

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**SAPOTAWEYAK CREE NATION**

**MANAGEMENT'S REPORT**

**FOR THE YEAR ENDED MARCH 31, 2019**

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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 *Reynold Leask*

\_\_\_\_\_  
Councillor

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sapotaweyak Cree Nation:

### **Opinion**

We have audited the consolidated financial statements of Sapotaweyak Cree Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sapotaweyak Cree Nation as at March 31, 2019 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.

### **Basis for 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 Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at Heartland CPAs' website at: [heartlandcpa.com/auditorsresponsibilities](http://heartlandcpa.com/auditorsresponsibilities). This description forms part of our auditor's report.

Winnipeg, Manitoba  
July 26, 2019

  
CHARTERED PROFESSIONAL ACCOUNTANTS

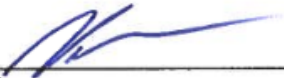
**SAPOTAWEYAK CREE NATION**

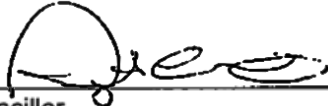
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 3,428,539	3,422,687
Restricted cash (Note 2)	462,543	356,845
Accounts receivable (Note 3)	1,582,895	987,535
Inventory for resale	14,102	13,777
Trust funds held by the federal government (Note 4)	849	830
Investment in government business partnerships (Note 5)	727,994	866,533
	<u>6,216,922</u>	<u>5,648,207</u>
<b>LIABILITIES</b>		
Temporary borrowings (Note 7)	90,000	5,000
Accounts payable and accrued liabilities (Note 8)	919,673	1,759,972
Unexpended funding (Note 9)	3,019,401	1,310,658
Long-term debt (Note 10)	6,103,263	4,648,255
	<u>10,132,337</u>	<u>7,723,885</u>
<b>NET DEBT</b>	\$ <u><u>3,915,415</u></u>	<u><u>2,075,678</u></u>
<b>NON-FINANCIAL ASSETS</b>		
Construction in progress	\$ 4,251,002	278,437
Tangible Capital Assets (Note 6)	25,097,557	27,240,765
	<u>29,348,559</u>	<u>27,519,202</u>
<b>ACCUMULATED SURPLUS</b>	\$ <u><u>25,433,144</u></u>	<u><u>25,443,524</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, 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>REVENUES</b>		
ISC	\$ 11,819,761	12,703,200
Health Canada	3,367,006	2,732,773
Federal Government - MKO	571,650	491,653
Province of Manitoba	-	1,283
CMHC	444,888	1,074,916
Rental income	319,095	325,104
Other revenue	14,848,938	10,965,809
(Loss) earnings from investment in government business partnerships	(98,559)	58,222
Net transfer to unexpended funding	<u>(1,708,743)</u>	<u>(598,412)</u>
	<u>29,564,036</u>	<u>27,754,548</u>
<b>EXPENSES</b>		
Band government	1,137,563	1,463,502
Community development	5,560,675	6,940,350
Economic development	1,444,027	47,218
Education	5,186,178	4,631,550
Social services	2,415,426	2,829,970
Health	3,017,534	2,772,974
Amortization	2,863,768	2,935,241
Other	7,949,245	4,326,653
	<u>29,574,416</u>	<u>25,947,458</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<u>(10,380)</u>	<u>1,807,090</u>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	25,443,524	23,636,434
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<u><u><b>\$ 25,433,144</b></u></u>	<u><u><b>25,443,524</b></u></u>

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	\$ (10,380)	1,807,090
Acquisition of tangible capital assets	(720,560)	(3,275,156)
Amortization of tangible capital assets	2,863,768	2,935,241
Change in construction in progress	<u>(3,972,565)</u>	<u>(278,437)</u>
<b>CHANGE IN NET DEBT</b>	(1,839,737)	1,188,738
<b>NET DEBT AT BEGINNING OF YEAR</b>	<u>(2,075,678)</u>	<u>(3,264,416)</u>
<b>NET DEBT AT END OF YEAR</b>	<b>\$ <u>(3,915,415)</u></b>	<b><u>(2,075,678)</u></b>

**SAPOTAWEYAK CREE NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>OPERATING TRANSACTIONS</b>		
Annual (deficit) surplus	\$ (10,380)	1,807,090
Items not affecting cash:		
Amortization	2,863,768	2,935,241
Loss (earnings) from investment in government business partnerships	<u>98,559</u>	<u>(58,222)</u>
	2,951,947	4,684,109
Change in non-cash charges to operations		
Accounts receivable	(595,360)	(126,621)
Inventory for resale	(325)	781
Trust funds held by the federal government (Note 4)	(19)	(25)
Accounts payable and accrued liabilities	(840,299)	943,295
Unexpended funding	<u>1,708,743</u>	<u>553,135</u>
Cash provided by (applied to) operating transactions	<u>3,224,687</u>	<u>6,054,674</u>
<b>CAPITAL TRANSACTIONS</b>		
Purchase of tangible capital assets	(720,560)	(3,275,156)
Purchase of assets under construction	<u>(3,972,565)</u>	<u>(278,437)</u>
	<u>(4,693,125)</u>	<u>(3,553,593)</u>
<b>FINANCING TRANSACTIONS</b>		
Debt issuance	2,076,863	318,769
Repayment of long-term debt	(621,855)	(754,613)
Temporary borrowings (Note 7)	<u>85,000</u>	<u>(520,000)</u>
Cash provided by (applied to) financing transactions	<u>1,540,008</u>	<u>(955,844)</u>
<b>INVESTING TRANSACTIONS</b>		
Dividends from government business partnerships	40,000	-
Acquisition of investments in government business partnerships	<u>(20)</u>	<u>-</u>
Cash provided by (applied to) investing transactions	<u>39,980</u>	<u>-</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	111,550	1,545,237
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,779,532</u>	<u>2,234,295</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 3,891,082</u></u>	<u><u>3,779,532</u></u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 3,428,539	3,422,687
Restricted cash	<u>462,543</u>	<u>356,845</u>
	<u><u>\$ 3,891,082</u></u>	<u><u>3,779,532</u></u>

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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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 government business 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
- Bus lines & Mahikan GP Inc.

**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, 2019**

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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:

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

**SAPOTAWEYAK CREE NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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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 caused 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, 2019 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.

# SAPOTAWEYAK CREE NATION

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

### 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>2019</u>	<u>2018</u>
<b>Externally restricted</b>		
CMHC - Replacement Reserve	\$ 462,543	356,845
<b>Unrestricted</b>	3,428,539	3,422,687
<b>Total cash and cash equivalents</b>	<b>\$ <u>3,891,082</u></b>	<b><u>3,779,532</u></b>

### 3) ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
<b>Trade receivables</b>	\$ 163,401	157,949
<b>Due from members</b>		
Economic Development - start-up loans	91,370	32,201
Cash advance loans	245,330	261,757
<b>Due from government and other government organizations</b>		
Federal government		
Canada Mortgage and Housing Corporation	17,237	266,805
ISC	1,178,422	284,643
Service Canada (MKO)	157,397	166,712
Provincial government	27,120	37,819
	<u>1,880,277</u>	<u>1,207,886</u>
<b>Less: Allowance for doubtful accounts</b>	297,382	220,351
<b>Total Accounts Receivable</b>	<b>\$ <u>1,582,895</u></b>	<b><u>987,535</u></b>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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

	<u>March 31, 2018</u>	<u>Additions 2019</u>	<u>Withdrawals 2019</u>	<u>March 31, 2019</u>
Revenue	\$ 830	19	-	849
Capital	-	-	-	-
	<u>\$ 830</u>	<u>19</u>	<u>-</u>	<u>849</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 PARTNERSHIPS**

	<u>2019</u>	<u>2018</u>
Investment - Bus Lines & Mahikan GP Inc.	\$ 20	-
Investment - Asenesak Casino Limited Partnership	385,000	385,000
Cummulative share of earnings	1,742,646	1,841,205
Cummulative dividends paid	<u>(1,399,672)</u>	<u>(1,359,672)</u>
	<u>727,974</u>	<u>866,533</u>
Total Investments in government business partnerships	<u>\$ 727,994</u>	<u>866,533</u>

**6) TANGIBLE CAPITAL ASSETS**

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 6,674,923	2,678,833	6,674,923	2,413,356
Buildings - other	52,997,015	35,884,736	52,984,302	33,927,885
Equipment	4,132,892	3,860,454	3,997,284	3,727,613
Infrastructure	6,645,400	4,170,086	6,645,400	4,005,076
Roads	5,906,222	5,218,787	5,906,222	5,107,823
Vehicles	2,463,817	1,909,816	1,977,119	1,762,732
	<u>\$ 78,820,269</u>	<u>53,722,712</u>	<u>78,185,250</u>	<u>50,944,485</u>
Net book value	<u>\$ 25,097,557</u>		<u>\$ 27,240,765</u>	

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

**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, 2019, the amount drawn on the operating line of credit (General) is \$90,000 (2018 - \$Nil), the amount drawn on the demand loan (Capital) is \$Nil (2018 - \$Nil) and the amount drawn on the demand loan (Social) is \$Nil (2018 - \$5,000).

**8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2019</u>	<u>2018</u>
Trade payables and accrued liabilities	\$ 862,989	1,564,824
Payroll liabilities	52,091	190,286
Accrued interest	4,593	4,862
	<u><u>\$ 919,673</u></u>	<u><u>1,759,972</u></u>

**9) UNEXPENDED FUNDING**

	<u>Balance March 31, 2018</u>	<u>Funding Received 2019</u>	<u>Revenue Recognized 2019</u>	<u>Balance March 31, 2019</u>
<b><u>Federal Government - ISC</u></b>				
Fire Hall	\$ 410,360	-	(410,360)	-
New Water Treatment Plant	-	360,000	-	360,000
Capacity & Innovation	-	20,000	-	20,000
Community Based Initiatives	-	228,407	(73,553)	154,854
Land Use Planning Phase II	20,218	-	(20,218)	-
Land Use Planning Phase III	-	18,640	-	18,640
Fire Damage Repairs	-	168,390	-	168,390
Wastewater Interim Repairs	-	300,000	-	300,000
Band Housing 17-18	-	588,497	-	588,497
<b><u>Education</u></b>				
PHP	209,692	299,563	(209,692)	299,563
Instructional Services	73,060	-	(73,060)	-
Post Secondary	189,906	184,332	(189,906)	184,332
Summer Employment	-	26,042	-	26,042
Transportation	148,839	19,962	(148,839)	19,962
	<u>1,052,075</u>	<u>2,213,833</u>	<u>(1,125,628)</u>	<u>2,140,280</u>
<b><u>Other Deferred Revenue</u></b>				
MB Hydro - Bipole III	-	45,490	-	45,490
Education - other	500	-	(500)	-
<b><u>Health - FNIHB</u></b>				
O&M Building (Flexible)	258,083	833,631	(258,083)	833,631
	<u>258,583</u>	<u>879,121</u>	<u>(258,583)</u>	<u>879,121</u>
	<u><u>\$ 1,310,658</u></u>	<u><u>3,092,954</u></u>	<u><u>(1,384,211)</u></u>	<u><u>3,019,401</u></u>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

**10) LONG-TERM DEBT**

	<u>2019</u>	<u>2018</u>
<b>TANGIBLE CAPITAL ASSETS</b>		
Royal Bank of Canada, 2018 Fire Truck purchase Repayable at \$20,474 annually, including interest at 5.95% per annum, maturing October 16, 2019	\$ 81,898	102,372
Royal Bank of Canada, RRAP loan, repaid during the year	-	84,823
Royal Bank of Canada, Retrofit loan, repaid during the year	-	131,574
Royal Bank of Canada, 2019 Sewer Truck Loan Repayable at \$2,358 monthly, including interest at 5.95% per annum, maturing November 7, 2019	132,084	-
Royal Bank of Canada, 2019 Water Truck Loan Repayable at \$2,497 monthly, including interest at 5.95% per annum, maturing November 9, 2019	139,812	-
First People's Economic Growth Fund, gas station loan Repayable at \$7,426 monthly, including interest at 5.00% per annum, maturing August 2029	700,000	-
First People's Economic Growth Fund, interest free loan Repayable at \$2,500 monthly, including interest at 0.00% per annum, maturing August 2029	300,000	-
<b>CLUB SAPP</b> Royal Bank of Canada, repayable at \$8,019 monthly, including interest at 4.17% per annum, maturing May 4, 2021	116,899	206,407
<b>CLUB SAPP</b> First Peoples Economic Growth Fund, repayable at \$2,500 monthly, interest at 0%, due June 2025.	187,500	217,500
<b>SUB-TOTAL - GENERAL FUND</b>	<u>1,658,193</u>	<u>742,676</u>

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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

	<b>2019</b>	<b>2018</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.	\$ 165,895	191,774
Phase 2: Repayable at \$4,506 monthly including interest at 1.30% per annum, compounded semi-annually, matures April 2027, renewal date June 2022.	414,710	463,060
Phase 3: Repayable at \$3,121 monthly including interest at 1.12% per annum, compounded semi-annually, matures January 2030, renewal date February 2020.	381,923	414,906
Phase 4: Repayable at \$4,787 monthly including interest at 1.31% per annum, compounded semi-annually, matures December 2031, renewal date December 2021.	674,314	722,606
Phase 5: Repayable at \$2,531 monthly including interest at 2.52% per annum, compounded semi-annually, matures July 2033, renewal date September 2023.	365,344	386,415
Phase 6: Repayable at \$5,086 monthly including interest at 2.04% per annum, compounded semi-annually, matures January 2034, renewal date May 2019.	781,082	825,749
Phase 7: Repayable at \$4,441 monthly including interest at 1.03% per annum, compounded semi-annually, matures October 2036, renewal date October 2021.	856,835	901,069
Phase 8: Construction loan advance, repayable at \$4,334 monthly including interest at 2.52% per annum, compounded semi-annually, matures August 2039.	804,967	-
<b>SUB-TOTAL - CMHC</b>	<b>4,445,070</b>	<b>3,905,579</b>
Sub-total General Fund	1,658,193	742,676
Total Long-term debt	<b>6,103,263</b>	<b>4,648,255</b>
Less: current portion	526,228	888,421
	<b>\$ 5,577,035</b>	<b>3,759,834</b>

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

2020	\$ 526,228
2021	536,548
2022	507,296
2023	515,175
2024	1,108,916

**SAPOTAWEYAK CREE NATION**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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**11) EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	<u><b>2019</b></u>	<u><b>2018</b></u>
Amortization	\$ 2,863,768	2,935,241
Fees and contract services	349,228	274,262
Interest	162,848	130,951
Other	6,058,486	3,596,637
Professional services	1,058,412	444,527
Rental expenditures	221,823	60,408
Salaries, wages and benefits	7,202,076	6,315,702
Staff development	432,219	277,489
Supplies and services	10,335,434	11,213,353
Travel	890,122	698,888
	<u><b>\$ 29,574,416</b></u>	<u><b>25,947,458</b></u>



## SAPOTAWEYAK CREE NATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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

ISC has identified the following funding recoveries totalling \$298,853 related to the social services program:

- Basic Needs (2010-11)	\$	27,570
- Basic Needs (2014 Social Compliance Review)		271,283

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 Gaming Lounge's former ATM cash management service. On July 13, 2018 there was a default judgment against the First Nation. \$51,206 has been accrued as the judgment, court costs and interest payable.

#### 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 Gaming Lounge. 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, 2019**  
(Unaudited)

<b>REVENUE</b>								
	<b>PAGE</b>	<b>ISC</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	18	\$ 758,325	578,023	-	1,336,348	1,508,051	-	(171,703)
Reserve Land and Environment Mgmt Prog	20	27,664	-	-	27,664	28,200	-	(536)
Wildfire Response	21	215,130	-	-	215,130	430,814	-	(215,684)
Community Based Initiatives	21	228,407	-	-	228,407	73,553	154,854	-
Land Use Planning Phase II	22	-	-	20,218	20,218	20,218	-	-
Land Use Planning Phase III	23	99,280	-	-	99,280	80,640	18,640	-
Family Violence Prevention	24	14,000	-	-	14,000	13,924	-	76
Economic Development	25	85,164	8,209	-	93,373	176,358	-	(82,985)
Education	26	4,819,219	452,120	621,497	5,892,836	5,406,928	529,899	(43,991)
Social Services	41	2,250,076	(2,042)	-	2,248,034	2,210,904	-	37,130
Capital and O&M	44	3,322,496	169,779	410,360	3,902,635	3,705,454	1,436,887	(1,239,706)
Health Canada	56	-	3,367,326	258,083	3,625,409	2,907,251	833,631	(115,473)
Other programs		-	14,879,603	500	14,880,103	13,012,121	45,490	1,822,492
		<b>\$ 11,819,761</b>	<b>19,453,018</b>	<b>1,310,658</b>	<b>32,583,437</b>	<b>29,574,416</b>	<b>3,019,401</b>	<b>(10,380)</b>