

SAPOTAWEYAK CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

SAPOTAWEYAK CREE NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2020

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Sapatawayak 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.


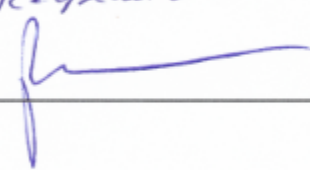
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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 Sapatawayak Cree Nation and meet when required.

On behalf of Sapatawayak Cree Nation:

Chief 
Nelson Benoit
Councillor 
Councillor
Mary L Leach
Councillor

Councillor 
Raymond Boile
Councillor 
Councillor
Councillor

INDEPENDENT AUDITOR'S REPORT

To the Members of Saptaweyak Cree Nation:

Opinion

We have audited the consolidated financial statements of Saptaweyak Cree Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, 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 Saptaweyak Cree Nation as at March 31, 2020 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.

Independent Auditor's Report (*continued*)

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 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 the First Nation'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 First Nation'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 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 the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, Manitoba
July 28, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

SAPOTAWEYAK CREE NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 7,392,424	3,428,539
Restricted cash (Note 2)	444,141	462,543
Accounts receivable (Note 3)	1,446,672	1,582,778
Inventory for resale	104,832	14,102
Trust funds held by the federal government (Note 4)	863	849
Investment in government business partnerships (Note 5)	484,688	728,111
	<u>9,873,620</u>	<u>6,216,922</u>
LIABILITIES		
Temporary borrowings (Note 7)	-	90,000
Accounts payable and accrued liabilities (Note 8)	1,541,778	919,673
Unexpended funding (Note 9)	4,732,622	3,019,401
Long-term debt (Note 10)	7,960,861	6,103,263
	<u>14,235,261</u>	<u>10,132,337</u>
NET DEBT	\$ <u><u>4,361,641</u></u>	<u><u>3,915,415</u></u>
NON-FINANCIAL ASSETS		
Construction in progress	\$ 3,523,561	4,251,002
Tangible Capital Assets (Note 6)	30,438,418	25,097,557
Prepaid expenses	53,326	-
	<u>34,015,305</u>	<u>29,348,559</u>
ACCUMULATED SURPLUS	\$ <u><u>29,653,664</u></u>	<u><u>25,433,144</u></u>

APPROVED ON BEHALF OF THE FIRST NATION:

Chief Nelson Genette

Councillor Councillor

Councillor Mary L Leask

Councillor Reynold Cook

Councillor re

Councillor _____

SAPOTAWEYAK CREE NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
REVENUES		
ISC	\$ 16,923,248	11,819,761
Health Canada	3,905,495	3,367,006
Federal Government - MKO	745,749	571,650
Province of Manitoba	547,326	-
CMHC	352,937	444,888
Rental income	312,451	319,095
Other revenue	16,750,082	14,848,938
Loss from investment in government business partnerships	(243,423)	(98,559)
Net transfer to unexpended funding	<u>(1,713,221)</u>	<u>(1,708,743)</u>
	<u>37,580,644</u>	<u>29,564,036</u>
EXPENSES		
Band government	767,415	1,137,563
Community development	2,258,308	5,560,675
Economic development	1,463,122	1,444,027
Education	6,879,034	5,186,178
Social services	3,252,194	2,415,426
Health	3,913,742	3,017,534
Amortization	1,896,791	2,863,768
Other	<u>12,929,518</u>	<u>7,949,245</u>
	<u>33,360,124</u>	<u>29,574,416</u>
ANNUAL SURPLUS (DEFICIT)	<u>4,220,520</u>	<u>(10,380)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	25,433,144	25,443,524
ACCUMULATED SURPLUS AT END OF YEAR	<u>\$ 29,653,664</u>	<u>25,433,144</u>

SAPOTAWEYAK CREE NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS (DEFICIT)	\$ 4,220,520	(10,380)
Acquisition of tangible capital assets	(7,237,652)	(720,560)
Amortization of tangible capital assets	1,896,791	2,863,768
Change in construction in progress	727,441	(3,972,565)
Change in prepaid expenses	<u>(53,326)</u>	<u>-</u>
CHANGE IN NET DEBT	(446,226)	(1,839,737)
NET DEBT AT BEGINNING OF YEAR	<u>(3,915,415)</u>	<u>(2,075,678)</u>
NET DEBT AT END OF YEAR	\$ <u><u>(4,361,641)</u></u>	<u><u>(3,915,415)</u></u>

SAPOTAWEYAK CREE NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 4,220,520	(10,380)
Items not affecting cash:		
Amortization	1,896,791	2,863,768
Loss from investment in government business partnerships	<u>243,423</u>	<u>98,559</u>
	6,360,734	2,951,947
Change in non-cash charges to operations		
Accounts receivable	136,106	(595,243)
Inventory for resale	(90,730)	(325)
Trust funds held by the federal government (Note 4)	(14)	(19)
Accounts payable and accrued liabilities	622,105	(840,299)
Unexpended funding	1,713,221	1,708,743
Prepaid expenses	<u>(53,326)</u>	<u>-</u>
Cash provided by (applied to) operating transactions	<u>8,688,096</u>	<u>3,224,804</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(7,237,652)	(720,560)
Purchase of assets under construction	<u>727,441</u>	<u>(3,972,565)</u>
	<u>(6,510,211)</u>	<u>(4,693,125)</u>
FINANCING TRANSACTIONS		
Debt issuance	2,411,653	2,076,863
Repayment of long-term debt	(554,055)	(621,855)
Temporary borrowings (Note 7)	<u>(90,000)</u>	<u>85,000</u>
Cash provided by (applied to) financing transactions	<u>1,767,598</u>	<u>1,540,008</u>
INVESTING TRANSACTIONS		
Dividends from government business partnerships	-	39,883
Disposal of investments in government business partnerships	<u>-</u>	<u>(20)</u>
Cash provided by (applied to) investing transactions	<u>-</u>	<u>39,863</u>
INCREASE IN CASH AND CASH EQUIVALENTS	3,945,483	111,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,891,082</u>	<u>3,779,532</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,836,565</u></u>	<u><u>3,891,082</u></u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 7,392,424	3,428,539
Restricted cash	<u>444,141</u>	<u>462,543</u>
	<u><u>\$ 7,836,565</u></u>	<u><u>3,891,082</u></u>

SAPOTAWEYAK CREE NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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
- Petro Gas Bar

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, 2020

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, 2020

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, 2020

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>2020</u>	<u>2019</u>
Externally restricted		
CMHC - Replacement Reserve	\$ 444,141	462,543
Internally restricted		
Unexpended funding	4,732,622	3,019,401
Unrestricted	7,392,424	3,428,539
Total cash and cash equivalents	\$ <u>7,836,565</u>	<u>3,891,082</u>

3) ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 239,539	163,284
Due from members		
Economic Development - start-up loans	76,615	91,370
Cash advance loans	287,842	245,330
Due from government and other government organizations		
Federal government		
Canada Mortgage and Housing Corporation	55,917	17,237
ISC	803,449	1,178,422
Health Canada	268,373	-
Service Canada (MKO)	-	157,397
Provincial government	49,960	27,120
	<u>1,781,695</u>	<u>1,880,160</u>
Less: Allowance for doubtful accounts	335,023	297,382
Total Accounts Receivable	\$ <u>1,446,672</u>	<u>1,582,778</u>

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2019</u>	<u>Additions 2020</u>	<u>Withdrawals 2020</u>	<u>March 31, 2020</u>
Revenue	\$ 849	14	-	863
Capital	-	-	-	-
	<u>\$ 849</u>	<u>14</u>	<u>-</u>	<u>863</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>2020</u>	<u>2019</u>
Investment - Aseneskak Company Inc., at cost	\$ 117	117
Investment - Mahihkan Bus Lines GP Inc., at cost	10	10
Investment - Asenesak Casino Limited Partnership	385,000	385,000
Cummulative share of earnings	1,723,206	1,742,646
Cummulative dividends paid	<u>(1,399,672)</u>	<u>(1,399,672)</u>
	708,534	727,974
Investment - Mahihkan Bus Lines LP	10	10
Cummulative share of losses	(223,983)	-
Cummulative dividends paid	<u>-</u>	<u>-</u>
	<u>(223,973)</u>	10
Total Investments in government business partnerships	<u>\$ 484,688</u>	<u>728,111</u>

6) TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 8,160,817	2,968,848	6,674,923	2,678,833
Buildings - band housing	21,477,621	18,017,083	20,098,985	17,703,676
Buildings - commercial	36,614,178	18,855,755	32,898,030	18,181,060
Equipment	4,875,041	4,132,634	4,132,892	3,860,454
Infrastructure	6,645,400	4,252,755	6,645,400	4,170,086
Roads	5,906,222	5,241,334	5,906,222	5,218,787
Vehicles	2,366,084	2,138,536	2,463,817	1,909,816
	<u>\$ 86,045,363</u>	<u>55,606,945</u>	<u>78,820,269</u>	<u>53,722,712</u>
Net book value	<u>\$ 30,438,418</u>		<u>\$ 25,097,557</u>	

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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, 2020, the amount drawn on the operating line of credit (General) is \$Nil (2019 - \$90,000), the amount drawn on the demand loan (Capital) is \$Nil (2019 - \$Nil) and the amount drawn on the demand loan (Social) is \$Nil (2019 - \$Nil).

8) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 1,304,087	862,989
Payroll liabilities	231,384	52,091
Accrued interest	6,307	4,593
	<u><u>\$ 1,541,778</u></u>	<u><u>919,673</u></u>

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

9) UNEXPENDED FUNDING

	Balance March 31, 2019	Funding Received 2020	Revenue Recognized 2020	Balance March 31, 2020
<u>Federal Government - ISC</u>				
New Water Treatment Plan \$	360,000	1,510,811	(360,000)	1,510,811
Capacity & Innovation	20,000	65,000	(20,000)	65,000
Community Based Initiatives	154,854	289,182	(154,854)	289,182
Land Use Planning Phase III	18,640	23,025	(18,640)	23,025
COVID-19	-	83,702	(3,790)	79,912
Fire Damage Repairs	168,390	-	(168,390)	-
Wastewater Interim Repairs	300,000	-	(300,000)	-
Band Housing 17-18	588,497	-	(588,497)	-
Band Housing 19-20	-	474,721	-	474,721
<u>Education</u>				
PHP	299,563	-	(299,563)	-
Instructional Services	-	210,553	-	210,553
Post Secondary	184,332	817,324	(712,412)	289,244
Summer Employment	26,042	24,507	(26,042)	24,507
Transportation	19,962	-	(19,962)	-
Maple Sugar Program	-	15,000	-	15,000
Jordan's Principle	-	79,250	(52,556)	26,694
K4 K5 School Kindergarten	-	150,220	-	150,220
<u>Social Services</u>				
Basic Needs	-	31,595	-	31,595
Special Needs	-	37,444	-	37,444
In-Home Care	-	16,710	-	16,710
Service Delivery	-	5,376	-	5,376
	<u>2,140,280</u>	<u>3,834,420</u>	<u>(2,724,706)</u>	<u>3,249,994</u>
<u>Other Deferred Revenue</u>				
MB Hydro - Bipole III	45,490	271,604	(45,490)	271,604
<u>Health Canada</u>				
Home & Community Care	-	42,223	-	42,223
Jordan's Principle	-	498,464	-	498,464
O&M Building (Flexible)	833,631	670,337	(833,631)	670,337
	<u>879,121</u>	<u>1,482,628</u>	<u>(879,121)</u>	<u>1,482,628</u>
\$	<u>3,019,401</u>	<u>5,317,048</u>	<u>(3,603,827)</u>	<u>4,732,622</u>

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

10) LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
Royal Bank of Canada, 2018 Fire Truck purchase Repayable at \$20,474 annually, including interest at 5.95% per annum, maturing May 21, 2020	\$ 54,598	81,898
Royal Bank of Canada, 2020 equipment loan Repayable at \$78,112 annually, plus interest at 4.45% per annum, maturing May 15, 2021	390,562	-
Royal Bank of Canada, 2020 housing loan Repayable at \$137,956 annually, plus interest at 4.45% per annum, maturing April 30, 2021	230,527	-
Royal Bank of Canada, 2019 Sewer Truck Loan Repayable at \$87,269 annually, plus interest at 4.45% per annum, maturing June 1, 2021	103,785	132,084
Royal Bank of Canada, 2019 Water Truck Loan Repayable at \$85,054 annually, plus interest at 4.45% per annum, May 31, 2021	109,853	139,812
PETRO GAS BAR		
Royal Bank of Canada, 2020 gas station loan repayments currently interest only at 3.73%	999,821	-
Suncor loan, forgivable	105,000	-
First People's Economic Growth Fund, gas station loan Repayable at \$7,426 monthly, including interest at 5.00% per annum, maturing August 2029	670,793	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	282,500	300,000
CLUB SAPP		
Royal Bank of Canada, repayable at \$8,019 monthly, including interest at 4.17% per annum, maturing June 3, 2020	23,803	116,899
First Peoples Economic Growth Fund, repayable at \$2,500 monthly, interest at 0%, due June 2025.	157,500	187,500
SUB-TOTAL	<u>3,128,742</u>	<u>1,658,193</u>

SAPOTAWEYAK CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

10) LONG-TERM DEBT (continued)

	<u>2020</u>	<u>2019</u>
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.	\$ 139,740	165,895
Phase 2: Repayable at \$4,506 monthly including interest at 1.30% per annum, compounded semi-annually, matures April 2027, renewal date June 2022.	365,741	414,710
Phase 3: Repayable at \$3,121 monthly including interest at 1.12% per annum, compounded semi-annually, matures January 2030, renewal date May 2020.	348,579	381,923
Phase 4: Repayable at \$4,787 monthly including interest at 1.31% per annum, compounded semi-annually, matures December 2031, renewal date December 2021.	625,406	674,314
Phase 5: Repayable at \$2,531 monthly including interest at 2.52% per annum, compounded semi-annually, matures July 2033, renewal date September 2023.	343,908	365,344
Phase 6: Repayable at \$5,026 monthly including interest at 1.87% per annum, compounded semi-annually, matures January 2034, renewal date May 2024.	735,060	781,082
Phase 7: Repayable at \$4,441 monthly including interest at 1.03% per annum, compounded semi-annually, matures October 2036, renewal date October 2021.	812,163	856,835
Phase 8: Repayable at \$7,338 monthly including interest at 1.75% per annum, compounded semi-annually, matures October 2039, renewal date October 2024.	<u>1,461,522</u>	<u>804,967</u>
SUB-TOTAL - CMHC	4,832,119	4,445,070
Previous page	<u>3,128,742</u>	<u>1,658,193</u>
Total Long-term debt	7,960,861	6,103,263
Less: current portion	<u>1,276,355</u>	<u>526,228</u>
	\$ <u>6,684,506</u>	<u>5,577,035</u>

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

2021	\$ 1,276,355
2022	573,490
2023	1,602,174
2024	523,563
2025	2,177,573

SAPOTAWEYAK CREE NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

11) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	<u>2020</u>	<u>2019</u>
Amortization	\$ 1,896,791	2,863,768
Fees and contract services	4,828,663	349,228
Interest	136,349	162,848
Professional services	512,590	1,058,412
Rental expenditures	38,838	221,823
Salaries, wages and benefits	7,726,639	7,202,076
Staff development	437,434	432,219
Supplies and services	16,724,328	16,393,920
Travel	1,058,492	890,122
	<u>\$ 33,360,124</u>	<u>29,574,416</u>

SAPOTAWEYAK CREE NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

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) 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.

14) 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, 2020

(Unaudited)

REVENUE								
	PAGE	ISC	OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR	TOTAL	EXPENDITURE	UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE
Band Support	19	\$ 520,186	459,379	-	979,565	1,276,138	-	(296,573)
Band Employee Benefits	20	67,156	-	-	67,156	67,156	-	-
Indian Registry Admins	20	18,865	-	-	18,865	18,865	-	-
Reserve Land and Environment Mgmt Prog	20	51,564	-	-	51,564	51,564	-	-
Wildfire Response	21	170,028	-	-	170,028	1,465	-	168,563
Community Based Initiatives	21	275,967	-	154,854	430,821	141,639	289,182	-
Land Use Planning Phase II	22	-	-	-	-	-	-	-
Land Use Planning Phase III	22	46,380	-	18,640	65,020	41,995	23,025	-
PIDP	23	15,500	-	-	15,500	25,040	-	(9,540)
Specific Claims	23	25,000	-	-	25,000	25,000	-	-
Policing	24	-	72,508	-	72,508	57,724	-	14,784
Family Violence Prevention	24	14,000	-	-	14,000	14,000	-	-
COVID-19	24	83,702	-	-	83,702	3,790	79,912	-
Economic Development	25	85,164	-	-	85,164	90,735	-	(5,571)
Education	26	6,962,939	208,058	529,899	7,700,896	6,984,057	716,218	621
Social Services	43	2,265,993	-	-	2,265,993	2,174,868	91,125	-
Capital and O&M	46	6,320,804	31,623	1,436,887	7,789,314	6,011,164	2,050,532	(272,382)
Health Canada	59	-	3,908,875	833,631	4,742,506	3,805,847	1,211,024	(274,365)
Other programs		-	17,690,174	45,490	17,735,664	12,569,077	271,604	4,894,983
		\$ 16,923,248	22,370,617	3,019,401	42,313,266	33,360,124	4,732,622	4,220,520