>	<u>\$ 22,850</u>	<u>\$ 2,768</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 21. SEGMENT DISCLOSURE (continued)

	Private funds		Operations and Maintenance		Social Assistance		Capital	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues								
Federal Government								
INAC	\$	\$	\$ 753,300	\$ 845,638	\$ 4,368,200	\$ 3,976,940	\$ 3,162,985	\$ 425,600
FNIHB								
CMHC								
ESDC								
Solicitor General	-	-	-	-	-	-	-	-
Subtotal	-	-	753,300	845,638	4,368,200	3,976,940	3,162,985	425,600
Other revenue	<u>948,628</u>	<u>334,649</u>	-	-	-	-	<u>90,380</u>	<u>30,581</u>
Total revenue	<u>948,628</u>	<u>334,649</u>	<u>753,300</u>	<u>845,638</u>	<u>4,368,200</u>	<u>3,976,940</u>	<u>3,253,365</u>	<u>456,181</u>
Expenses								
Amortization							2,337,313	2,156,295
Debt servicing					2,890	5,540		123
Other	306,191	194,392	317,369	369,786	4,172,670	3,790,351	1,910,622	294,886
Salaries and benefits	-	750	181,859	205,675	141,057	145,777	62,354	94,802
Total expenses	<u>306,191</u>	<u>195,142</u>	<u>499,228</u>	<u>575,461</u>	<u>4,316,617</u>	<u>3,941,668</u>	<u>4,310,289</u>	<u>2,546,106</u>
Surplus (Deficit)	<u>\$ 642,437</u>	<u>\$ 139,507</u>	<u>\$ 254,072</u>	<u>\$ 270,177</u>	<u>\$ 51,583</u>	<u>\$ 35,272</u>	<u>\$ ( 1,056,924)</u>	<u>\$ ( 2,089,925)</u>

# RED SUCKER LAKE FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 21. SEGMENT DISCLOSURE (continued)

	Education		Housing		Health		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenues								
Federal Government								
INAC	\$ 4,800,151	\$ 3,815,678	\$ 979,044	\$	\$	\$	\$ 14,913,479	\$ 10,014,587
FNIHB					1,643,698	1,529,514	1,643,698	1,529,514
CMHC			493,738	494,495			493,738	494,495
ESDC							373,977	219,939
Island Lake Tribal Council Inc.	-	-	-	-	-	-	-	-
Subtotal	4,800,151	3,815,678	1,472,782	494,495	1,643,698	1,529,514	17,424,892	12,258,535
Other revenue	-	60,000	-	50,000	( 16,292)	10,178	1,022,716	485,408
Total revenue	4,800,151	3,875,678	1,472,782	544,495	1,627,406	1,539,692	18,447,608	12,743,943
Expenses								
Amortization							2,337,313	2,156,295
Debt servicing		46	215,096	111,567	714	1,303	338,744	304,713
Other	932,581	797,213	221,339	193,023	836,882	520,547	10,340,387	7,971,927
Salaries and benefits	2,548,639	2,236,720	31,498	39,178	721,267	785,469	4,369,882	4,137,241
Total expenses	3,481,220	3,033,979	467,933	343,768	1,558,863	1,307,319	17,386,326	14,570,176
Surplus (Deficit)	\$ 1,318,931	\$ 841,699	\$ 1,004,849	\$ 200,727	\$ 68,543	\$ 232,373	\$ 1,061,282	\$ ( 1,826,233)