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MANTO SIFI CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018

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# MANTO SIPI CREE NATION

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MARCH 31, 2018

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Manto Sipi Cree Nation are the responsibility of management and have been approved by Chief and Council.

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

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

Chief and Council 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.

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 Manto Sipi Cree Nation and meet when required.



Chief



Councillor



Councillor



Councillor

Councillor

Councillor

## **INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Membership  
Manto Sipi Cree Nation

We have audited the accompanying consolidated financial statements of Manto Sipi Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 Manto Sipi Cree Nation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
November 20, 2018

*Collins Barrow HMA LLP*  
Chartered Professional Accountants

# MANTO SIPI CREE NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2018

2017

### FINANCIAL ASSETS

Cash	\$ 5,186,576	\$ 5,688,418
Restricted cash (Note 2)	2,959	3,054
Accounts receivable (Note 3)	1,812,029	2,742,939
Due from related entities (Note 4)	514,481	612,876
Investments (Note 5)	(149,431)	50,530
Total financial assets	<u>7,366,614</u>	<u>9,097,817</u>

### LIABILITIES

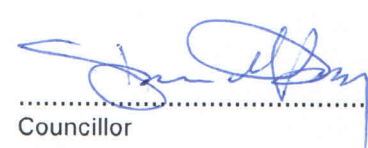
Accounts payable and accrued liabilities (Note 6)	7,129,898	13,032,134
Deferred revenue (Note 7)	4,134,285	516,935
Long term debt (Note 8)	<u>9,079,173</u>	<u>8,204,537</u>
Total liabilities	<u>20,343,356</u>	<u>21,753,606</u>
Net debt	<u>(12,976,742)</u>	<u>(12,655,789)</u>

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	16,673,473	12,649,705
Construction in progress (Note 10)	15,510,275	12,678,508
Prepaid expenses (Note 11)	<u>464,556</u>	<u>126,583</u>
Total non-financial assets	<u>32,648,304</u>	<u>25,454,796</u>
Accumulated surplus	\$ <u>19,671,562</u>	\$ <u>12,799,007</u>

Contingent liabilities (Note 12)

Approved on behalf of Council

  
Chief  
Councillor  
Councillor  
Councillor  
Councillor  
Councillor

# MANTO SIPI CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 8	2 0 1 7
<b>REVENUE</b>			
Indigenous Services Canada	\$ 7,347,927	\$ 16,697,750	\$ 17,965,073
First Nation and Inuit Health Branch	1,091,106	2,327,191	1,592,046
Canada Mortgage and Housing Corporation		613,192	448,521
Employment and Social Development Canada	251,417	332,200	257,786
Solicitor General	42,726	42,726	42,198
Administration	214,627	312,605	316,361
Gain on investment			47,446
Other	164,261	827,194	278,392
Province of Manitoba	379,944	368,460	443,141
Rental	395,897	663,786	695,030
Treaty Land Entitlement	43,225	31,634	41,572
User fees	54,200	27,017	26,282
Eliminations	-	( 694,193)	( 650,485)
	<u>9,985,330</u>	<u>21,549,562</u>	<u>21,503,363</u>
<b>EXPENDITURES</b>			
Governance and administration	1,257,833	1,965,772	1,605,919
Economic development	62,322	257,791	148,888
Community services	370,174	840,722	1,177,695
Capital and construction	617,554	2,042,774	1,459,485
Social services	2,460,469	2,839,336	3,015,111
Training and employment	160,582	245,915	206,165
Health	1,120,187	2,420,397	1,695,532
Child care	88,366	78,285	85,484
Education	3,453,693	3,999,067	3,554,835
Housing authority		681,141	695,970
Eliminations	-	( 694,193)	( 650,485)
	<u>9,591,180</u>	<u>14,677,007</u>	<u>12,994,599</u>
<b>ANNUAL SURPLUS</b>	394,150	6,872,555	8,508,764
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>12,799,007</u>	<u>12,799,007</u>	<u>4,290,243</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 13,193,157</u>	<u>\$ 19,671,562</u>	<u>\$ 12,799,007</u>

# MANTO SIPI CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 8	2 0 1 7
Annual surplus	\$ <u>394,150</u>	\$ <u>6,872,555</u>	\$ <u>8,508,764</u>
Acquisition of tangible capital assets and construction in progress		( <u>7,887,953</u> )	( 13,031,928)
Amortization of tangible capital assets		<u>1,465,864</u>	1,204,269
Opening net book value of MSCN Construction's tangible capital assets	<u>-</u>	( <u>433,446</u> )	<u>-</u>
	<u>-</u>	( <u>6,855,535</u> )	( 11,827,659)
Acquisition of prepaid expenses		( <u>464,556</u> )	( 126,583)
Use of prepaid expenses	<u>-</u>	<u>126,583</u>	<u>1,974,299</u>
	<u>-</u>	( <u>337,973</u> )	<u>1,847,716</u>
CHANGE IN NET DEBT FOR YEAR	394,150	( <u>320,953</u> )	( 1,471,179)
NET DEBT, <i>beginning of year</i>	( <u>12,655,789</u> )	( <u>12,655,789</u> )	( 11,184,610)
NET DEBT, <i>end of year</i>	\$ ( <u>12,261,639</u> )	\$ ( <u>12,976,742</u> )	\$ ( <u>12,655,789</u> )

# MANTO SIPI CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2018	2017
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from I.S.C.	\$ 20,829,279	\$ 16,318,919
Cash received from other sources	5,268,543	3,432,183
Cash paid to suppliers and employees	( 19,684,837)	( 9,633,965)
	<u>6,412,985</u>	<u>10,117,137</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	( 7,887,953)	( 4,390,496)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	1,891,802	1,866,190
Repayment of long term debt	( 1,017,166)	( 1,187,064)
Advances to related parties - net	<u>98,395</u>	<u>( 81,532)</u>
	<u>973,031</u>	<u>597,594</u>
NET (DECREASE) INCREASE IN CASH DURING YEAR	( 501,937)	6,324,235
CASH, <i>beginning of year</i>	<u>5,691,472</u>	<u>( 632,763)</u>
CASH, <i>end of year</i>	\$ <u><u>5,189,535</u></u>	\$ <u><u>5,691,472</u></u>
CASH COMPRISED OF		
Restricted cash	\$ 2,959	\$ 3,054
Cash	<u>5,186,576</u>	<u>5,688,418</u>
	\$ <u><u>5,189,535</u></u>	\$ <u><u>5,691,472</u></u>



# MANTO SIPI CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### *REPORTING ENTITY*

The Manto Sipi Cree Nation (M.S.C.N.) reporting entity includes the Manto Sipi Cree Nation government and all related entities which are accountable to M.S.C.N. and are either owned or controlled by M.S.C.N.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

M.S.C.N. Programs:

- Manto Sipi Cree Nation
- Manto Sipi Cree Nation Housing Authority
- Amos Okemow Memorial Education Authority Inc.
- Manto Sipi Cree Nation Construction Ltd. (2018)

There was a change in the accounting treatment for the consolidation of Manto Sipi Cree Nation Construction Ltd. into these financial statements. This entity no longer met the characteristics of a government business enterprise as it could no longer meet its liabilities from its operations. As a result, the method of consolidation for this entity has changed from modified equity method as of March 31, 2017 to full consolidation as of March 31, 2018.

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

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

- God's River Development Corporation (o/a God's River Lodge)
- Manto Sipi Construction Ltd. (2017)

The financial information for the God's River Development Corporation entity included in these financial statements is for the year ended October 31, 2017.

#### *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 and prepaid expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**NET DEBT*

M.S.C.N.'s financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of M.S.C.N. is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

*TANGIBLE CAPITAL ASSETS*

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

Tangible capital assets acquired are stated at cost, with the exception of land which is recorded at the value assigned to it under the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.). Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Equipment	20 - 50%
Facility	2.5 - 5%
Roads	2.5%
Sewer Systems	2.5 - 6.66%
Vehicles	20 - 30%
Water Systems	2.5 - 6.66%

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

*INVESTMENTS*

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. M.S.C.N.'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 M.S.C.N.'s share of the commercial enterprises' income or loss less dividends.

*SEGMENTS*

M.S.C.N. conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of M.S.C.N.'s long-term objectives to aid in resource allocation decisions, and to assess operational performance.

*REVENUE RECOGNITION*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES** *(continued)**INCOME TAXES*

These consolidated financial statements do not reflect any provisions for corporation income and capital taxes as the individual incorporated enterprises consider themselves exempt from tax under Section 149(1)(d) of the Income Tax Act, Canada.

*FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, due from related entities, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that M.S.C.N. is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless indicated, the book value of M.S.C.N.'s financial instruments approximate their fair value.

*FAIR VALUE*

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying values as presented in the 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 investments and 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. M.S.C.N. estimates the net book value of tangible capital assets based upon the amortization period and the estimated useful lives of the tangible capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

**2. RESTRICTED CASH***REPLACEMENT RESERVE*

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$51,100 (2017 - \$40,600). 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 C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2018 an accumulated balance of \$110,226 (2017 - \$77,995) for this reserve remains unfunded and due from the operating fund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. RESTRICTED CASH *(continued)**I.S.C. TRUST*

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other band tangible capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation 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 by the bands under the provisions of the Indian Act.

At the end of the year, the restricted cash consisted of the following balances:

	2 0 1 8	2 0 1 7
<b>I.S.C. Trust</b>		
BALANCE, <i>beginning of year</i>	\$ 3,051	\$ 2,994
Add interest earned	<u>67</u>	<u>57</u>
BALANCE, <i>end of year</i>	<u>3,118</u>	<u>3,051</u>
<b>C.M.H.C. Replacement Reserve</b>		
BALANCE, <i>beginning of year</i>	3	27
Expenditures	<u>( 162)</u>	<u>( 24)</u>
BALANCE, <i>end of year</i>	<u>( 159)</u>	<u>3</u>
<b>TOTAL</b>	<u>\$ 2,959</u>	<u>\$ 3,054</u>

## 3. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
A&C Wastewater	\$ 336,672	\$ 1,583,922
Economic Development Quarry		84,879
Environmental Remediation		649,385
FNWWAP Wastewater		
FNWWAP Water - Lift Station	941,200	
School Project - Design - Construction	28,667	28,667
School Project - Initiative Capital Planning	209,569	
Tuition	901	10,632
First Nations and Inuit Health Branch		
Capital		70,000
Community Facilities - O&M		780
Community Facilities - Security		5,249
Health Planning Management		4,333
Home and Community Care		36,324
Transportation		66,546
M.K.O. Employment, training and child care	149,356	94,092
Province of Manitoba	83,648	47,714
Trade and other	<u>150,102</u>	<u>134,162</u>
	<u>1,900,115</u>	<u>2,816,685</u>
Less: Allowance for doubtful accounts	<u>( 88,086)</u>	<u>( 73,746)</u>
	<u>\$ 1,812,029</u>	<u>\$ 2,742,939</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018****4. DUE FROM RELATED ENTITIES**

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
God's River Development Corporation (o/a God's River Lodge)	\$ <b>514,481</b>	\$ 505,971
Manto Sipi Construction Ltd.	<u>-</u>	<u>106,905</u>
	<u><b>\$ 514,481</b></u>	<u><b>\$ 612,876</b></u>

The amounts due from related entities are non-interest bearing and have no set repayment terms.

**5. INVESTMENTS**

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
God's River Development Corporation (o/a God's River Lodge)	\$( <b>149,431</b> )	\$( 24,904)
Manto Sipi Construction Ltd.	<u>-</u>	<u>75,434</u>
	<u><b>\$( 149,431)</b></u>	<u><b>\$ 50,530</b></u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
Indigenous Services Canada		
Basic Needs	\$ <b>94,482</b>	\$ 94,482
Accrued liabilities	<b>210,485</b>	119,776
Payroll remittances payable	<b>409,784</b>	357,519
Trade and other	<b>4,163,155</b>	4,216,093
WTP & WWTP project payables	<u><b>2,251,992</b></u>	<u>8,244,264</u>
	<u><b>\$ 7,129,898</b></u>	<u><b>\$ 13,032,134</b></u>

**7. DEFERRED REVENUE**

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
Indigenous Services Canada		
5-Unit Duplex Housing	\$ <b>709,023</b>	\$
Construction of multi-units		160,363
ISC Climate Change	<b>30,000</b>	
Lift Station Repairs	<b>941,200</b>	
Lot Servicing		150,000
Special Education		135,865
WTP Project	<b>2,057,058</b>	
Health Canada		
Capital		9,267
Jordan's Principle	<b>47,004</b>	
Operations and Maintenance	<b>350,000</b>	
Employment and Social Development Canada	<u>-</u>	<u>61,440</u>
	<u><b>\$ 4,134,285</b></u>	<u><b>\$ 516,935</b></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 8. LONG TERM DEBT

	2 0 1 8	2 0 1 7
Loan payable to Me-Dian Credit Union, prime plus 3%, repayable in monthly installments of \$46,649 (P&I), due March 2018.	\$ 414,187	\$ 935,184
Demand loan payable to Kitayan Community Futures Development Corporation Inc., 7%, repayable in monthly installments of \$2,023 (P&I).		10,194
Demand loan payable to Kitayan Community Futures Development Corporation Inc., 7%, repayable in monthly installments of \$2,873 (P&I), due March 2020.	67,309	93,251
Section 10 mortgage payable to Me-Dian Credit Union, 5.47%, repayable in monthly installments of \$5,787 (P&I), due January 2022.	173,438	231,754
Loan payable C.M.H.C., 2.06%, repayable in monthly installments of \$10,509 (P & I), due November 2022.	1,596,039	
Loan payable C.M.H.C., 1.67%, repayable in monthly installments of \$602 (P&I), due June 2022.	59,746	65,995
Loan payable C.M.H.C., 1.67%, repayable in monthly installments of \$11,032 (P & I), due June 2022.	1,721,595	
Loan payable C.M.H.C., 1.98%, repayable in monthly installments of \$2,770 (P&I), due May 2019.	459,852	483,765
Loan payable C.M.H.C., 1.08%, repayable in monthly installments of \$6,179 (P&I), due August 2020.	1,156,470	1,217,797
Loan payable C.M.H.C., 1.30%, repayable in monthly installments of \$5,943 (P&I), due June 2022.	1,214,236	1,268,970
Loan payable C.M.H.C., 1.68%, repayable in monthly installments of \$5,146 (P&I), due April 2018.	1,052,054	1,095,788
Loan payable C.M.H.C., 1.17%, repayable in monthly installments of \$3,749 (P&I), due January 2021.	901,397	935,649
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Phase 9, 8 unit housing project.		1,052,599
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Phase 10, 7 unit housing project.		813,591
Demand loan payable to First People Economic Growth Fund Inc. 0%, repayable in monthly installments of \$3,571 (P&I).	203,603	
Communities Economic Development Fund loan, 6.036%, repayable in monthly installments of \$2,129 (P&I).	59,247	-
	<u>\$ 9,079,173</u>	<u>\$ 8,204,537</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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8. LONG TERM DEBT *(continued)*

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

Loans payable to Me-Dian Credit Union are secured by a general security agreement, the specific assets financed and various Band Council Resolutions authorizing the assignment of certain incoming funding for debt repayment purposes.

Loans payable to Kitayan Community Futures Development Corporation Inc. are secured by a general security agreement on the specific assets financed.

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

March 31, 2019	\$ 1,004,381
2020	603,742
2021	551,453
2022	495,153
2023	491,353

# MANTO SIPI CREE NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2018	Total 2017
Equipment	\$ 338,610	\$	\$ 706,290	\$ 1,044,900	\$ 263,375	\$ 149,073	\$ 298,854	\$ 711,302	\$ 333,598	\$ 75,235
Facilities	28,495,512	1,081,914	4,028,882	33,606,308	20,139,572	933,402		21,072,974	12,533,334	8,355,940
Land	266,000		(46,000)	220,000					220,000	266,000
Roads	1,921,967			1,921,967	1,263,453	48,049		1,311,502	610,465	658,514
Sewer systems	4,272,639			4,272,639	3,203,043	46,504		3,249,547	1,023,092	1,069,596
Vehicles	2,839,975	17,400		2,857,375	2,292,317	165,323		2,457,640	399,735	547,658
Water systems	5,929,976	-	-	5,929,976	4,253,214	123,513	-	4,376,727	1,553,249	1,676,762
	<u>\$44,064,679</u>	<u>\$ 1,099,314</u>	<u>\$4,689,172</u>	<u>\$ 49,853,165</u>	<u>\$31,414,974</u>	<u>\$1,465,864</u>	<u>\$ 298,854</u>	<u>\$33,179,692</u>	<u>\$16,673,473</u>	<u>\$ 12,649,705</u>

### 10. CONSTRUCTION IN PROGRESS

	2018	2017
I.S.C. - Water and Wastewater Project	\$ 14,159,142	\$ 8,721,635
I.S.C. - 5 Unit Duplex Housing	998,817	
I.S.C. - Housing Project		700,181
C.M.H.C Housing	352,316	
C.M.H.C. - Post-1996 8 Unit Project		1,721,724
C.M.H.C. - Post-1996 7 Unit Project	-	1,534,968
	<u>\$ 15,510,275</u>	<u>\$ 12,678,508</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

### 11. PREPAID EXPENSES

	2018	2017
Materials and supplies	\$ 373,349	\$ 33,732
Social assistance	91,207	81,188
Student allowances	-	11,663
	<u>\$ 464,556</u>	<u>\$ 126,583</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 12. CONTINGENT LIABILITIES

- (a) M.S.C.N. receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses 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 agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.
- (b) M.S.C.N. is contingently liable as guarantor of loans for Gods River Economic Development Corp. in the aggregate amount of \$516,664 (2017 - \$361,452).

### 13. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 1 8	2 0 1 7
Agreement: #302-302	\$ 20,628,538	\$ 17,842,428
Plus: Revenue deferred from previous years		
Lot Servicing	160,363	
Portable Housing	150,000	
School Effectiveness		29,000
School Design and Construction		9,566
Skills Link	135,865	
Tuition		15,668
Additional Wastewater funding from 17/18		614,735
Less: Revenue deferred to subsequent year		
5 Duplex Project	( 709,023)	
Construction of multi-units		( 160,363)
Lift Station Repairs	( 941,200)	
Lot Servicing		( 150,000)
Special Education		( 135,865)
Water Treatment Project	( 2,057,058)	
Winter Road Freight	( 30,000)	
Accounts Receivable - WTP & WTP Project	( 614,735)	
Basic Needs funding recorded in prior year		( 100,096)
Environmental Remediation ISC recovery	( 25,000)	-
<b>TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS</b>	<b>\$ 16,697,750</b>	<b>\$ 17,965,073</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018**

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**14. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<b>2 0 1 8</b>	<b>2 0 1 7</b>
Amortization	\$ 1,465,864	\$ 1,204,269
Band support	391,674	296,385
Insurance	263,378	251,007
Interest	278,393	246,362
Loss on investment	124,526	
Other	1,293,637	1,100,205
Professional fees	872,432	527,019
Repairs and maintenance	1,308,818	648,220
Salaries and benefits	4,829,518	4,757,080
Social assistance	2,611,700	2,770,057
Student support	314,700	520,350
Supplies	596,748	458,542
Training	166,349	114,734
Travel	639,907	508,807
Utilities	213,556	242,047
Eliminations	( 694,193)	( 650,485)
	<u>\$ 14,677,007</u>	<u>\$ 12,994,599</u>

**15. ECONOMIC DEPENDENCE**

M.S.C.N. receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada and Health Canada.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 16. SEGMENT DISCLOSURE

Manto Sipi Cree 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 as described in Note 1. The segment results for the year are as follows:

	Governance and Administration		Economic Development		Community Services		Capital and Construction	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues								
Federal Government								
ISC	\$ 935,623	\$ 576,554	\$ 213,022	\$ 90,262	\$ 270,312	\$ 404,850	\$ 8,265,609	\$ 10,027,028
FNIHB								
CMHC							121,888	76,986
ESDC								
Other	<u>42,726</u>	<u>42,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	978,349	618,752	213,022	90,262	270,312	404,850	8,387,497	10,104,014
Other revenue	<u>1,148,545</u>	<u>1,042,998</u>	<u>9,000</u>	<u>-</u>	<u>27,017</u>	<u>26,282</u>	<u>610,483</u>	<u>474,031</u>
Total revenue	<u>2,126,894</u>	<u>1,661,750</u>	<u>222,022</u>	<u>90,262</u>	<u>297,329</u>	<u>431,132</u>	<u>8,997,980</u>	<u>10,578,045</u>
Expenditures								
Amortization	44,849	44,849	34,158	28,475	323,317	363,914	415,732	200,477
Debt servicing	145,002	152,005					18,881	19,026
Other	1,229,930	815,333	160,355	86,191	318,463	300,380	1,136,722	798,748
Salaries and benefits	<u>545,991</u>	<u>593,732</u>	<u>63,278</u>	<u>34,222</u>	<u>198,942</u>	<u>483,401</u>	<u>471,439</u>	<u>471,234</u>
Total expenses	<u>1,965,772</u>	<u>1,605,919</u>	<u>257,791</u>	<u>148,888</u>	<u>840,722</u>	<u>1,147,695</u>	<u>2,042,774</u>	<u>1,489,485</u>
Surplus (Deficit)	\$ <u>161,122</u>	\$ <u>55,831</u>	\$ <u>(35,769)</u>	\$ <u>(58,626)</u>	\$ <u>(543,393)</u>	\$ <u>(716,563)</u>	\$ <u>6,955,206</u>	\$ <u>9,088,560</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

16. SEGMENT DISCLOSURE *(continued)*

	Social Services		Training and Employment		Health		Child Care	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues								
Federal Government								
ISC	\$ 2,791,344	\$ 2,825,854	\$ 12,159	\$ 33,916	\$ 14,000	\$ 14,000	\$	\$
FNIHB					2,327,191	1,592,046		
CMHC								
ESDC			232,197	172,021			100,003	85,765
Other	-	-	-	-	-	-	-	-
Subtotal	2,791,344	2,825,854	244,356	205,937	2,341,191	1,606,046	100,003	85,765
Total revenue	<u>2,791,344</u>	<u>2,825,854</u>	<u>244,356</u>	<u>205,937</u>	<u>2,341,191</u>	<u>1,606,046</u>	<u>100,003</u>	<u>85,765</u>
Expenses								
Amortization					144,621	140,400		
Debt servicing		947			147	2		
Other	2,642,468	2,846,003	164,559	81,221	1,193,054	871,112	26,537	29,470
Salaries and benefits	<u>196,868</u>	<u>168,161</u>	<u>81,356</u>	<u>124,944</u>	<u>1,082,575</u>	<u>684,018</u>	<u>51,748</u>	<u>56,014</u>
Total expenses	<u>2,839,336</u>	<u>3,015,111</u>	<u>245,915</u>	<u>206,165</u>	<u>2,420,397</u>	<u>1,695,532</u>	<u>78,285</u>	<u>85,484</u>
Surplus (Deficit)	<u>\$ ( 47,992)</u>	<u>\$ ( 189,257)</u>	<u>\$ ( 1,559)</u>	<u>\$ ( 228)</u>	<u>\$ ( 79,206)</u>	<u>\$ ( 89,486)</u>	<u>\$ 21,718</u>	<u>\$ 281</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2018**

16. SEGMENT DISCLOSURE *(continued)*

	Education		Housing		Eliminations		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues								
Federal Government								
ISC	\$ 4,195,681	\$ 3,992,609	\$	\$	\$	\$	\$ 16,697,750	\$ 17,965,073
FNIHB							2,327,191	1,592,046
CMHC			491,304	371,535			613,192	448,521
ESDC							332,200	257,786
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,726</u>	<u>42,198</u>
Subtotal	4,195,681	3,992,609	491,304	371,535			20,013,059	20,305,624
Other revenue	<u>114,117</u>	<u>67,648</u>	<u>321,534</u>	<u>237,265</u>	<u>( 694,193)</u>	<u>( 650,485)</u>	<u>1,536,503</u>	<u>1,197,739</u>
Total revenue	<u>4,309,798</u>	<u>4,060,257</u>	<u>812,838</u>	<u>608,800</u>	<u>( 694,193)</u>	<u>( 650,485)</u>	<u>21,549,562</u>	<u>21,503,363</u>
Expenses								
Amortization	165,686	178,107	337,501	248,047			1,465,864	1,204,269
Debt servicing	5,484	6,211	108,879	68,171			278,393	246,362
Other	1,690,576	1,256,392	234,761	352,525	( 694,193)	( 650,485)	8,103,232	6,786,890
Salaries and benefits	<u>2,137,321</u>	<u>2,114,125</u>	<u>-</u>	<u>27,227</u>	<u>-</u>	<u>-</u>	<u>4,829,518</u>	<u>4,757,078</u>
Total expenses	<u>3,999,067</u>	<u>3,554,835</u>	<u>681,141</u>	<u>695,970</u>	<u>( 694,193)</u>	<u>( 650,485)</u>	<u>14,677,007</u>	<u>12,994,599</u>
Surplus (Deficit)	\$ <u>310,731</u>	\$ <u>505,422</u>	\$ <u>131,697</u>	\$ <u>( 87,170)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,872,555</u>	\$ <u>8,508,764</u>