

**SAPOTAWEYAK CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018**

# SAPOTAWEYAK CREE NATION

## MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2018

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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.

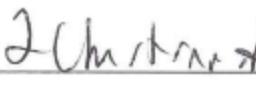
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the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

## INDEPENDENT AUDITOR'S REPORT

To the Members of Sapotaweyak Cree Nation:

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

We have audited the accompanying consolidated financial statements of Sapotaweyak Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2018 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 Sapotaweyak Cree Nation as at March 31, 2018 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.

### **Other Matters**

The consolidated financial statements of Sapotaweyak Cree Nation for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on December 1, 2017.



Winnipeg, Manitoba  
August 3, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 3,485,087	1,802,730
Restricted cash (Note 2)	294,445	431,565
Accounts receivable (Note 3)	987,535	860,914
Inventory for resale	13,777	14,558
Trust funds held by the federal government (Note 4)	830	805
Investment in government business partnership (Note 5)	866,533	808,311
	<u>5,648,207</u>	<u>3,918,883</u>
<b>LIABILITIES</b>		
Temporary borrowings (Note 7)	5,000	525,000
Accounts payable and accrued liabilities (Note 8)	1,759,972	816,677
Unexpended funding (Note 9)	1,310,658	757,523
Long-term debt (Note 10)	4,648,255	5,084,099
	<u>7,723,885</u>	<u>7,183,299</u>
<b>NET DEBT</b>	<b>\$ 2,075,678</b>	<b>3,264,416</b>
<b>NON-FINANCIAL ASSETS</b>		
Construction in progress	\$ 278,437	2,968,979
Tangible Capital Assets (Note 6)	<u>27,240,765</u>	<u>23,931,871</u>
	<u>27,519,202</u>	<u>26,900,850</u>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 25,443,524</b>	<b>23,636,434</b>

APPROVED ON BEHALF OF THE FIRST NATION:

 **CHIEF**  **COUNCILLOR**  
 **COUNCILLOR**  **COUNCILLOR**

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
ISC	\$ 12,703,200	11,717,468
Health Canada	2,732,773	2,114,260
Federal Government - MKO	491,653	518,398
Province of Manitoba	1,283	80,962
CMHC	1,074,916	833,090
Swampy Cree Tribal Council (Bill C-31)	-	163,290
Insurance proceeds	-	26,487
Tobacco tax rebates	-	308,550
Rental income	325,104	487,036
User fees	-	114,886
VLT revenue (net of prize payouts)	-	2,056,900
Concession and other sales	-	603,216
Other revenue	10,965,809	1,868,806
Earnings (loss) from investment in First Nation partnership	58,222	(10,951)
Net transfer (to) from unexpended funding	<u>(598,412)</u>	<u>1,053,498</u>
	<u>27,754,548</u>	<u>21,935,896</u>
<b>EXPENSES</b>		
Band Government and Community Development	8,403,852	5,397,691
Economic development	47,218	111,544
Housing	-	607,861
Education	4,631,550	5,657,844
Gaming Operations	-	2,707,601
Social services	2,829,970	2,341,537
Employment and Daycare	-	581,541
Health	2,772,974	2,456,826
Amortization	2,935,241	-
Other	<u>4,326,653</u>	<u>392,089</u>
	<u>25,947,458</u>	<u>20,254,534</u>
<b>ANNUAL SURPLUS</b>	<u>1,807,090</u>	<u>1,681,362</u>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	23,636,434	21,955,072
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>\$ <u>25,443,524</u></b>	<b><u>23,636,434</u></b>

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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	<b>2018</b>	<b>2017</b>
<b>ANNUAL SURPLUS</b>	\$ 1,807,090	1,681,362
Acquisition of tangible capital assets	(3,275,156)	(1,375,446)
Amortization of tangible capital assets	2,935,241	2,661,841
Change in construction in progress	<u>(278,437)</u>	<u>(2,654,731)</u>
<b>CHANGE IN NET DEBT</b>	1,188,738	313,026
<b>NET DEBT AT BEGINNING OF YEAR</b>	<u>(3,264,416)</u>	<u>(3,577,442)</u>
<b>NET DEBT AT END OF YEAR</b>	<b>\$ <u>(2,075,678)</u></b>	<b><u>(3,264,416)</u></b>

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 1,807,090	1,681,362
Items not affecting cash:		
Amortization	2,935,241	2,661,841
(Earnings) loss from investment in First Nation partnership	(58,222)	10,951
	<u>4,684,109</u>	<u>4,354,154</u>
Change in non-cash charges to operations		
Accounts receivable	(126,621)	(202,837)
Inventory for resale	781	(14,558)
Trust funds held by the federal government	(25)	(6)
Accounts payable and accrued liabilities	943,295	385,463
Unexpended funding	553,135	(1,068,998)
	<u>6,054,674</u>	<u>3,453,218</u>
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(3,275,156)	(1,375,446)
Purchase of assets under construction	<u>(278,437)</u>	<u>(2,654,731)</u>
	<u>(3,553,593)</u>	<u>(4,030,177)</u>
<b>FINANCING TRANSACTIONS</b>		
Debt issuance	318,769	375,272
Repayment of long-term debt	(754,613)	(766,581)
Repayment of term loans due on demand	-	(315,000)
Cash provided by (applied to) financing transactions	<u>(435,844)</u>	<u>(706,309)</u>
<b>INVESTING TRANSACTIONS</b>		
Dividends from Government Business Partnership	-	20,000
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,065,237</b>	<b>(1,263,268)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,709,295</b>	<b>2,972,563</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>3,774,532</u></b>	<b>\$ <u>1,709,295</u></b>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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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.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Sapotaweyak Cree Nation
- Sapotaweyak Health Authority
- Sapotaweyak Education Authority
- Sapotaweyak Aboriginal Skills and Employment Training (ASETS) Program
- Club SAPP
- The Loonie Bin Gaming Lounge
- Sapotaweyak CMHC Housing Authority
- Sapotaweyak Internet Services
- Sapotaweyak Social Services

Investments in First Nation partnerships are accounted for using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation'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:

- Asesneskak Casino Limited Partnership

**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.

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

**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.

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

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2018

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

**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.

**h) Provision for site rehabilitation**

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. A liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition cause by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

No liability has been recorded as of March 31, 2018 as funding from government agencies will offset any costs associated with the closure of landfill sites.

**i) Employee future benefits**

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the defined contribution plans are expensed as incurred.

**j) 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.

**k) Related party projects**

Transactions between the Band and its related parties are not separately disclosed in the consolidated financial statements.

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**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:

	<b>2018</b>	<b>2017</b>
<b>Externally restricted</b>		
CMHC - Replacement Reserve	\$ 294,445	349,187
CMHC - Operating Reserve	-	-
Amount reserve(s) are over (under) funded	-	82,378
<b>Unrestricted</b>	<u>3,485,087</u>	<u>1,885,108</u>
<b>Total cash and cash equivalents</b>	<u><u>\$ 3,779,532</u></u>	<u><u>2,234,295</u></u>

**3) ACCOUNTS RECEIVABLE**

	<b>2018</b>	<b>2017</b>
Trade receivables	\$ 157,949	317,048
Due from members		
Economic Development - start-up loans	32,201	95,285
Cash advance loans	261,757	118,045
Due to government and other government organizations		
Federal government		
ISC	284,643	190,444
Service Canada (MKO)	166,712	170,982
Health Canada	-	100,000
Canada Mortgage and Housing Corporation	266,805	-
Provincial government	<u>37,819</u>	<u>39,163</u>
	<u><u>1,207,886</u></u>	<u><u>1,030,967</u></u>
Less: Allowance for doubtful accounts	220,351	170,053
<b>Total Accounts Receivable</b>	<b><u><u>\$ 987,535</u></u></b>	<b><u><u>860,914</u></u></b>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

	<u>March 31, 2017</u>	<u>Additions 2018</u>	<u>Withdrawals 2018</u>	<u>March 31, 2018</u>
Revenue	\$ 805	25	-	830
Capital	-	-	-	-
	<u>\$ 805</u>	<u>25</u>	<u>-</u>	<u>830</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>2018</u>	<u>2017</u>
Investment - Asenesak Casino Limited Partnership	\$ 385,000	385,000
Cummulative share of earnings	1,841,205	1,782,983
Cummulative dividends paid	(1,359,672)	(1,359,672)
	<u>\$ 866,533</u>	<u>808,311</u>

**6) TANGIBLE CAPITAL ASSETS**

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 6,674,923	2,413,356	6,674,923	2,151,694
Buildings - other	52,984,302	33,927,885	46,975,026	31,881,030
Infrastructure	6,645,400	4,005,076	6,645,400	3,840,104
Roads	5,906,222	5,107,823	5,906,222	4,996,860
Equipment	3,997,284	3,727,613	3,874,523	3,549,726
Vehicles	1,977,119	1,762,732	1,865,061	1,589,870
	<u>\$ 78,185,250</u>	<u>50,944,484</u>	<u>71,941,155</u>	<u>48,009,284</u>
Net book value	<u>\$ 27,240,765</u>		<u>\$ 23,931,871</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%. All loans are unsecured, due on demand and are in the form of bankers' acceptance notes and bank overdrafts. As at March 31, 2018, the amount drawn on the operating line of credit (General) is \$Nil (2017 - \$250,000), the amount drawn on the demand loan (Capital) is \$Nil (2017 - \$275,000) and the amount drawn on the demand loan (Social) is \$5,000 (2017 - \$Nil).

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2018</b>	<b>2017</b>
Trade payables and accrued liabilities	\$ 1,564,824	706,203
Payroll liabilities	190,286	105,149
Accrued interest	4,862	5,325
	<b>\$ 1,759,972</b>	<b>816,677</b>

**9) UNEXPENDED FUNDING**

	<b>Balance March 31, 2017</b>	<b>Funding Received 2018</b>	<b>Revenue Recognized 2018</b>	<b>Balance March 31, 2018</b>
<b><u>Federal Government - ISC</u></b>				
Fire Hall	\$ 56,462	353,898	-	410,360
Pow Wow Arbour	96,200	-	(96,200)	-
Land Use Phase I	8,363	-	(8,363)	-
Land Use Phase II	-	20,218	-	20,218
Education				
PHP	-	209,692	-	209,692
Instructional Services	167,446	73,060	(167,446)	73,060
Post Secondary	-	189,906	-	189,906
Transportation	46,825	148,839	(46,825)	148,839
	<b>375,296</b>	<b>995,613</b>	<b>(318,834)</b>	<b>1,052,075</b>
<b><u>Other Deferred Revenue</u></b>				
MB Hydro - Bipole III	127,153	-	(127,153)	-
Education - other	-	500	-	500
Health - FNIHB				
O&M Health Centre	6,194	105,751	(111,945)	-
Mental Health	5,014	71,173	(76,187)	-
Nursing	98,589	-	(98,589)	-
O&M Building (Flexible)	100,000	158,083	-	258,083
	<b>336,950</b>	<b>335,507</b>	<b>(413,874)</b>	<b>258,583</b>
	<b>\$ 712,246</b>	<b>1,331,120</b>	<b>(732,708)</b>	<b>1,310,658</b>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**10) LONG-TERM DEBT**

	<b>2018</b>	<b>2017</b>
<b>TANGIBLE CAPITAL ASSETS</b>		
Royal Bank of Canada, 2018 Fire Truck purchase	\$ 102,372	-
Royal Bank of Canada, RRAP loan	84,823	-
Royal Bank of Canada, Retrofit loan	131,574	-
Royal Bank of Canada, repaid during the year	-	51,617
Royal Bank of Canada, repaid during the year	-	37,655
Royal Bank of Canada, repaid during the year	-	151,000
Royal Bank of Canada, repaid during the year	-	135,000
<b>CLUB SAPP</b>		
RBC Royal Bank, repayable at \$8,164 monthly, including interest at 3.34% per annum, maturing	206,407	294,086
<b>CLUB SAPP</b>		
First Peoples Economic Growth Fund, repayable at \$2,500 monthly, interest at 0%, due June 2025.	217,500	247,500
<b>SUB-TOTAL - GENERAL FUND</b>	<b>742,676</b>	<b>916,858</b>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

	<b>2018</b>	<b>2017</b>
CANADA MORTGAGE AND HOUSING CORPORATION (CMHC):		
Phase 1: Repayable at \$2,318 monthly including interest at 1.08% per annum, compounded semi-annually, matures May 2025, renewal date August 2020.	\$ 191,774	217,375
Phase 2: Repayable at \$4,582 monthly including interest at 1.65% per annum, compounded semi-annually, matures April 2027, renewal date June 2022.	463,060	510,573
Phase 3: Repayable at \$3,121 monthly including interest at 1.12% per annum, compounded semi-annually, matures January 2030, renewal date February 2020.	414,906	447,522
Phase 4: Repayable at \$4,787 monthly including interest at 1.31% per annum, compounded semi-annually, matures December 2031, renewal date December 2021.	722,606	770,271
Phase 5: Repayable at \$2,501 monthly including interest at 2.35% per annum, compounded semi-annually, matures July 2033, renewal date September 2018.	386,415	407,130
Phase 6: Repayable at \$5,086 monthly including interest at 2.04% per annum, compounded semi-annually, matures January 2034, renewal date March 2019.	825,749	869,520
Phase 7: Repayable at \$4,441 monthly including interest at 1.03% per annum, compounded semi-annually, matures October 2036, renewal date October 2021.	901,069	944,850
<b>SUB-TOTAL - CMHC</b>	<b>3,905,579</b>	<b>4,167,241</b>
Sub-total General Fund	742,676	916,858
Total Long-term debt	<b>4,648,255</b>	<b>5,084,099</b>
Less: current portion	<b>1,829,935</b>	<b>888,421</b>
	<b>\$ 2,818,320</b>	<b>4,195,678</b>

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

2019	\$ 1,829,935
2020	659,898
2021	369,767
2022	1,425,243
2023	363,412

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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**11) EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<b>2018</b>
Salaries, wages and benefits	\$ 6,315,702
Staff development	277,489
Supplies and services	11,213,353
Interest	130,951
Other	3,596,637
Professional services	444,527
Rental expenditures	60,408
Travel	698,888
Fees and contract services	274,262
Amortization	2,935,241
	<b>\$ 25,947,458</b>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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

ISC has identified the following funding recoveries totalling \$506,924 related to the social services program:

- Basic Needs (2001 and prior years)	\$ 202,965
- Basic Needs (2010-11)	27,570
- Basic Needs (2014 Social Compliance Review)	271,283
- Basic Needs (2015-16)	5,106

ISC has withheld social services funding owed to the First Nation totalling \$94,083 from the 2012-13 and 2013-14 fiscal years, that has not been recorded as a receivable by the First Nation. This withheld funding may be applied against the basic needs funding recoveries above in the event of repayment. Until such time as the terms of repayment have been established and a mutual agreement is reached, the First Nation is disclosing these recoveries as contingent liabilities.

**13) CONTINGENT LIABILITY**

During the year, the First Nation was served a statement of claim from The Loonie Bin's former ATM cash management service. The likelihood of this claim's success and the amount of damages the First Nation is potentially liable for are unknown.

**14) COMMITMENTS**

The First Nation has entered into agreements with Manitoba Liquor and Lotteries with respect to the Video Lotto Terminals (VLT) in use at Club SAPP and The Loonie Bin. The First Nation is committed to combined weekly payments of \$3,241 (\$168,532 annually) for the use of the VLTs.

**15) 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.

**SAPOTAWEYAK CREE NATION**  
**SUMMARY OF ISC AND OTHER FUNDING**  
**FOR THE YEAR ENDED MARCH 31, 2018**  
(Uaudited)

	PAGE	REVENUE					EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	
		ISC	OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR				
				TOTAL	EXPENDITURE	UNEXPENDED FUNDING END OF YEAR		
Band support	18	\$ 794,275	240,771	-	1,035,046	1,472,332	- (437,286)	
Reserve Land and Environment Mgmt Prog	20	27,664	-	-	27,664	27,744	- (80)	
Land Use Planning Phase I	21	-	-	8,363	8,363	8,363	-	
Land Use Planning Phase II	21	98,700	-	-	98,700	78,482	20,218	
Family Violence Prevention	22	14,000	-	-	14,000	14,003	- (3)	
Economic development	23	85,164	5,781	-	90,945	47,218	- 43,727	
Education	24	4,758,654	577,311	214,271	5,550,236	4,629,947	621,497 298,792	
Social services	40	2,200,701	55,034	-	2,255,735	2,293,694	- (37,959)	
Capital and O&M	43	4,677,018	166,032	-	4,843,050	4,818,296	- 24,754	
Health Canada	52	-	2,727,948	209,797	2,937,745	2,600,888	258,083 78,774	
Other programs		-	11,792,862	-	11,792,862	9,956,491	- 1,836,371	
		<b>\$ 12,656,176</b>	<b>15,565,739</b>	<b>432,431</b>	<b>28,654,346</b>	<b>25,947,458</b>	<b>899,798</b>	
							<b>1,807,090</b>	