

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

# SAPOTAWEYAK CREE NATION

## MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2016

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

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

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

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

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

The 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 auditor's report.


The external auditors, Heartland Chartered Professional Accountants 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 Sapotaweyak Cree Nation and meet when required.

On behalf of Sapotaweyak Cree Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor

October 20, 2016

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sapatawayak Cree Nation:

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Sapatawayak Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the notes to the financial statements.

### **Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated financial position of Sapatawayak Cree Nation as at March 31, 2016 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Winnipeg, Manitoba  
October 20, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

**SAPOTAWEYAK CREE NATION**

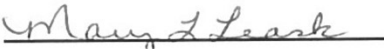
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2016**

	<u><b>2016</b></u>	<u><b>2015</b></u> <b>(restated - see Note 14)</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,970,643	2,075,561
Accounts receivable (Note 3)	634,878	713,623
Trust funds held by the federal government (Note 4)	797	781
Investment in government business partnership (Note 5)	<u>245,652</u>	<u>245,652</u>
	<u>3,851,970</u>	<u>3,035,617</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	422,089	596,261
Unexpended funding (Note 9)	1,826,521	675,567
Long-term debt (Note 10)	<u>5,790,407</u>	<u>6,019,554</u>
	<u>8,039,017</u>	<u>7,291,382</u>
<b>NET DEBT</b>	\$ <u><u><b>4,187,047</b></u></u>	<u><u><b>4,255,765</b></u></u>
<b>NON-FINANCIAL ASSETS</b>		
Construction in progress	\$ 314,248	-
Tangible Capital Assets (Note 6)	<u>25,218,266</u>	<u>27,736,135</u>
	<u>25,532,514</u>	<u>27,736,135</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u><u><b>21,345,467</b></u></u>	<u><u><b>23,480,370</b></u></u>

APPROVED ON BEHALF OF THE FIRST NATION:

 CHIEF

 COUNCILLOR

 COUNCILLOR

 COUNCILLOR

 COUNCILLOR

 COUNCILLOR

**SAPOTAWEYAK CREE NATION**

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b> <b>(restated -</b> <b>see Note 14)</b>
<b>REVENUES</b>		
INAC	\$ 9,170,161	8,400,714
Health Canada	1,575,707	1,556,040
Federal Government - MKO	491,181	491,180
Province of Manitoba	829,673	-
CMHC - rental subsidy	312,918	318,399
Other	9,080,288	4,268,958
Sapotaweyak Cree Nation T.L.E. Trust	-	270,100
Net transfer (to) from unexpended funding	<u>(1,150,954)</u>	<u>(446,936)</u>
	<u>20,308,974</u>	<u>14,858,455</u>
<b>EXPENSES</b>		
Community development	2,128,745	2,313,877
Economic development	109,987	134,572
Education	4,936,609	5,077,391
Band government	1,350,979	1,208,527
Social services	2,946,139	2,981,770
Health	1,640,525	1,714,302
Amortization	2,597,476	2,540,576
Other	6,733,417	72,824
	<u>22,443,877</u>	<u>16,043,839</u>
<b>ANNUAL DEFICIT</b>	<u>(2,134,903)</u>	<u>(1,185,384)</u>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	23,480,370	24,665,754
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b><u>\$ 21,345,467</u></b>	<b><u>23,480,370</u></b>

**SAPOTAWEYAK CREE NATION**

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u> (restated - see Note 14)
<b>ANNUAL DEFICIT</b>	\$ (2,134,903)	(1,185,384)
Acquisition of tangible capital assets	(124,747)	(989,920)
Amortization of tangible capital assets	2,597,476	2,540,576
Loss on disposal of tangible capital assets	45,140	-
Change in construction in progress	<u>(314,248)</u>	<u>453,316</u>
<b>CHANGE IN NET DEBT</b>	68,718	818,588
<b>NET DEBT AT BEGINNING OF YEAR</b>	<u>(4,255,765)</u>	<u>(5,074,353)</u>
<b>NET DEBT AT END OF YEAR</b>	\$ <u><u>(4,187,047)</u></u>	<u><u>(4,255,765)</u></u>

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u> (restated - see Note 14)
<b>OPERATING TRANSACTIONS</b>		
Annual deficit	\$ (2,134,903)	(1,185,384)
Items not affecting cash:		
Amortization	2,597,476	2,540,576
Loss on disposal of tangible capital assets	45,140	-
	<u>507,713</u>	<u>1,355,192</u>
Change in non-cash charges to operations		
Accounts receivable	78,745	(251,999)
Trust funds held by the federal government	(16)	(30)
Temporary borrowings	-	(270,674)
Accounts payable and accrued liabilities	(174,172)	227,357
Accounts payable - other and reserves	-	(127,660)
Incomplete projects	1,150,954	446,936
Inventories held for use	(314,248)	453,316
Cash provided by (applied to) operating transactions	<u>1,248,976</u>	<u>1,832,438</u>
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	<u>(124,747)</u>	<u>(989,920)</u>
<b>FINANCING TRANSACTIONS</b>		
Debt issuance	470,628	450,000
Debt retirement	(699,775)	(723,733)
Cash provided by (applied to) financing transactions	<u>(229,147)</u>	<u>(273,733)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	895,082	568,785
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,075,561</u>	<u>1,506,776</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 2,970,643</u></u>	<u><u>2,075,561</u></u>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of accounting**

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.

**b) Reporting entity**

The Sapotaweyak Cree Nation reporting entity includes the Sapotaweyak Cree Nation government and all related entities that are controlled by the First Nation.

**c) Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

**d) 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.

**e) Portfolio investments**

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

**f) Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes the overhead directly attributable to construction and development, as well as interest costs that are directly attributable to construction of the asset.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.



**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f) Tangible capital assets (continued)**

Amortization is provided for on a straight-line basis, over the estimated useful lives as follows:

Commercial buildings	20 years
Residential buildings	25 years
Roads	40 years
Underground networks	40 years
Furniture and fixtures	5 years
Appliances	4 years
Vehicles	3 years
Computer equipment	3 years
Other equipment	4 years
Heavy equipment	5 years

**g) Revenue recognition**

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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Measurement uncertainty**

In preparing the consolidated financial statements for Sapotaweyak Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the estimated life of tangible capital assets. Actual results could differ from these estimates.

**2) CASH AND CASH EQUIVALENTS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Sapotaweyak Cree Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by fund are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. Cash and cash equivalents is comprised of the following:

	<u>2016</u>	<u>2015</u>
<b>Externally restricted</b>		
CMHC - Replacement Reserve	\$ 306,926	318,324
CMHC - Operating Reserve	-	25,569
<b>Unrestricted</b>	2,663,717	1,731,668
<b>Total cash and cash equivalents</b>	<u>\$ 2,970,643</u>	<u>2,075,561</u>

**3) ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 161,603	309,122
Due from members		
Economic Development - start-up loans	72,637	75,977
Cash advance loans	90,854	85,873
Due to government and other government organizations		
Federal government		
Indigenous and Northern Affairs Canada	109,799	30,788
Service Canada (MKO)	155,311	156,263
Health Canada	36,000	34,207
Canada Mortgage and Housing Corporation	-	6,528
Provincial government	8,674	14,865
<b>Total Accounts Receivable</b>	<u>\$ 634,878</u>	<u>713,623</u>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT**

	<u>March 31, 2015</u>	<u>Additions 2016</u>	<u>Withdrawals 2016</u>	<u>March 31, 2016</u>
Revenue	\$ 781	30	-	811
Capital	-	-	-	-
	<u><u>\$ 781</u></u>	<u><u>30</u></u>	<u><u>-</u></u>	<u><u>811</u></u>

The trust funds 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 Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**5) INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIP**

	<u>2016</u>	<u>2015</u>
Investment - Asenesak Casino Limited Partnership	\$ 330,000	330,000
Less : 2003 write down of investment	(84,348)	(84,348)
	<u><u>\$ 245,652</u></u>	<u><u>245,652</u></u>

**6) TANGIBLE CAPITAL ASSETS**

	<u>2016</u>		<u>2015</u> (restated - see Note 14)	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 6,674,923	1,897,174	6,674,923	1,645,372
Buildings - other	46,183,386	30,125,516	46,183,386	28,283,348
Infrastructure	6,645,400	3,675,094	6,645,400	3,510,084
Roads	5,906,222	4,885,896	5,906,222	4,774,931
Equipment	3,572,503	3,274,287	3,528,678	3,000,293
Vehicles	1,606,254	1,512,455	1,481,507	1,469,953
	<u><u>\$ 70,588,688</u></u>	<u><u>45,370,422</u></u>	<u><u>70,420,116</u></u>	<u><u>42,683,981</u></u>
Net book value	<u><u>\$ 25,218,266</u></u>		<u><u>\$ 27,736,135</u></u>	

**7) TEMPORARY BORROWINGS**

The First Nation has lines of credit available to address operating requirements and to bridge capital expenditures. Interest on these borrowings range from the bank's prime lending rate plus 1.5% to 2.3%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts. As at March 31, 2016, the amount drawn is \$Nil (2015 - \$Nil).

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u> (restated - see Note 14)
Trade payables	\$ <u>422,089</u>	<u>596,261</u>

**9) UNEXPENDED FUNDING**

	<u>Balance March 31, 2015</u>	<u>Funding Received 2016</u>	<u>Revenue Recognized 2016</u>	<u>Balance March 31, 2016</u>
<b><u>Federal Government - INAC</u></b>				
Family Violence Prevention \$	6,925	14,000	(20,925)	-
Waste Transfer Station	-	627,708	(296,058)	331,650
Wastewater Treatment Plant	-	354,449	(18,190)	336,259
Education				
Transportation	62,513	284,032	(299,720)	46,825
	<u>69,438</u>	<u>1,280,189</u>	<u>(634,893)</u>	<u>714,734</u>
<b><u>Other Unexpended Funds</u></b>				
Insurance proceeds	169,651	-	(169,651)	-
Policing	-	15,500	-	15,500
TLE	150,000	-	(150,000)	-
MB Hydro - Bipole III	-	829,673	(40,543)	789,130
Education				
Post Sec: Health Care Aide	11,081	-	(1,588)	9,493
Hot Lunch Program	18,765	-	(18,765)	-
Health - FNIHB				
CFA	4,900	-	(4,900)	-
Social Capital	10,600	-	(10,600)	-
Administration	-	294,730	(293,995)	735
O&M Health Centre	-	100,228	(75,824)	24,404
Mental Health	24,581	67,455	(59,629)	32,407
CHR	30,793	83,186	(72,424)	41,555
Diabetes	18,014	30,674	(22,867)	25,821
Nursing	120,940	359,435	(368,607)	111,768
CPNP	11,134	39,432	(38,790)	11,776
Brighter Futures	30,352	80,063	(70,073)	40,342
NNADAP	5,318	78,617	(75,079)	8,856
	<u>606,129</u>	<u>1,978,993</u>	<u>(1,473,335)</u>	<u>1,111,787</u>
	\$ <u><b>675,567</b></u>	<u><b>3,259,182</b></u>	<u><b>(2,108,228)</b></u>	<u><b>1,826,521</b></u>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**10) LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u> (restated - see Note 14)
<b>NON-CAPITAL</b>		
GENERAL FUND - DEMAND LOAN		
RBC Royal Bank, repaid during the year	\$ -	44,875
GENERAL FUND - DEMAND LOAN		
RBC Royal Bank, repayable at \$10,000 monthly plus interest at RBC Prime, maturing September 30, 2016	90,000	-
<b>TANGIBLE CAPITAL ASSETS</b>		
GENERAL FUND - HOUSING PROJECT - DEMAND LOAN		
RBC Royal Bank, repayable by way of periodic principal payments of \$100,000, interest at 2.7%, maturing August 9, 2016	300,000	400,000
CLUB SAPP		
RBC Royal Bank, repayable at \$8,202 monthly, including interest at 3.58% per annum, maturing May 11, 2016	380,518	450,000
CLUB SAPP		
First Peoples Economic Growth Fund, repayable at \$2,500 monthly.	277,500	300,000
GENERAL FUND - EQUIPMENT		
RBC Royal Bank, interest only monthly payments until maturity of the loan, interest at 2.7%, maturing April 1, 2016	305,628	-
GENERAL FUND - EQUIPMENT		
RBC Royal Bank, repaid during the year	-	156,323
<b>SUB-TOTAL - GENERAL FUND</b>	<u>1,353,646</u>	<u>1,351,198</u>
EDUCATION FUND - NEW BUSES DEMAND LOAN		
RBC Royal Bank, interest only monthly payments until maturity of the loan, interest at 2.7%, maturing May 16,	15,000	-
<b>SUB-TOTAL - EDUCATION FUND</b>	<u>15,000</u>	<u>-</u>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**10) LONG-TERM DEBT (continued)**

	<b>2016</b>	<b>2015</b>
CANADA MORTGAGE AND HOUSING CORPORATION (CMHC):		<b>(restated - see Note 14)</b>
Phase 1: Repayable at \$2,318 monthly including interest at 1.08% per annum, compounded semi-annually, matures May 2025, renewal date August 2020.	\$ 242,708	266,937
Phase 2: Repayable at \$4,582 monthly including interest at 1.65% per annum, compounded semi-annually, matures April 2027, renewal date June 2017.	556,770	602,208
Phase 3: Repayable at \$3,121 monthly including interest at 1.12% per annum, compounded semi-annually, matures January 2030, renewal date February 2020.	479,788	511,059
Phase 4: Repayable at \$4,902 monthly including interest at 1.64% per annum, compounded semi-annually, matures December 2031, renewal date December 2016.	816,410	861,516
Phase 5: Repayable at \$2,501 monthly including interest at 2.35% per annum, compounded semi-annually, matures July 2033, renewal date September 2018.	427,388	446,562
Phase 6: Repayable at \$5,086 monthly including interest at 2.04% per annum, compounded semi-annually, matures January 2034, renewal date March 2019.	912,452	954,409
Phase 7: Repayable at \$4,783 monthly including interest at 1.80% per annum, compounded semi-annually, matures October 2036, renewal date October 2016.	986,245	1,025,665
<b>SUB-TOTAL - CMHC</b>	<b>4,421,761</b>	<b>4,668,356</b>
Sub-total General Fund	1,353,646	1,351,198
Sub-total Education	15,000	-
Total Long-term debt	<b>5,790,407</b>	<b>6,019,554</b>
Less: current portion	710,298	888,421
	<b>\$ 5,080,109</b>	<b>5,131,133</b>

Anticipated annual principal payments over the next five years are as follows:

2017	\$ 710,298
2018	619,546
2019	481,055
2020	395,456
2021	467,951

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**11) EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<u><b>2016</b></u>	<u><b>2015</b></u> <b>(restated - see Note 14)</b>
Salaries, wages and benefits	\$ 5,436,836	4,645,646
Staff development	298,001	308,703
Supplies and services	7,412,175	6,317,826
Interest	160,588	180,491
Other	4,855,927	540,398
Professional services	122,465	201,567
Rental expenditures	75,418	28,640
Travel	625,924	766,362
Fees and contract services	859,067	513,630
Amortization	2,597,476	2,540,576
	<u><b>\$ 22,443,877</b></u>	<u><b>16,043,839</b></u>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**12) CONTINGENT LIABILITY - SOCIAL SERVICES FUNDING**

According to the reports filed with Indigenous and Northern Affairs Canada ("INAC"), the First Nation owes an undetermined amount to INAC at March 31, 2007 for non-eligible social services expenditures. Subsequent to year-end these amounts were re-submitted and a final determination could not be estimated. Any amounts not approved will be recorded as an expenditure in the 2016 - 2017 fiscal year.

During the 2008 / 2009 fiscal year, INAC has identified an over-payment of \$202,965 from Basic Needs funding. The exact date of an "agreed amount of recovery" has not yet been established. Until such that a mutual agreement has been reached, the First Nation is disclosing this recovery as a contingent liability.

**13) COMPARATIVE FIGURES**

Comparative figures have been provided where practicable in the Schedules of Revenue and Expenditures. Certain comparative figures have been reclassified to conform to the current year's method of presentation.

**14) PRIOR PERIOD ADJUSTMENT**

The prior year's consolidated financial statements inadvertently omitted the operations and ending balances of Club SAPP, the First Nation's gaming facility in Swan River. As a result, cash was understated by \$225,861, tangible capital assets were understated by \$761,680, accounts payable were understated by \$145,988, long-term debt was understated by \$300,000, other revenue was understated by \$91,553 and community development expenses were overstated by \$450,000. The comparative figures have been retrospectively restated to correct this error.

Further, the prior year's financial statements included \$328,763 in capital assets and \$457,729 in long-term debt representing the VLT terminals for the Club SAPP facility and an amount owing to Manitoba Lotteries. During the year, it was determined that the First Nation does not, and will never hold title to the VLT machines and that these amounts should not be reflected in these consolidated financial statements. The comparative figures have been retrospectively restated to correct this error.



**SAPOTAWEYAK CREE NATION**  
**SUMMARY OF INAC AND OTHER FUNDING**  
**FOR THE YEAR ENDED MARCH 31, 2016**  
(Unaudited)

<b>REVENUE</b>								
	<b>PAGE</b>	<b>INAC</b>	<b>OTHER</b>	<b>UNEXPENDED FUNDING BEGINNING OF YEAR</b>	<b>TOTAL</b>	<b>EXPENDITURE</b>	<b>UNEXPENDED FUNDING END OF YEAR</b>	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE</b>
Band support	17	\$ 708,978	402,826	-	1,111,804	1,461,241	-	(349,437)
Reserve Land and Environment Mgmt Prog	17A	27,664	-	-	27,664	34,900	-	(7,236)
Family Violence Prevention	17A	14,000	-	6,925	20,925	21,201	-	(276)
Education	18	4,014,162	742,620	92,359	4,849,141	4,968,942	56,318	(176,119)
Social services	31	2,392,114	492,844	15,495	2,900,453	2,945,378	-	(44,925)
Capital	33	1,454,857	498,872	-	1,953,729	1,368,193	-	585,536
Operations & maintenance	35	378,977	157,442	-	536,419	677,943	-	(141,524)
Economic development	36	85,164	3,000	-	88,164	109,987	-	(21,823)
Water and Wastewater	38	94,245	-	-	94,245	120,404	-	(26,159)
Health Canada	41	-	1,638,307	241,132	1,879,439	1,599,612	297,664	(17,837)
Other programs		-	7,200,973	-	7,200,973	9,136,076	-	(1,935,103)
		<b>\$ 9,170,161</b>	<b>11,136,884</b>	<b>355,911</b>	<b>20,662,956</b>	<b>22,443,877</b>	<b>353,982</b>	<b>(2,134,903)</b>