

Consolidated Financial Statements

Tataskweyak Cree Nation

March 31, 2019

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Management's Responsibility for Financial Reporting

The accompanying March 31, 2019 consolidated financial statements of Tataskweyak Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Tataskweyak Cree Nation.

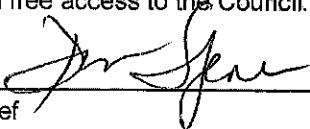
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains an appropriate system of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

Chief



Split Lake, Manitoba

Council

Robert (d)spence

Michael (C)hristiansen



Independent auditors' Report

To the Chief and Council of
Tataskweyak Cree Nation

Qualified Opinion

We have audited the consolidated financial statements of Tataskweyak Cree Nation ("TCN"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt, and cash flow 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 possible effects of the matters described in the basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tataskweyak Cree Nation as at March 31, 2019, and the consolidated results of its operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of TCN in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Included in TCN's government business enterprises accounted for using the modified equity method are investments in Cree Nation Partners Limited Partnership #1, Cree Nation Partners Limited Partnership #2, and Cree Nation Partners Limited Partnership #3. As at March 31, 2019 these three investments are recorded as investment in government business enterprises and carried at \$2,673,523. TCN's share of the net earnings from these equity investments of \$1,753,188 is included in equity earnings from government business enterprises for the year ended March 31, 2019. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of TCN's investment in these entities as at March 31, 2019 and TCN's share of earnings from these investments for the year then ended because audited financial information was not prepared and provided by management of these entities. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Included in TCN's consolidated financial statement is Iron North Limited Partnership. As at March 31, 2019 financial assets included in TCN's consolidated statement of financial position related to Iron North Limited Partnership were carried at \$2,793,716, tangible capital assets carried at \$3,993,245 and liabilities carried at \$1,893,112. For the year ended March 31, 2019 TCN's consolidated statement of operations included revenue from other government organizations related to Iron North Limited Partnership of \$10,545,506 and expenses from other government organizations related to Iron North Limited Partnership of \$8,463,330 resulting in net surplus of \$2,082,176 related to Iron North Limited Partnership. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of financial assets, tangible capital assets and liabilities as at March 31, 2019 or TCN's share of revenues and expenses related to Iron North Limited Partnership for the year then ended because audited financial information was not prepared and provided by management. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

TCN recorded \$506,540 of destitute and bereavement payments in the Video Lotto Terminal Operation line on the consolidated statement of operations. We were unable to obtain sufficient appropriate audit evidence over the occurrence, accuracy and authorization of these payments as supporting documentation was either not created or maintained. Accordingly, we were not able to determine whether any adjustments might be necessary to the recorded amount of Video Lotto Terminal expense.

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

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

In preparing the consolidated financial statements, management is responsible for assessing TCN's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate TCN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TCN's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TCN to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within TCN and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Winnipeg, Canada

April 15, 2020

Chartered Professional Accountants

Tataskweyak Cree Nation

Consolidated Statements of Operations

Year Ended March 31	Budget (Note 17)	2019	2018
Revenues			
Indigenous Services Canada (Note 6)	\$ 22,065,814	\$ 21,119,435	\$ 19,443,840
Manitoba Hydro	8,669,573	7,934,199	9,134,156
Health Canada	4,080,418	4,766,887	3,782,373
Video Lottery Terminal Operation	-	1,626,937	1,995,952
Province of Manitoba	784,711	734,773	809,270
Manitoba Keewatinowi Okimakanak	-	844,059	803,586
Rental	505,532	742,985	758,129
Gas Bar	1,463,087	684,001	641,407
CMHC	800,892	686,094	439,688
Smoke Shop	-	119,668	116,358
Tataskweyak Trust	125,000	100,000	48,080
Other (Note 7)	4,470,340	1,874,840	1,031,530
Other Government Organizations	12,881,309	11,066,646	11,509,328
Equity earnings from government business enterprises (Note 5)	<u>2,368,621</u>	<u>2,368,621</u>	<u>3,967,736</u>
	<u>58,215,297</u>	<u>54,669,145</u>	<u>54,481,433</u>
Expenses			
Band Support	5,923,554	4,351,642	3,544,659
Community Fund	4,289,580	1,262,922	4,294,561
Policing	1,032,854	909,556	1,008,483
Operations and Maintenance	483,873	497,936	297,645
Public Works	2,535,611	520,719	1,302,235
Stephen's Lake	165,513	317,008	167,593
Health Services	4,900,772	4,367,411	3,821,239
ASETS	-	892,767	864,626
Social Development	4,724,876	4,549,330	4,209,974
Elderly Person's Home/Assisted Living	1,022,956	970,365	902,720
Tataskweyak Education Authority	12,862,555	10,831,546	10,532,507
Minor Capital	-	21	2,912
CMHC Housing Projects	1,091,395	658,640	1,147,732
Housing Authority	3,672,679	3,291,869	2,952,255
Economic Development	261,652	223,003	203,899
Video Lottery Terminal Operation	-	1,829,427	1,931,714
Gaming Commission (Bingo)	-	14,699	3,642
Kistepinanik Hotel	-	466,802	870,994
On-Going Jobs	-	701,757	548,764
Future Development	1,950,197	1,220,360	703,516
Adverse Effects	5,120,548	2,964,247	1,753,983
Environmental Services	-	338,879	438,983
Gas Bar	1,547,386	1,507,509	1,330,062
Job Seeker Manitoba	42,408	42,271	39,067
Other Government Organizations	<u>9,096,861</u>	<u>9,083,642</u>	<u>10,495,883</u>
	<u>60,725,270</u>	<u>51,814,328</u>	<u>53,369,648</u>
Annual surplus	<u>\$ (2,509,973)</u>	<u>\$ 2,854,817</u>	<u>\$ 1,111,785</u>

See accompanying notes to the consolidated financial statements.

Tataskweyak Cree Nation
Consolidated Statement of Change in Accumulated Surplus

Year Ended March 31

2019

2018

Accumulated surplus, beginning of year	\$ 58,755,985	\$ 57,644,200
Annual surplus	<u>2,854,817</u>	<u>1,111,785</u>
Accumulated surplus, end of year	<u>\$ 61,610,802</u>	<u>\$ 58,755,985</u>

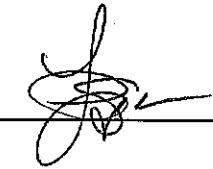
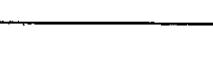
Tataskweyak Cree Nation

Consolidated Statement of Financial Position

March 31

2019

2018

Financial assets			
Cash and cash equivalents	\$ 6,669,490	\$ 7,980,807	
Restricted cash (Note 16)	4,955,378	2,522,085	
Marketable securities	4,514,750	6,278,730	
Accounts receivable (Note 3)	9,438,085	8,892,919	
Inventory	35,719	21,030	
Portfolio investments (Note 4)	41,953	41,953	
Investment in government business enterprises (Note 5)	7,928,234	8,217,181	
Total financial assets	33,583,609	33,954,705	
Liabilities			
Accounts payable and accruals	3,762,343	7,083,713	
Demand loans (Note 9)	116,908	233,355	
Obligations under capital lease (Note 11)	468,622	700,433	
Long-term debt (Note 10)	8,446,568	8,784,803	
Deferred revenue (Note 12)	43,219,114	34,757,104	
Total liabilities	56,013,555	51,559,408	
Net debt	(22,429,946)	(17,604,703)	
Non-financial assets			
Tangible capital assets (Note 8)	83,802,539	76,034,485	
Prepays	238,209	326,203	
Total non-financial assets	84,040,748	76,360,688	
Accumulated surplus	\$ 61,610,802	\$ 58,755,985	
<hr/>			
Commitments and contingencies (Note 13)			
Approved on behalf of the Council:			
<u>Don Siner</u>	Chief	<u></u>	Councillor
<u>Robert LaFrance</u>	Councillor	<u></u>	Councillor
<u>Michael Klassen</u>	Councillor	<u></u>	Councillor
<u></u>	Councillor		

See accompanying notes to the consolidated financial statements.

Tataskweyak Cree Nation

Consolidated Statement of Change in Net Debt

Year Ended March 31

	Budget (Note 17)	2019	2018
Annual surplus	\$ (2,509,973)	\$ 2,854,817	\$ 1,111,785
Capital assets acquired (Note 8)	(13,787,208)	(13,787,208)	(13,593,116)
Capital assets disposed - cost (Note 8)	1,079,438	1,079,438	1,593,905
Capital assets disposed - accumulated depreciation (Note 8)	(717,608)	(717,608)	(609,376)
Amortization (Note 8)	<u>5,657,324</u>	<u>5,657,324</u>	<u>5,506,524</u>
	<u>(7,768,054)</u>	<u>(7,768,054)</u>	<u>(7,102,063)</u>
Use of prepaid expenses	326,203	326,203	324,243
Acquisition of prepaid expenses	<u>(238,200)</u>	<u>(238,209)</u>	<u>(326,203)</u>
	<u>88,003</u>	<u>87,994</u>	<u>(1,960)</u>
Change in net debt	(10,190,024)	(4,825,243)	(5,992,238)
Net debt, beginning of year	<u>(26,647,257)</u>	<u>(17,604,703)</u>	<u>(11,612,465)</u>
Net debt, end of year	<u>\$ (36,837,281)</u>	<u>\$ (22,429,946)</u>	<u>\$ (17,604,703)</u>

Tataskweyak Cree Nation

Consolidated Statement of Cash Flow

Year Ended March 31

2019

2018

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus	\$ 2,854,817	\$ 1,111,785
Adjustments for non-cash items		
Gain of equity from government business enterprises	(2,368,621)	(3,967,736)
Amortization	5,657,324	5,506,524
Loss on sale of tangible capital assets	136,444	328,063
	<u>6,279,964</u>	<u>2,978,636</u>

Changes in non-cash working capital balances

Accounts receivable	(545,166)	(5,849,053)
Inventory	(14,689)	-
Prepads	87,994	(1,960)
Accounts payable and accruals	(3,321,370)	1,672,387
Deferred revenue	8,462,010	17,009,277
	<u>10,948,743</u>	<u>15,809,287</u>

Capital transactions

Proceeds on disposition of tangible capital assets	225,386	656,466
Purchase/construction of tangible capital assets (Note 8)	(13,787,208)	(13,150,982)
	<u>(13,561,822)</u>	<u>(12,494,516)</u>

Financing

Long-term debt proceeds	827,921	1,507,907
Long-term debt repayments	(1,166,156)	(1,408,037)
Capital lease repayments	(231,811)	(356,269)
Demand loan proceeds	6,158	3,814,055
Demand loan repayments	(122,605)	(3,720,209)
	<u>(686,493)</u>	<u>(162,553)</u>

Investing

Proceeds (purchase) of marketable securities	1,763,980	(78,402)
Distributions from investments in government business enterprises (Note 5)	2,657,568	2,567,471
Increase in restricted cash	(2,433,293)	(392,873)
	<u>1,988,255</u>	<u>2,096,196</u>

Net (decrease) increase in cash and cash equivalents

(1,311,317)

5,248,414

Cash and cash equivalents

Beginning of year	\$ 7,980,807	2,732,393
End of year	<u>\$ 6,669,490</u>	<u>\$ 7,980,807</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

1. Nature of entity

Tataskweyak Cree Nation (TCN) is a government, non-taxable entity and is engaged in the social, cultural, educational and economic development of the First Nation citizens of Tataskweyak Cree Nation at Split Lake, Manitoba.

2. Summary of significant accounting policies

Basis of accounting

These consolidated financial statements were prepared in accordance with Canadian public sector accounting standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The TCN reporting entity comprises TCN and all entities that are controlled by TCN. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise which are accounted for using the modified equity

Principles of consolidation

Consolidation conforms the accounting policies of controlled entities to those of TCN and eliminates all inter-organizational balances and transactions. This method reports the organizations as if they were one organization. The entities that were consolidated into TCN are as follows:

Northstream Communications Ltd.
Northstream Communications Limited Partnership
6089951 Manitoba Ltd.
Iron North Limited Partnership
4915110 Manitoba Ltd.
Ininew Limited Partnership

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Modified equity method

Government business enterprises are separate legal entities that have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers other than TCN as their principal activity, and in the normal course of operations, can maintain their operations and meet their liabilities from revenues received outside revenue received from TCN. TCN accounts for its investments using the equity method of accounting, which is modified only to the extent that the business enterprises' accounting principles are not adjusted to conform with those of TCN. Thus TCN aggregates the business enterprise's net assets and net income as an investment on the consolidated statement of financial position. The net income of the business enterprises is reported as a separate investment income line on the consolidated statement of operations. Inter-organizational transactions are not eliminated unless the transaction arises from the sale or transfer of an asset or liability that is remaining within the government reporting entity.

The corporations that have been accounted for using the modified equity method include:

336/344 Thompson Drive Corporation	100 % interest
5872066 Manitoba Ltd.	92.50 % interest
5925640 Manitoba Ltd.	92.50 % interest
6354671 Manitoba Ltd.	92.50 % interest

The limited partnerships that qualify as government business enterprises and have been accounted for using the modified equity method include:

336/344 Thompson Drive Limited Partnership	99.90 % voting units
Cree Nation Partners Limited Partnership #1	92.50 % voting units
Cree Nation Partners Limited Partnership #2	92.50 % voting units
Cree Nation Partners Limited Partnership #3	92.50 % voting units

Portfolio investments

All investments in entities that are not controlled are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

The corporations that have been included as portfolio investments are:

6407102 Manitoba Ltd.	20 % interest
Keewatin Railway Company Ltd.	44 % interest
Ininew Project Management Ltd.	38 % interest

The limited partnerships that have been included as portfolio investments are:

Aboriginal Strategies Limited Partnership	20 % voting units
Ozhi LP	33 % owned

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Government transfers

Government transfers (revenue from non-exchange transactions with governments) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

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.

Revenue recognition

Resources, other than government transfers, that are externally restricted through stipulations imposed by an agreement with an external party, legislation, or regulation that specify the purpose or purposes for which the resources are to be used are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose.

Other income, primarily including sales of gas, tobacco and fees for service, and rental revenue are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are non-financial assets having physical substance whose ownership and control are with the First Nation, are used in the First Nation's operations, have useful lives extending beyond one year, and are not held for resale.

To be classified as tangible capital assets, each asset must meet the capitalization threshold as stated below and will depreciate using the straight-line method using the following rates:

<u>Classification</u>	<u>Amortization Rate</u>	<u>Useful Life</u>
Buildings		
Housing CMHC	4.00 %	25 years
Housing Band built	6.67 %	15 years
Non-residence-brick/steel beam construction	2.50 %	40 years
Non-residence-wood frame construction construction	5.00 %	20 years
Heavy equipment	20.00 %	5 years
Water and sewer systems	5.00 %	20 years
Roads	5.00 %	20 years
Plane	5.00 %	20 years
Vehicles		
General purpose	33.34 %	3 years
School bus	20.00 %	5 years
Betterments		
General/housing	20.00 %	5 years
Equipment	33.34 %	3 years
Capital leases, with the exception of school buses		3-5 years

All amortization is straight-line and will commence in the year of acquisition or completion of construction with the application of the half year rule.

Tangible capital assets are subsequently measured at cost less accumulated amortization less impairment, if any.

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Purchased assets are initially measured at cost, including installation, legal, transportation, insurance, and any other costs directly attributable to the purchase.

New constructions are valued at cost including construction, architectural, other professional fees, insurance, and other cost required for the completion of the asset. Interest costs are to be capitalized in the year they are incurred.

Site improvements such as roadside brush clearing, house lot development, and construction site improvements will not be capitalized, unless the improvements costs are included in the construction contracts.

Soil remediation completed by the First Nation or by contractors will not be capitalized and is rather expensed because the related land is not legally owned by the First Nation.

Tangible capital assets are written down when conditions indicate that a tangible capital asset no longer contributes to TCN's ability to provide goods and services, or the value of the future economic benefits associated with the tangible capital asset is less than net book value.

Capital leases

Capital leases are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of TCN's rate for incremental borrowing or the interest rate implicit in the lease.

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

Inventories

Inventories of gasoline and other confectionary items including cigarettes and cigars are valued at the lower of cost or net realizable value determined by the first-in, first-out method. These amounts are held for sale in the normal course of operations.

Tataskwewak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

Marketable securities

Marketable securities include Guaranteed Investment Certificates held at cost for the acquisition of future Hydro-electric dam investments.

Pension plans

TCN maintains defined contribution pension plans for its personnel. Expenditures for this plan are equal to TCN's required contribution for the year and are recognized as earned by eligible employees.

Segmented disclosure

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses and equity in government business enterprises that are directly attributable to a particular segment are allocated to that segment. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis.

The segments are as follows:

Band Government

Revenues and expenses that relate to the operations of the Band itself and governance activities of the Chief and Council.

Community Services

Provides services meant to improve the health and development of TCN's members.

Economic Development

Manages the development of economic opportunities for TCN.

Education

Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

Health

Services are comprised of a variety of health care programs which work to improve the overall health of the population and provides support to TCN members.

Housing

Provides affordable housing to qualifying members under various programs.

Social Services

Administers the provision of social assistance to qualifying members.

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

3. Accounts receivable	2019	2018 (Note 15)
Manitoba Hydro	\$ 5,317,052	\$ 3,456,917
Indigenous Services Canada	2,545,617	3,378,608
CMHC	271,660	-
Province of Manitoba	193,419	251,216
Health Canada	33,964	26,505
Government Business Enterprises	-	(137)
Other Government Organizations	(894,217)	(781,195)
Payable to portfolio investees	(251,792)	(164,591)
Other	2,222,382	2,725,596
	\$ 9,438,085	\$ 8,892,919

Other receivables include trade receivables and receivables due from Tataskweyak members. The amounts payable to portfolio investees and due to government business enterprises are due to the entities listed in Note 4 and Note 5, respectively.

The balance due to other government organizations (OGO) represents timing differences due to draws received or advances paid after the year end of the OGO but before the year end of TCN. In the current year \$787,608 (2018: \$nil) relates to draws received from Iron North Limited Partnership.

4. Portfolio investments

	2019	2018
<u>Corporations</u>		
6407102 Manitoba Ltd.	\$ 2	\$ 2
Ininew Project Management Ltd.	39,887	39,887
Keewatin Railway Company Ltd.	44	44
	39,933	39,933
<u>Limited Partnership</u>		
Aboriginal Strategies Limited Partnership	2,000	2,000
Ozhi LP	20	20
	\$ 41,953	\$ 41,953

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

5. Government business enterprises

The investment balance reported represents the modified equity balance of the following businesses. The operating results of these businesses are included to December 31, 2018. All loans are non-interest bearing and have no set terms of repayment.

Equity (deficit)

	2019	2018
<u>Corporations</u>		
336/344 Thompson Drive Corporation	\$ 73,194	\$ 65,903
5872066 Manitoba Ltd.	(6,029)	(4,954)
5925640 Manitoba Ltd.	4,285	8,184
6354671 Manitoba Ltd.	(4,466)	(4,406)
<u>Limited Partnerships</u>		
336/344 Thompson Drive Limited Partnership	5,181,517	4,599,803
Cree Nation Partners Limited Partnership #1	1,228,857	1,232,918
Cree Nation Partners Limited Partnership #2	201,825	590,849
Cree Nation Partners Limited Partnership #3	1,249,051	1,728,884
	<hr/> \$ 7,928,234	<hr/> \$ 8,217,181

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

5. Business enterprise equity (continued)

Summarized partner cash drawings from business enterprises are as follows:

	<u>2019</u>	<u>2018</u>
<u>Limited Partnership</u>		
Cree Nation Partners Limited Partnership #2 - cash draw	\$ 997,188	\$ 2,271,363
Cree Nation Partners Limited Partnership #3 - cash draw	1,633,952	296,108
336/344 Thompson Drive Limited Partnership - cash draw	<u>26,428</u>	-
	<u>\$ 2,657,568</u>	<u>\$ 2,567,471</u>

Summarized corporate financial information is as follows:

	336/344 Thompson Drive Corporation	5872066 Manitoba Ltd.	5925640 Manitoba Ltd.	6354671 Manitoba Ltd.
Current assets	\$ -	\$ -	\$ 7,705	\$ 171
Long-term assets	<u>77,346</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>77,346</u>	<u>-</u>	<u>7,705</u>	<u>171</u>
Current liabilities	4,152	6,518	3,047	4,999
Long-term liabilities	-	-	-	-
Equity (deficit)	<u>73,194</u>	<u>(6,518)</u>	<u>4,658</u>	<u>(4,828)</u>
Total equity and liabilities	<u>77,346</u>	<u>-</u>	<u>7,705</u>	<u>171</u>
Expenses	\$ 2,770	\$ 1,161	\$ 4,896	\$ 65
Other income	<u>10,061</u>	<u>-</u>	<u>658</u>	<u>-</u>
Net earnings (loss)	<u>\$ 7,291</u>	<u>\$ (1,161)</u>	<u>\$ (4,238)</u>	<u>\$ (65)</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

5. Business enterprise equity (continued)

Summarized partnership financial information is as follows:

	336/344 Thompson Drive LP	Cree Nation Partners LP #1	Cree Nation Partners LP #2	Cree Nation Partners LP #3
Current assets	\$ 2,819,219	\$ 1,350,658	\$ 236,563	\$ 2,070,240
Long-term assets	<u>2,837,275</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,656,494</u>	<u>\$ 1,350,658</u>	<u>\$ 236,563</u>	<u>\$ 2,070,240</u>
Current liabilities	167,207	22,165	9,925	69,749
Long-term liabilities	<u>230,424</u>	<u>-</u>	<u>-</u>	<u>-</u>
Equity (deficit)	<u>5,258,863</u>	<u>1,328,493</u>	<u>226,638</u>	<u>2,000,491</u>
Total equity and liabilities	<u>\$ 5,656,494</u>	<u>\$ 1,350,658</u>	<u>\$ 236,563</u>	<u>\$ 2,070,240</u>
Revenue	\$ 758,061	\$ -	\$ 700,759	\$ 1,256,345
Expenses	<u>139,858</u>	<u>4,391</u>	<u>42,573</u>	<u>7,297</u>
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net earnings (loss)	<u>\$ 618,203</u>	<u>\$ (4,391)</u>	<u>\$ 658,186</u>	<u>\$ 1,249,048</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

6. Indigenous Services Canada (ISC) revenue reconciliation

	2019	2018
Gross ISC revenue (including prior year deferred)	\$ 56,689,884	\$ 45,181,171
Deferred revenue (Note 12)	<u>(35,570,449)</u>	<u>(25,737,331)</u>
Total ISC revenue reported	<u>\$ 21,119,435</u>	<u>\$ 19,443,840</u>

7. Other revenue

	2019	2018
Band Support - other	\$ 223,736	\$ 209,310
Community fund - other	851,356	346,163
Aboriginal Policing Directorate	5,500	31,368
Housing Authority - other	95,608	6,039
Kistepinanik Hotel - other	114,878	179,948
Health Services - other	165,282	49,474
Video Lottery Terminal Operations - other	16,140	6,811
Other	<u>402,340</u>	<u>202,417</u>
	<u>\$ 1,874,840</u>	<u>\$ 1,031,530</u>

Tataskweyak Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2019

8. Tangible capital assets

	Land	Buildings	Equipment	Vehicles	Plane	Construction in-progress	Infrastructure	Total 2019	Total 2018
Cost									
Opening costs	\$ 75,850	118,208,160	8,330,598	5,002,476	434,891	23,524,920	8,029,764	\$ 163,606,659	\$ 151,787,134
Additions	-	495,911	1,643,328	946,481	-	10,407,048	294,440	13,787,208	13,593,116
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	(366,958)	(712,480)	-	-	-	-	(1,079,438)	(1,593,905)
Adjustment	-	-	-	-	-	-	-	-	(179,686)
Closing costs	<u>75,850</u>	<u>118,337,113</u>	<u>9,261,446</u>	<u>5,948,957</u>	<u>434,891</u>	<u>33,931,968</u>	<u>8,324,204</u>	<u>176,314,429</u>	<u>163,606,659</u>
Accumulated Amortization									
Opening accumulated	-	(72,118,130)	(4,153,215)	(3,674,049)	(10,872)	-	(7,615,908)	(87,572,174)	(82,854,712)
Disposals	-	254,162	463,446	-	-	-	-	717,608	609,376
Adjustment	-	-	-	-	-	-	-	-	179,686
Amortization expense	-	(3,783,423)	(1,028,149)	(741,030)	(21,745)	-	(82,977)	(5,657,324)	(5,506,524)
Closing accumulated amortization	-	<u>(75,647,391)</u>	<u>(4,717,918)</u>	<u>(4,415,079)</u>	<u>(32,617)</u>	<u>-</u>	<u>(7,698,885)</u>	<u>(92,511,890)</u>	<u>(87,572,174)</u>
Net book value									
Opening balance	75,850	46,090,030	4,177,383	1,328,427	424,019	23,524,920	413,856	76,034,485	68,932,422
Closing balance	<u>75,850</u>	<u>42,689,722</u>	<u>4,543,528</u>	<u>1,533,878</u>	<u>402,274</u>	<u>33,931,968</u>	<u>625,319</u>	<u>83,802,539</u>	<u>76,034,485</u>
Increase (decrease) in net book value	\$ -	\$ (3,400,308)	\$ 366,145	\$ 205,451	\$ (21,745)	\$ 10,407,048	\$ 211,463	\$ 7,768,054	\$ 7,102,063

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

8. Tangible capital assets (continued)

	Buildings	Equipment	Vehicles	Construction in-progress	Infrastructure	Total 2019	Total 2018
Additions by entity/program							
Band Support	\$ -	-	-	-	294,440	\$ 294,440	\$ 417,765
Community Fund	-	-	-	2,684,070	-	2,684,070	744,600
Health Services	-	-	403,459	-	-	403,459	972,619
Tataskweyak Education Authority	-	117,902	212,301	-	-	330,203	270,364
Video Lottery Terminal Operations	-	-	45,979	-	-	45,979	782,980
Kistepinapik Hotel	-	-	-	-	-	-	269,949
Capital Projects	-	-	-	7,722,978	-	7,722,978	6,663,341
Housing Authority	268,201	-	53,874	-	-	322,075	919,028
Adverse Effects	227,710	232,386	211,268	-	-	671,364	478,166
Other Government Organizations	-	1,293,040	19,600	-	-	1,312,640	2,074,304
Total additions	\$ 495,911	\$ 1,643,328	\$ 946,481	\$ 10,407,048	\$ 294,440	\$ 13,787,208	\$ 13,593,116

During the current year, Tataskweyak Education Authority acquired equipment in the amount of \$nil (2018 - \$180,245) by means of a capital lease.

	Buildings	Equipment	Vehicles	Construction in-progress	Infrastructure	Total 2019	Total 2018
Disposals by entity/program							
Band Support	\$ (366,958)	-	-	-	-	\$ (366,958)	\$ -
Tataskweyak Education Authority	-	-	-	-	-	-	(145,592)
Other Government Organizations	-	(712,480)	-	-	-	(712,480)	(1,448,313)
Total disposals	\$ (366,958)	\$ (712,480)	\$ -	\$ -	\$ -	\$ (1,079,438)	\$ (1,593,905)

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

9. Demand loans	2019	2018
Band Support:		
Royal Bank operating line of credit payable at prime plus 2.0%, repayable on demand. The loan was repaid during the year.	\$ -	\$ 115,000
Royal Bank demand loan payable at 0.0%, repayable on demand. The loan was repaid during the year.	-	7,605
Ininew Limited Partnership:		
Royal Bank operating loan bearing interest at prime plus 2.0%, repayable on demand. The loan is secured by an assignment of cash collateral in the amount of \$100,000 that is guaranteed by TCN.	<u>116,908</u>	<u>110,750</u>
	<u>\$ 116,908</u>	<u>\$ 233,355</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

10. Long-term debt	2019	2018
CMHC:		
CMHC (Section 95) mortgage payable (Phase 2) bearing interest at 1.84%, came due November 1, 2018, and was repaid in full.	\$ -	\$ 43,304
TD Canada Trust (Section 95) mortgage payable (Phase 4) bearing interest at 3.01%, came due May 1, 2018, and was repaid in full.	-	10,984
CMHC (Section 95) mortgage payable (Phase 5) bearing interest at 1.92%, came due March 1, 2019, and was repaid in full.	-	52,065
CMHC (Section 95) mortgage payable (Phase 6) bearing interest at 2.61% due December 1, 2023, repayable in monthly instalments of \$7,042 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, an assignment of fire insurance.	660,711	729,873
CMHC (Section 95) mortgage payable (Phase 7) bearing interest at 1.92%, due April 1, 2019, repayable in monthly instalments of \$4,150 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance. This mortgage has been renewed subsequent to year end.	459,796	500,380
CMHC (Section 95) mortgage payable (Phase 8) bearing interest at 1.92% due April 1, 2019, repayable in monthly instalments of \$2,326 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance. This mortgage has been renewed subsequent to year end.	257,679	280,424
CMHC (Section 95) mortgage payable (Phase 9) bearing interest at 1.11%, due April 1, 2021, repayable in monthly instalments of \$3,433 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	465,691	501,513
CMHC (Section 95) mortgage payable (Phase 10) bearing interest at 2.04%, due May 1, 2019, repayable in monthly instalments of \$3,195 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance. This mortgage has been renewed subsequent to year end.	490,684	518,744
Carry forward	\$ 2,334,561	\$ 2,637,287

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

10. Long-term debt (continued)	2019	2018
Carried forward	\$ 2,334,561	\$ 2,637,287
CMHC (Section 95) mortgage payable (Phase 11) bearing interest at 2.04%, due May 1, 2019, repayable in monthly instalments of \$4,483 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance. The mortgage has been renewed subsequent to year end.	688,471	727,843
CMHC (Section 95) mortgage payable (Phase 12) bearing interest at 1.23%, due May 1, 2020, repayable in monthly instalments of \$4,449 principal and interest, secured by an ISC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	994,825	1,035,735
Community Fund: Royal Bank (Teacherages project) term loan bearing interest at prime plus 2%, due April 1, 2019, repayable in monthly instalments of \$13,293 plus interest, secured by a general security agreement and Band Council Resolution. Renewed subsequent to year end for similar terms.	970,831	1,130,140
Video Lottery Operation: First Peoples Economic Growth Fund (Gaming Centre) term loan is interest-free, unsecured and repayable at \$3,125 per month, commencing six months after disbursement of proceeds until repaid in full.	228,125	265,625
Royal bank (Gaming Centre) term loan bearing interest at 4.63%, due December 19, 2022, repayable in monthly instalments of \$19,604 principal and interest, secured by a general security agreement and Band Council Resolution.	1,686,578	1,839,847
Northland Ford Sales Ltd. vehicle loan bearing interest at 3.99%, due April 4, 2019. The loan is repayable at \$1,006 per month, principal and interest and secured by the purchased vehicle. The loan was repaid subsequent to year end.	1,002	12,778
Northland Ford Sales Ltd. vehicle loan bearing interest at 3.99%, due April 4, 2019. The loan is repayable at \$1,198 per month, principal and interest and secured by the purchased vehicle. The loan was repaid subsequent to year end.	1,193	15,216
Ford Credit Canada Company vehicle loan bearing interest at 7.09%, due January 7, 2023. The loan is repayable at \$1,103 per month, principal and interest and secured by the purchased vehicle.	44,312	-
Carry forward	\$ 6,949,898	\$ 7,664,471

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

10. Long-term debt (continued)	2019	2018
Carried forward	\$ 6,949,898	\$ 7,664,471
Iron North Limited Partnership:		
SMS Equipment - Komatsu D65PX-17 S/N 500013 - heavy equipment loan is interest-free, with monthly principal payments of \$4,332 due August 15, 2019. Secured by the equipment. The loan was repaid subsequent to year end.	34,661	86,650
SMS Equipment - Komatsu D65PX-17 S/N 50070 - heavy equipment loan is interest-free, with monthly principal payments of \$4,332 due August 15, 2019. Secured by the equipment. The loan was repaid subsequent to year end.	34,661	86,650
SMS Equipment - Komatsu S/N 10382 - heavy equipment loan bearing interest at 4.239% with monthly principal payments of \$6,158 due December 1, 2022. Secured by the equipment.	266,850	333,562
Daimler truck financial, repaid during the year.	-	63,984
SMS Equipment - Komatsu S/N 10357 - heavy equipment loan bearing interest at 4.239% with monthly principal payments of \$5,741 due December 1, 2022. Secured by the equipment.	248,770	310,962
Carry forward	\$ 7,534,840	\$ 8,546,279

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

10. Long-term debt (continued)	2019	2018
Carried forward	\$ 7,534,840	\$ 8,546,279
SMS Equipment - Komatsu S/N A11320 - heavy equipment loan is interest-free, with monthly principal payments of \$4,969 due December 1, 2021. Secured by the equipment.	178,893	238,524
SMS Equipment - Komatsu S/N 3720 - heavy equipment loan bearing interest at 5.75%, with monthly principal payments of \$1,917 due December 21, 2022. Secured by the equipment.	82,030	-
SMS Equipment - Komatsu S/N A36210 - heavy equipment loan is interest free loan repayable monthly principal payments of \$6,338 due July 10, 2022. Secured by the equipment.	272,519	-
SMS Equipment - Komatsu S/N B20021 - heavy equipment loan is interest free loan repayable, with monthly principal payments of \$3,495 due November 23, 2022. Secured by the equipment.	164,245	-
SMS Equipment - Komatsu S/N 72678 - heavy equipment loan is interest free loan repayable, with monthly principal payments of \$3,495 due November 23, 2022. Secured by the equipment.	174,461	-
Housing:		
Ford Credit Canada Company vehicle loan bearing interest at 6.89%, due January 16, 2023. The loan is repayable at \$1,001 per month, principal and interest and secured by the purchased vehicle.	39,580	-
	\$ 8,446,568	\$ 8,784,803

During the year TCN paid \$91,461 (2018: 134,980) in interest charges on long-term debt.

Principal repayments in each of the next five years are due as follows:

2020	\$ 3,695,023
2021	1,678,658
2022	1,092,087
2023	480,800
2024 and thereafter	1,500,000
	\$ 8,446,568

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

11. Obligations under capital lease	2019	2018
Video Lottery Operation: Manitoba Liquor and Lotteries capital lease bearing interest at 2.35%, due August 3, 2022. The loan is repayable at \$1,672 per week, principal and interest and is secured by the equipment.	281,233	360,603
Tataskweyak Education Authority: Royal Bank vehicle capital lease bearing interest at 2.49%, due August 15, 2019. The capital lease is repayable at \$8,978 per month, principal and interest, and is secured by the related school buses. The capital lease was repaid in full subsequent to year end.	38,398	145,339
Xerox Canada Limited equipment capital lease, bearing at 7%, due January 1, 2023. The capital lease is repayable at \$10,691 per quarter principal and interest, and is secured by the related equipment.	148,991	180,246
Band Support: Wells Fargo vehicle loan bearing interest at 5.54%, repaid in full during the year.	-	14,245
	\$ 468,622	\$ 700,433

During the year TCN paid \$21,188 (2018: 20,603) in interest charges on obligations under capital lease

Principal repayments in each of the next four years are due as follows:

2020	\$ 153,097
2021	120,591
2022	123,493
2023	71,441
	\$ 468,622

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

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12. Deferred revenue	2019	2018
Deferred revenue consists of the following:		
Manitoba Hydro		
Adverse Effects	\$ 2,617,165	\$ 3,652,772
Future Development	64,756	94,898
Keeyask Centre (IPM)	291,866	291,866
Water and Sewer (IPM)	3,257,460	3,257,460
	<hr/>	<hr/>
	6,231,247	7,296,996
Indigenous Services Canada		
Band Corporate Business Planning	13,649	13,649
Community Based Initiative	342,998	-
Duplex Housing	2,332,000	2,332,000
New Gas Bar (IPM)	187,016	-
Housing - Housing Capacity and Immediate Needs	420,000	-
Housing - Trailers (IPM)	1,012,752	-
Lagoon & Force main Project (IPM)	12,368,493	11,888,540
Professional Development Program	75,948	-
Skate Park	-	280,100
Special Education (TEA)	31,257	220,044
School Site Remedial Actions (IPM)	242,991	-
Water and Sewer (IPM)	8,952,190	8,952,190
Water and Sewer Part B Phase 2 (IPM)	9,240,147	1,699,800
Water and Wastewater Training	351,008	351,008
	<hr/>	<hr/>
	35,570,449	25,737,331
Health Canada		
Manitoba Keewatinowi Okimakanak - ASETS	578,911	1,183,113
Other	137,626	-
	<hr/>	<hr/>
	700,881	539,664
	<hr/>	<hr/>
	\$ 43,219,114	\$ 34,757,104

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

13. Commitments and contingencies

A statement of claim has been filed against TCN by the Cree Construction and Development Company Ltd. (CCDC) for \$2.7 million for unpaid work and materials together with an unspecified claim for damages airing out of the related contract. TCN has filed a counterclaim and statement of defense regarding the matter. Management has recorded a liability to CCDC in the amount of \$1.025 million. The additional amount in the claim is for other costs not billed to TCN and therefore, not recorded in the records. All costs recorded to date are included in the construction in progress balance (Note 8) and have no impact on the operating results of TCN for the year. In addition, TCN has filed a statement of claim against the insurer for the project for a performance bond in the amount of \$7.3 million to complete the outstanding work on the project. The claim is ongoing and the outcome is currently undeterminable and therefore, no additional construction in progress has been recorded.

In 2010, TCN signed a Revenue Advance Agreement with the Manitoba Hydro Electric Board (Hydro) that superseded and replaced the previous TCN Advance Agreements. Pursuant to the TCN Advance Agreement, Hydro had advanced \$1,475,000 to TCN through March 31, 2010 that constituted charges against TCN's income from its anticipated interest in the Gull Rapids project. Should TCN not acquire an equity interest in the Gull Rapids project, Hydro may apply these contributions toward any obligation or liability of Hydro to TCN under Articles 18.4 or 18.5 of the Northern Flood Agreement or against any other obligations as may be agreed to by Hydro and TCN. This amount has been previously recognized as revenue as it is not likely that TCN will need to repay these funds in the future.

TCN has guaranteed loans for certain of its business enterprises (see Note 5). It is not possible at this time to determine whether any liability will result from these guarantees. As the loan facilities are not currently in default, a provision has not been reflected in the financial statements.

14. Defined contribution pension plan

The expenses for TCN's pension plan for the year was \$ 273,743 (2018: \$236,156). The plan is funded equally by TCN and TCN's employees at rates of 3.0% to 7.6% of the employee's salaries. The funds are invested in mutual funds as directed by TCN's individual employees' investment directives.

15. Comparative figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

16. Restricted cash	2019	2018
Replacement reserve	\$ 749,015	\$ 944,864
Capital project contributions	4,112,671	1,483,529
Ottawa Trust Funds	<u>93,692</u>	<u>93,692</u>
	<u>\$ 4,955,378</u>	<u>\$ 2,522,085</u>

The replacement reserve, is required to be maintained under the terms of the agreement with CMHC, the accounts are to be funded annually through operations. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation.

The capital project contributions are only available for use in completing specific projects based on the terms of the contribution agreements.

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. TCN is permitted to use its revenue for any purpose that will promote the general progress and welfare of TCN and its members. The expenditures of capital funds require the consent of Indigenous Services Canada and generally must be for projects of capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Tataskwewak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

17. Budgeted figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal budget in the statement of change in net debt and statement of operations has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal budget to the budget per the financial statements:

Consolidated statement of change in net debt

	Approved fiscal budget	Adjustments	Fiscal budget per financial statements
Annual deficit	\$ (8,663,042)	\$ 6,153,069	\$ (2,509,973)
Capital assets acquired (Note 8)	(6,741,833)	(7,045,375)	(13,787,208)
Capital assets disposed - cost (Note 8)	-	1,079,438	1,079,438
Capital assets disposed - accumulated amortization (Note 8)	-	(717,608)	(717,608)
Amortization	3,657,141	2,000,183	5,657,324
	(3,084,692)	(4,683,362)	(7,768,054)
Use of prepaid expenses	-	326,203	326,203
Acquisition of prepaid	-	(238,200)	(238,200)
	-	88,003	88,003
Change in net debt	(11,747,734)	1,557,710	(10,190,024)
Net debt, beginning of the year	(26,647,257)	-	(26,647,257)
Net debt, end of the year	\$ (38,394,991)	\$ 1,557,710	\$ (36,837,281)

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

17. Budgeted figures (continued)

Consolidated statement of operations

	Approved fiscal budget	Adjustments	Fiscal budget per financial statements
Revenue			
Indigenous Services Canada	\$ 22,065,814	\$ -	\$ 22,065,814
Manitoba Hydro	8,669,573	-	8,669,573
Health Canada	4,080,418	-	4,080,418
Video Lottery Terminal Operation	-	-	-
Province of Manitoba	784,711	-	784,711
Rental	505,532	-	505,532
Gas Bar	1,463,087	-	1,463,087
CMHC	800,892	-	800,892
Tataskweyak Trust	125,000	-	125,000
Other	4,470,340	-	4,470,340
Other Government Organizations	-	12,881,309	12,881,309
Gain on equity from business enterprises	-	2,368,621	2,368,621
	42,965,367	15,249,930	58,215,297
Expenses			
Band Support	5,923,554	-	5,923,554
Community Fund	4,289,580	-	4,289,580
Job Seeker Manitoba	42,408	-	42,408
Policing	1,032,854	-	1,032,854
Operations and Maintenance	483,873	-	483,873
Public Works	2,535,611	-	2,535,611
Health Services	4,900,772	-	4,900,772
Social Development	4,724,876	-	4,724,876
Elderly Person's Home/Assisted Living	1,022,956	-	1,022,956
Tataskweyak Education Authority	12,862,555	-	12,862,555
CMHC Housing Projects	1,091,395	-	1,091,395
Housing Authority	3,672,679	-	3,672,679
Economic Development	261,652	-	261,652
Future Development	1,950,197	-	1,950,197
Stephen's Lake	165,513	-	165,513
Adverse Effects	5,120,548	-	5,120,548
Gas Bar	1,547,386	-	1,547,386
Video Lottery Terminal Operations	-	-	-
Other Government Organizations	-	9,096,861	9,096,861
	51,628,409	9,096,861	60,725,270
Annual deficit	\$ (8,663,042)	\$ 6,153,069	\$ (2,509,973)

The adjustments include the addition of gain on equity from business enterprises and other government organizations and removal of proceeds from debt and capital asset additions.

Tataskwewak Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2019

18. Segmented disclosure

	Education		Health		Economic Development		Housing		Community Services		Subtotal	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues												
Federal government	\$ 10,728,563	\$ 9,697,181	\$ 4,766,887	\$ 3,834,593	\$ 285,552	\$ 255,877	\$ -	\$ -	\$ 57,488	\$ 61,039	\$ 15,838,490	\$ 13,848,690
Provincial government	-	-	-	-	5,543,926	3,525,743	-	-	1,522,193	1,324,971	7,066,119	4,850,714
Economic activities	148,889	153,989	-	-	3,083,706	3,138,074	362,333	414,333	-	-	3,594,928	3,706,396
Gain of equity on business enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	140,619	226,881	467,639	419,417	13,294,527	12,312,265	944,102	520,127	3,600	3,200	14,850,487	13,481,890
Total revenue	11,018,071	10,078,051	5,234,526	4,254,010	22,207,711	19,231,959	1,306,435	934,460	1,583,281	1,389,210	41,350,024	35,887,690
Expenses												
Salaries and benefits	6,294,989	5,871,171	2,034,976	2,061,722	5,471,312	6,602,490	788,366	801,146	522,089	457,013	15,111,732	15,793,542
Amortization	939,263	948,026	789,279	575,148	1,400,687	1,506,783	1,390,350	1,398,303	-	-	4,519,579	4,428,260
Interest on long term debt	12,311	8,741	-	-	31,008	48,438	63,956	76,781	-	-	107,275	133,960
Travel	261,714	230,514	281,810	221,830	1,156,693	907,620	137,744	162,789	154,981	201,572	1,992,942	1,724,325
Other	3,405,536	3,516,676	1,695,884	1,471,434	9,782,209	8,755,278	2,059,940	1,777,786	926,234	754,803	17,869,803	16,275,977
Total expenses	10,913,813	10,575,128	4,801,949	4,330,134	17,841,909	17,820,609	4,440,356	4,216,805	1,603,304	1,413,388	39,601,331	38,356,064
Annual surplus (deficit)	\$ 104,258	\$ (497,077)	\$ 432,577	\$ (76,124)	\$ 4,365,802	\$ 1,411,350	\$ (3,133,921)	\$ (3,282,345)	\$ (20,023)	\$ (24,178)	\$ 1,748,693	\$ (2,468,374)

Tataskweyak Cree Nation
Notes to the Consolidated Financial Statements

March 31, 2019

18. Segmented disclosure (continued)

	Carryforward subtotal		Social Services		Band Government		Inter-segment eliminations		Consolidated totals	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues										
Federal government	\$ 15,838,490	\$ 13,848,690	\$ 5,599,213	\$ 5,475,628	\$ 4,448,618	\$ 3,940,114	\$ -	\$ -	\$ 25,886,321	\$ 23,264,432
Provincial government	7,066,119	4,850,714	-	-	2,412,836	5,862,222	-	-	9,478,955	10,712,936
Economic activities	3,594,928	3,706,396	63,325	65,850	12,360	12,980	(519,988)	(280,715)	3,150,625	3,504,511
Gain of equity on business enterprises	-	-	-	-	2,368,621	3,967,736	-	-	2,368,621	0
Other revenue	14,850,487	13,481,890	-	48	1,280,072	684,238	(2,345,936)	(1,134,358)	13,784,623	3,967,736
Total revenue	\$ 41,350,024	\$ 35,887,690	5,662,538	5,541,526	10,522,507	14,467,290	(2,865,924)	(1,415,073)	54,669,145	54,481,433
Expenses										
Salaries and benefits	15,111,732	15,793,542	960,914	852,204	2,073,851	1,713,801	447,628	479,772	17,698,869	17,879,775
Amortization	4,519,579	4,428,260	-	-	1,137,745	1,078,264	-	-	5,657,324	5,506,524
Interest on long term debt	107,275	133,960	-	-	5,374	21,623	-	-	112,649	155,583
Travel	1,992,942	1,724,325	55,438	58,354	623,645	625,266	73,158	45,639	2,598,867	2,362,306
Other	17,869,803	16,275,977	4,507,542	4,206,336	5,714,412	7,872,809	2,345,138	889,662	25,746,619	27,465,460
Total expenses	\$ 39,601,331	\$ 38,356,064	5,523,894	5,116,894	9,555,027	11,311,763	2,865,924	1,415,073	51,814,328	53,369,648
Annual surplus (deficit)	\$ 1,748,693	\$ (2,468,374)	\$ 138,644	\$ 424,632	\$ 967,480	\$ 3,155,527	\$ -	\$ -	\$ 2,854,817	\$ 1,111,785

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

19. Expenses by object

	2019	2018
Expenditures		
Administration fees	\$ 21,269	\$ 103,300
Advertising and promotion	99,542	168,100
Allowances - students	841,591	807,744
Amortization	5,657,324	5,506,524
Audit fees	312,522	402,924
Bad debt	268,642	85,571
Bank charges and interest	616,598	365,411
Basic needs (welfare)	3,775,393	3,534,714
Commission expense	279,837	290,099
Community distributions - contribution to Tataskweyak Trust	93,254	72,715
Community distributions - fisherman allocation	-	91,044
Community distributions - fishermen payout	13,000	-
Community distributions - per capita	563,259	3,368,638
Community distributions - shoreline restoration	241,860	502,348
Community distributions - retired trappers	-	45,000
Community services	643,245	802,041
Consultant fees	1,248,156	652,595
Destitute payments	506,540	718,416
Equipment rentals	1,012,514	1,408,872
Honoraria	503,043	426,915
Insurance	644,754	795,275
Interest on long term debt	112,649	155,583
Loss on disposal of tangible capital assets	136,444	328,063
Materials and supplies	751,307	750,555
Office and general	1,168,135	633,533
Professional development	370,407	250,965
Professional fees	986,121	818,006
Program costs	2,218,593	1,689,739
Purchases	1,098,031	1,056,219
Rent for Ininew Limited Partnership	34,340	35,493
Repairs and maintenance	3,691,999	3,691,139
Salaries and benefits	17,698,869	17,879,775
Supplies	900,481	957,143
Travel	2,598,867	2,362,306
Tuition costs	551,550	559,541
Utilities	1,590,041	1,464,519
Vehicle	564,151	588,823
	<hr/> \$ 51,814,328	<hr/> \$ 53,369,648

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2019

20. Subsequent event

Subsequent to March 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

TCN has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of TCN for future periods.