

Shoal Lake #40 First Nation
Consolidated Financial Statements
March 31, 2016

Shoal Lake #40 First Nation

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For the year ended March 31, 2016

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Management's Responsibility

To the Members and Chief and Council of Shoal Lake #40 First Nation:

The accompanying consolidated financial statements of Shoal Lake #40 First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Shoal Lake #40 First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 29, 2016

Ethel Roddy

Finance Manager

Independent Auditors' Report



To the Members and Chief and Council of Shoal Lake #40 First Nation:

We have audited the accompanying consolidated financial statements of Shoal Lake #40 First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year ended then ended, and a summary of significant accounting policies and other explanatory information.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 the 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 auditors' 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 we have 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 financial position of Shoal Lake #40 First Nation as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year ended then in accordance with Canadian public sector accounting standards.

Kenora, Ontario

July 29, 2016

Chartered Professional Accountants

Licensed Public Accountants



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Shoal Lake #40 First Nation

Consolidated Statement of Financial Position

As at March 31, 2016



	2016	2015
Financial assets		
Current		
Cash	223,192	450,029
Accounts receivable (Note 3)	852,336	559,355
Due from related party	-	1,383
	1,075,528	1,010,767
Funds held in Ottawa Trust Fund (Note 5)	32,567	31,889
Portfolio Investments (Note 6)	6,351,811	6,333,695
	7,459,906	7,376,351
Liabilities		
Current		
Accounts payable and accruals (Note 7)	888,616	1,283,448
Deferred revenue (Note 8)	684,117	173,970
	1,572,733	1,457,418
Long-term debt (Note 9)	4,588,167	4,813,011
	6,160,900	6,270,429
Net financial assets	1,299,006	1,105,922
Contingent liabilities (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	7,761,357	7,123,248
Inventories of supplies (Note 4)	97,924	-
Prepaid expenses	-	2,000
Total non-financial assets	7,859,281	7,125,248
Accumulated surplus	9,158,287	8,231,170

Approved on behalf of Chief and Council


Brenda Free

Chief

Councillor

Councillor

Councillor

Shoal Lake #40 First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 10)		4,771,648	4,800,983	3,770,951
First Nations and Inuit Health (Note 10)		464,499	450,599	435,098
Kekekeozibii Development Corporation		1,128,262	1,088,385	4,530
Ontario First Nations Limited Partnership		750,000	762,353	760,099
Province of Manitoba (Note 10)		940,782	444,932	-
Ministry of Community and Social Services (Note 10)		-	410,522	363,601
Ministry of Education (Note 10)		417,562	402,735	391,917
Investment income		340,000	344,772	316,721
Management Fee Revenue		-	270,290	-
Kenora Chiefs Advisory		107,694	178,987	161,627
Administration fees		104,426	177,736	138,040
Shooniyaa Wa Biitoong		136,407	138,568	131,205
Ministry of Aboriginal Affairs (Note 10)		90,000	130,000	147,678
Debt forgiveness (Note 6)		-	100,000	100,000
User fees		48,000	55,197	55,342
IESO - Independent Electricity		-	28,494	-
Bimose Tribal Council		42,623	42,623	52,276
Harmonized Sales Tax rebates		9,000	31,664	5,533
Ministry of Health and Long-Term Care (Note 10)		-	23,795	36,060
Northwestern Health unit		12,858	12,858	-
Shibogam First Nations Council		12,375	12,375	-
Miitigoog		-	10,000	-
Other Revenue		-	7,603	22,042
Interest income		-	5,000	-
City of Winnipeg		-	4,000	-
Ontario Air Ambulance		3,500	3,500	3,500
Repayment of funding		-	(4,923)	(44,301)
Deferred revenue - prior year (Note 8)		-	173,970	239,240
Deferred revenue - current year (Note 8)		-	(684,117)	(173,970)
		9,379,636	9,422,901	6,917,189
Expenses				
Administration	4	1,534,511	2,031,683	1,603,528
Capital	5	1,764,023	1,504,872	726,881
Economic Development	6	1,411,358	1,337,432	347,010
Education	7	1,378,362	1,495,229	1,471,368
Health	8	492,468	568,203	553,075
Operations and Maintenance	9	483,663	424,111	508,870
Daycare	10	413,752	613,797	560,491
Social Services	11	-	490,349	554,791
Ontario First Nations Limited Partnership	12	35,000	30,108	55,756
Total expenses (Schedule 2)		7,513,137	8,495,784	6,381,770
Surplus		2,063,349	927,117	535,419
Accumulated surplus, beginning of year		-	8,231,170	7,695,751
Accumulated surplus, end of year		-	9,158,287	8,231,170

The accompanying notes are an integral part of these financial statements

Shoal Lake #40 First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget	2016	2015
Surplus	2,063,349	927,117	535,419
Purchases of tangible capital assets	-	(47,000)	(27,110)
Construction in progress	-	(1,035,850)	(1,233,667)
Amortization of tangible capital assets	-	444,741	458,725
	-	(638,109)	(802,052)
Acquisition of prepaid expenses	-	-	(2,000)
Use of prepaid expenses	-	2,000	21,540
Acquisition of inventory of supplies	-	(97,924)	-
	-	(95,924)	19,540
Increase (decrease) in net financial assets	2,063,349	193,084	(247,093)
Net financial assets, beginning of year	1,105,922	1,105,922	1,353,015
Net financial assets, end of year	3,169,271	1,299,006	1,105,922

Shoal Lake #40 First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus	927,117	535,419
Non-cash items		
Amortization	444,741	458,725
Bad debts (Recovery)	37,815	(13,652)
Debt forgiveness	(100,000)	(100,000)
Deferred revenue - current year	(129,364)	-
	1,180,309	880,492
Changes in working capital accounts		
Accounts receivable	(292,981)	39,894
Prepaid expenses	2,000	19,540
Inventory of supplies	(97,924)	-
Accounts payable and accruals	(394,832)	618,075
Deferred revenue	601,896	(239,240)
Funding repayable	-	(3,038)
Due from related party	1,383	-
	999,851	1,315,723
Financing activities		
Advances of long-term debt	148,834	960,687
Repayment of long-term debt	(273,678)	(316,946)
	(124,844)	643,741
Capital activities		
Purchase of tangible capital assets	(47,000)	(27,110)
Construction in progress	(1,035,850)	(1,233,667)
	(1,082,850)	(1,260,777)
Investing activities		
Funds held in Ottawa Trust Fund	(878)	(878)
Purchase of temporary investments	(18,116)	(135,106)
	(18,994)	(135,984)
Increase (decrease) in cash resources	(226,837)	562,703
Cash resources, beginning of year	450,029	(112,674)
Cash resources, end of year	223,192	450,029
Supplementary cash flow information		
Interest paid	13,297	12,263

Shoal Lake #40 First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

The Shoal Lake #40 First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian Public Sector Accounting Standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

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

- Shoal Lake #40 First Nation
- Social Services
- Day Care
- Heritage Trust Fund
- Kekekoziibii Development Corporation

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources includes balances with banks.

Funds held in Ottawa Trust Fund

The funds held in trust are held in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. Revenue from the funds held in trust is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Cost of inventories of items that are segregated for specific projects is assigned by using specific identification of their individual costs.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Term
Sewer and water infrastructure	40 years
Community buildings	40 years
Landfill	40 years
Band housing	25 years
Vehicles	10 years
Boats	10 years
Equipment	10 years

At March 31, 2016 the First Nation had under construction a tri-plex and a waste service road and to March 31, 2016 \$399,207 (2015 - \$326,638) and \$1,969,422 (2015 - \$1,006,142) in costs had been capitalized to construction in progress on Schedule 1.

As neither of these assets was available for use at March 31, 2016, no amortization was recorded for the year.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year ended in which the asset becomes impaired.

Prices for similar items are used to measure fair value of long-lived assets.

Portfolio investments

Portfolio investments are recorded at cost, less any provision for other than temporary impairments.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Barging revenue is recognized when the transportation service has been provided.

Investment revenue is recognized on an accrual basis as earned.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

These estimates are reviewed periodically, and as adjustments become necessary, they are reported on the consolidated statement of operations in the period in which they become known.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Segments

The First Nation conducts its business through nine reportable segments: Administration, Capital, Economic Development, Education, Health, Operations and Maintenance, Daycare, Social Services and Ontario First Nations Limited Partnership. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk.

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this Standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

2. Significant accounting policies *(Continued from previous page)*

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 Restructuring

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Accounts receivable

	2016	2015
Province of Manitoba	330,646	-
Receivables relating to Kekekeoziibii Development Corporation	203,472	-
Human Resources and Skills Development Canada	73,605	49,845
Harmonized Sales Tax	58,435	55,829
First Nation and Inuit Health	52,923	52,893
Indigenous and Northern Affairs Canada	42,046	293,197
Bimose Tribal Council	39,296	25,305
Other organizations	36,978	74,951
Members	14,935	152,825
	852,336	704,845
Allowance for doubtful accounts	-	(145,490)
	852,336	559,355

The allowance for doubtful accounts includes \$0 (2015 - \$145,490) relating to member advances.

4. Inventories of supplies

	2016	2015
Blast rock and aggregate	97,924	-

5. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning and end of year	11,769	11,769
Revenue Trust		
Balance, beginning of year	20,120	19,242
Interest	678	878
Balance, end of year	20,798	20,120
	32,567	31,889

Shoal Lake #40 First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

6. Portfolio investments

In June 1989, the First Nation entered into a 60 year agreement with the Province of Manitoba and the City of Winnipeg for the preservation of water quality on Shoal Lake. The Province of Manitoba and the City of Winnipeg each paid \$3,000,000 to a Trustee for investment, with the First Nation being entitled to the income earned subject to the terms and conditions of the agreement. The principal sum of the trust is to be disbursed to the First Nation upon the expiry of the agreement after 60 years, or upon termination of the agreement prior to the full term, the sum calculated as the principal multiplied by the expired term divided by 60 years, 2016 - \$2,700,000 (2015 - \$2,600,000). The investment balance consists of the following:

	2016	2015
Mutual Fund - Enhanced Total Return Bond Fund (FMV \$4,709,182)	4,658,576	4,667,356
Mutual Fund - Overseas Equity Fund (FMV \$452,527)	394,016	393,792
Mutual Fund - Canadian Money Market Fund (FMV \$315,153)	315,153	298,143
Mutual Fund - US Equity Fund (FMV \$390,246)	331,234	320,457
Mutual Fund - Canadian Equity Value Fund (FMV \$483,668)	479,887	438,602
	6,178,866	6,118,350
Closing cash account balance	172,945	215,345
	6,351,811	6,333,695

7. Accounts payable and accruals

	2016	2015
Trade payables	859,087	1,207,330
Canada Revenue Agency - employee deductions	29,529	76,118
	888,616	1,283,448

8. Deferred revenue

	Balance March 31, 2015	Funding Received 2016	Other Revenue 2016	Revenue Recognized 2016	Balance March 31, 2016
Federal Government					
Capital	-	809,748	330,646	643,347	497,047
Other					
Ontario First Nations Limited Partnership	173,970	-	762,353	765,392	170,931
Capital	-	-	28,494	12,355	16,139
	173,970	-	790,847	777,747	187,070
	173,970	809,748	1,121,493	1,421,094	684,117

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Long-term debt

	2016	2015
Debt payable to the Province of Manitoba (see Note 6)	1,650,000	1,700,000
Debt payable to the City of Winnipeg (see Note 6)	1,650,000	1,700,000
CMHC Triplex loan, repayments to commence upon completion of construction. Secured by Ministerial guarantee, interest at 4.18%.	410,782	321,854
Royal Bank of Canada loan, repayable in blended monthly payments of principal and interest of \$9,991, including interest at 3.15%, maturing March 2019. Secured by Ministerial guarantee.	342,743	450,000
INAC Flooding Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2021 unless the claim is still in negotiations at which time it will be extended for up to another five years.	248,739	188,833
INAC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2021 unless the claim is still in negotiations at which time it will be extended for up to another five years.	126,549	126,549
INAC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2020 unless the claim is still in negotiations at which time it will be extended for up to another five years.	125,998	125,998
INAC Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2019 unless the claim is still in negotiations at which time it will be extended for up to another five years.	33,356	33,356
Royal Bank of Canada loan, repaid during the year.	-	160,000
GMAC loan, repaid during the year.	-	6,421
	4,588,167	4,813,011

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2017	367,257
2018	210,685
2019	272,299
2020	354,748
2021	225,998
	1,430,987
Thereafter	3,157,180

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Government transfers

	Operating	Capital	2016	2015
Federal government transfers				
Indigenous and Northern Affairs Canada	3,706,020	1,094,963	4,800,983	3,770,951
First Nations and Inuit Health	450,599	-	450,599	435,098
Total Federal	4,156,619	1,094,963	5,251,582	4,206,049
Provincial government transfers				
Ministry of Aboriginal Affairs	130,000	-	130,000	147,678
Province of Manitoba	444,932	-	444,932	-
Ministry of Community and Social Services	410,522	-	410,522	363,601
Ministry of Education	402,735	-	402,735	391,917
Ministry of Health and Long-Term Care	23,795	-	23,795	36,060
Total Provincial	1,411,984	-	1,411,984	939,256
	5,568,603	1,094,963	6,663,566	5,145,305

11. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company - Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

12. Financial instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

The carrying amount of cash, portfolio investments, accounts receivable, accounts payable and accruals and long-term debt is approximated by their fair value due to their short-term nature.

13. Contingent liabilities

The First Nation has signed funding agreements with Indigenous and Northern Affairs Canada and other governmental bodies for funding of programs which state that the funding party may require surpluses to be returned. The total of such surpluses were indeterminable and the amount could be material. Payment or recoveries of prior year surpluses will be recorded in the year recovered or paid.

14. Economic dependence

The First Nation receives 49% (2015 - 55%) of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

15. Commitments

At March 31, 2016 the First Nation had under construction a tri-plex and a waste service road and to March 31, 2016 \$399,208 (2015 - \$326,638) and \$1,969,422 (2015 - \$1,006,142) in costs had been capitalized to construction in progress.

The First Nation estimates costs to complete these two capital projects at \$163,362 and \$1,088,821 respectively.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Shoal Lake #40 First Nation.

Shoal Lake #40 First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Sewer and water infrastructure</i>	<i>Community buildings</i>	<i>Landfill</i>	<i>Band housing</i>	<i>Vehicles</i>	<i>Boats</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	897,002	6,283,913	253,846	5,167,413	468,521	46,050	13,116,745
Acquisition of tangible capital assets	-	-	-	-	41,900	-	41,900
Construction-in-progress	-	-	-	-	-	-	-
Balance, end of year	897,002	6,283,913	253,846	5,167,413	510,421	46,050	13,158,645
Accumulated amortization							
Balance, beginning of year	509,195	3,619,152	177,692	2,944,219	156,512	44,605	7,451,375
Annual amortization	22,425	157,098	6,346	200,713	46,852	(3,395)	430,039
Balance, end of year	531,620	3,776,250	184,038	3,144,932	203,364	41,210	7,881,414
Net book value of tangible capital assets	365,382	2,507,663	69,808	2,022,481	307,057	4,840	5,277,231
Net book value of tangible capital assets - 2015	387,808	2,664,761	76,154	2,223,194	312,009	1,445	5,665,371

Shoal Lake #40 First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Equipment</i>	<i>Construction in progress</i>	<i>2016</i>	<i>2015</i>
Cost					
Balance, beginning of year	13,116,745	147,024	1,332,779	14,596,548	13,335,771
Acquisition of tangible capital assets	41,900	5,100	-	47,000	27,110
Construction-in-progress	-	-	1,035,850	1,035,850	1,233,667
Balance, end of year	13,158,645	152,124	2,368,629	15,679,398	14,596,548
Accumulated amortization					
Balance, beginning of year	7,451,375	21,925	-	7,473,300	7,014,575
Annual amortization	430,039	14,702	-	444,741	458,725
Balance, end of year	7,881,414	36,627	-	7,918,041	7,473,300
Net book value of tangible capital assets	5,277,231	115,497	2,368,629	7,761,357	7,123,248
Net book value of tangible capital assets - 2015	5,665,371	125,098	1,332,779	7,123,248	

Shoal Lake #40 First Nation
Schedule 2 - Summary of Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016 Budget	2016	2015
Consolidated expenses by object			
Administrative expenses	583,165	700,465	100,678
Amortization	-	444,741	458,725
Bank charges and interest	6,700	26,789	26,417
Bad Debts (Recovery)	-	37,815	(13,652)
Community development	257,000	230,244	155,712
Consulting fees	1,233,968	378,728	59,677
Contracted services	1,406,950	1,038,290	96,324
Cultural development	-	-	5,586
Economic development	-	-	5,607
Education	338,300	399,692	645,155
Equipment purchase and rentals	43,700	44,891	15,370
Honoraria, salaries and benefits	1,968,411	2,484,473	2,372,921
Interest on long-term debt	34,968	13,297	12,263
Materials and supplies	134,402	268,459	359,119
Office and utilities	324,065	251,907	356,261
Professional fees	410,880	708,726	410,880
Repairs and maintenance	226,718	624,615	531,142
Social assistance	-	258,253	404,760
Student expenses	331,000	260,199	104,997
Training and travel	212,910	324,200	273,828
	7,513,137	8,495,784	6,381,770

Shoal Lake #40 First Nation

Schedule 3 - Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2016

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Administration	4	702,047	793,425	-	1,495,472	2,031,683	477,110	(59,101)
Capital	5	2,255,873	359,140	(513,186)	2,101,827	1,504,872	45,050	642,005
Economic Development	6	50,000	1,534,247	-	1,584,247	1,337,432	84,619	331,434
Education	7	1,298,274	112,478	-	1,410,752	1,495,229	83,483	(994)
Health	8	-	561,043	-	561,043	568,203	-	(7,160)
Operations and Maintenance	9	369,589	9,500	-	379,089	424,111	45,022	-
Daycare	10	50,900	501,943	-	552,843	613,797	-	(60,954)
Social Services	11	74,300	497,937	-	572,237	490,349	-	81,888
Ontario First Nations Limited Partnership	12	-	762,353	3,039	765,392	30,108	(735,284)	-
Total		4,800,983	5,132,066	(510,147)	9,422,902	8,495,784	-	927,118

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	684,962	702,047	470,948
Investment income	340,000	344,772	316,721
Administration fees	50,000	123,310	83,614
Debt forgiveness	-	100,000	100,000
Ministry of Aboriginal Affairs	90,000	90,000	90,000
Shooniyaa Wa Biitoong	54,570	42,119	49,368
User fees	30,000	34,497	35,842
Harmonized Sales Tax and Sales Tax rebates	9,000	31,664	5,533
Miitigoog	-	10,000	-
Other Revenue	-	4,649	9,034
City of Winnipeg	-	4,000	-
Ontario Air Ambulance	3,500	3,500	3,500
Province of Manitoba	-	3,000	-
Kekekeoziibii Development Corporation	-	1,914	4,530
Bimose Tribal Council	-	-	443
Repayment of funding	-	-	(4,336)
Total revenue	1,262,032	1,495,472	1,165,197

Continued on next page

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Total revenue <i>(Continued from previous page)</i>	1,262,032	1,495,472	1,165,197
Expenses			
Administration	8,182	9,182	8,182
Bad debts	-	37,815	(159)
Bank charges and interest	6,000	15,572	10,326
Barge Upgrade Repairs	-	299,818	-
Capital purchases	15,000	4,850	4,418
Community distributions	142,000	140,902	139,080
Community donations	-	-	600
Community events	80,000	53,783	99,371
Consulting	10,000	30,098	(1,823)
Equipment rentals	3,000	21,670	1,530
Honouraria - Chief and Council	24,100	18,050	20,200
Insurance	24,581	27,566	23,086
Interest	-	5,000	-
Interest on long-term debt	27,000	13,297	11,486
Meeting	33,734	28,834	19,426
Miscellaneous	14,000	22,879	14,291
Oil and gas	19,000	10,983	18,842
Pension	-	36,555	28,585
Professional fees	240,000	311,269	322,019
Program expense	-	3,356	-
Repairs and maintenance	27,500	76,168	26,455
Salaries and benefits	620,855	557,605	593,797
Student expenses	16,000	-	-
Supplies	18,500	32,631	27,633
Telephone	22,000	30,879	26,440
Training	18,000	49,720	8,651
Travel	31,559	33,229	25,471
Travel - Chief and Council	80,000	84,740	91,731
Water delivery	50,000	67,380	83,190
Website development	2,500	7,402	-
Honouraria - Other	1,000	450	700
	1,534,511	2,031,683	1,603,528
Deficit before transfers	(272,479)	(536,211)	(438,331)
Transfers between segments	543,250	477,110	479,716
Surplus (deficit)	270,771	(59,101)	41,385

Shoal Lake #40 First Nation
Capital
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	2,243,623	2,255,873	1,370,458
Province of Manitoba	879,496	330,646	-
IESO - Independent Electricity	-	28,494	-
Deferred revenue - current year (Note 8)	-	(513,186)	-
	3,123,119	2,101,827	1,370,458
Expenses			
Administration	1,818	-	-
Amortization	-	444,741	458,725
Bank charges and interest	-	54	-
Consulting	1,223,968	348,630	20,000
Contracted services	150,000	8,134	8,471
Insurance	-	-	4,115
Meeting	3,100	-	-
Oil and gas	-	159	10,243
Professional fees	160,880	271,759	11,574
Program expense	97,776	55,726	-
Equipment rentals	-	6,639	80
Repairs and maintenance	117,800	185,458	151,404
Salaries and benefits	8,000	123,661	44,963
Supplies	-	57,121	13,893
Travel	681	2,790	3,413
	1,764,023	1,504,872	726,881
Surplus before transfers	1,359,096	596,955	643,577
Transfers between segments	217,800	45,050	(83,879)
Surplus	1,576,896	642,005	559,698

Shoal Lake #40 First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	50,000	50,000	50,000
Kekekeoziibii Development Corporation	1,128,262	1,086,471	-
Management Fee Revenue	-	270,290	-
Province of Manitoba	61,286	111,286	-
Ministry of Aboriginal Affairs	-	40,000	57,678
User fees	10,000	11,200	10,000
Bimose Tribal Council	10,000	10,000	-
Interest income	-	5,000	-
	1,259,548	1,584,247	117,678
Expenses			
Administration	-	19,517	-
Bank charges and interest	-	879	-
Community donations	-	3,750	336
Contracted services	1,189,548	679,000	-
Honouraria - Cheif and Council	-	5,500	25,800
Insurance	11,005	13,708	11,005
Meeting	-	3,000	2,825
Professional fees	-	119,706	99,541
Equipment rentals	10,000	2,175	-
Repairs and maintenance	15,000	23,861	15,099
Salaries and benefits	58,305	102,243	62,750
Supplies	-	1,731	5,676
Telephone	-	1,054	-
Training	-	1,954	-
Travel	2,500	2,380	9,768
Utilities	125,000	80,096	114,210
Management fees	-	270,290	-
Honouraria - Other	-	750	-
Travel - Chief and Council	-	5,838	-
	1,411,358	1,337,432	347,010
Surplus (deficit) before transfers	(151,810)	246,815	(229,332)
Transfers between segments	159,000	84,619	151,971
Surplus (deficit)	7,190	331,434	(77,361)

Shoal Lake #40 First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	1,298,274	1,298,274	1,342,075
Administration fees	54,426	54,426	54,426
Bimose Tribal Council	32,623	32,623	51,341
Northwestern Health Unit	12,858	12,858	-
Shibogam First Nations Council	12,375	12,375	-
Other Revenue	-	196	7,667
	1,410,556	1,410,752	1,455,509
Expenses			
Administration	54,426	71,962	76,146
Capital purchases	5,000	663	874
Equipment rentals	-	5,763	-
Extracurricular activities	-	1,701	2,123
Field trips	10,000	8,673	1,080
Honouraria - Cheif and Council	1,500	-	1,200
Insurance	1,750	1,750	1,750
Interest	-	2,866	48
Interest on long-term debt	7,968	-	776
Materials	-	700	15,349
Meeting	-	16,924	7,500
Miscellaneous	-	6,751	4,500
Oil and gas	2,800	2,846	3,030
Other - Phys Ed	-	2,083	-
Professional development	13,000	19,540	31,990
Repairs and maintenance	2,500	1,674	1,754
Salaries and benefits	525,605	587,261	589,272
Student expenses	315,000	260,199	273,964
Supplies	55,613	68,223	39,991
Teacher recruitment	-	613	9,135
Teacher replacements	14,400	11,600	12,455
Telephone	6,000	5,685	10,142
Training	-	-	7,000
Travel	24,500	18,060	24,124
Tuition	338,300	399,692	357,165
	1,378,362	1,495,229	1,471,368
Surplus (Deficit) before transfers	32,194	(84,477)	(15,859)
Transfers between segments	88,000	83,483	78,704
Surplus (deficit)	120,194	(994)	62,845

Shoal Lake #40 First Nation Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
First Nations and Inuit Health	464,499	450,599	435,098
Kenora Chiefs Advisory	107,694	115,367	98,007
Repayment of funding	-	(4,923)	(7,500)
	572,193	561,043	525,605
Expenses			
Aboriginal Head-Start on Reserve	5,550	11,952	5,548
Airboat expenses	6,910	17,502	10,115
Administration	12,592	14,909	13,975
Barge fees	5,000	5,000	5,000
Capital purchases	-	1	-
Contracted services	10,320	14,186	17,900
Culture and recreation	5,600	8,116	5,586
Elders fees	12,500	11,084	12,504
Health	-	465	-
Insurance	5,153	5,345	5,323
Meeting	26,445	18,191	23,353
Miscellaneous	9,348	20,374	9,498
Pension	5,155	7,642	9,354
Program expense	5,100	5,100	5,100
Repairs and maintenance	4,000	5,313	11,214
Salaries and benefits	318,823	339,492	341,668
Supplies	14,452	32,336	31,184
Telephone	480	397	541
Training	9,305	5,069	6,464
Travel	25,170	32,981	26,770
User fees	1,500	1,500	1,500
Utilities	9,065	11,248	10,478
	492,468	568,203	553,075
Surplus (Deficit) before transfers	79,725	(7,160)	(27,470)
Transfers between segments	6,000	-	12,060
Surplus (Deficit)	85,725	(7,160)	(15,410)

Shoal Lake #40 First Nation
Operations and Maintenance
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	369,589	369,589	372,051
User fees	8,000	9,500	9,500
Bimose Tribal Council	-	-	492
Deferred revenue - prior year	-	-	42,220
	377,589	379,089	424,263
Expenses			
Administration	-	-	720
Capital purchases	7,000	-	4,368
Consulting	-	-	41,500
Contracted services	78,000	59,162	69,953
Equipment rentals	3,700	690	4,100
Insurance	12,700	13,812	13,155
Repairs and maintenance	21,000	12,992	29,365
Salaries and benefits	153,013	158,421	158,400
Supplies	16,000	21,339	17,894
Training	1,250	2,869	492
Travel	5,000	4,851	3,518
User fees	8,000	8,000	8,000
Utilities	178,000	141,975	157,405
	483,663	424,111	508,870
Deficit before transfers	(106,074)	(45,022)	(84,607)
Transfers between segments	106,000	45,022	88,820
Surplus (Deficit)	(74)	-	4,213

Shoal Lake #40 First Nation
Daycare
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	50,900	50,900	50,900
Ministry of Education	417,562	402,735	391,917
Shooniyaa Wa Biitoong	81,837	96,449	81,837
Other Revenue	-	2,759	1,358
Repayment of funding	-	-	(32,465)
	550,299	552,843	493,547
Expenses			
Administration	23,660	23,660	-
Bad debts	-	-	(4,907)
Bank charges and interest	700	1,063	1,066
Equipment rentals	-	2,440	-
Food and beverage	13,000	8,128	12,352
Insurance	11,000	11,854	18,469
Miscellaneous	-	19,069	33,110
Office supplies	5,000	726	3,665
Professional fees	10,000	3,991	4,245
Program expense	-	24,825	18,394
Repairs and maintenance	18,000	19,332	10,806
Salaries and benefits	252,055	400,602	340,205
Supplies	29,837	40,330	23,048
Telephone	-	5,246	-
Travel	43,500	34,669	27,338
Upgrading allowance	-	-	51,004
Utilities	7,000	17,862	21,696
	413,752	613,797	560,491
Surplus (Deficit) before transfers	136,547	(60,954)	(66,944)
Transfers between segments	(50,900)	-	-
Surplus (Deficit)	85,647	(60,954)	(66,944)

Shoal Lake #40 First Nation
Social Services
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	74,300	74,300	114,519
Ministry of Community and Social Services	-	410,522	363,601
Kenora Chiefs Advisory	-	63,620	63,620
Ministry of Health	-	23,795	36,060
Other Revenue	-	-	3,983
	74,300	572,237	581,783
Expenses			
Bank charges and interest	-	1,356	1,507
Miscellaneous	-	-	6,726
Professional fees	-	2,000	1,750
Purchase of services	-	23,400	17,310
Salaries and benefits	-	146,241	174,565
Social assistance	-	258,253	298,843
Supplies	-	14,048	15,547
Training	-	10,135	13,234
Travel	-	34,916	25,309
	-	490,349	554,791
Surplus before transfers	74,300	81,888	26,992
Transfers between segments	(64,300)	-	-
Surplus	10,000	81,888	26,992

Shoal Lake #40 First Nation
Ontario First Nations Limited Partnership
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Ontario First Nations Limited Partnership	750,000	762,353	760,099
Deferred revenue - prior year (Note 8)	-	173,970	197,020
Deferred revenue - current year (Note 8)	-	(170,931)	(173,970)
	750,000	765,392	783,149
Expenses			
Community donations	14,000	-	-
Community events	21,000	30,108	28,101
Economic development	-	-	607
Health	-	-	5,066
Tuition	-	-	21,982
	35,000	30,108	55,756
Surplus before transfers	715,000	735,284	727,393
Transfers between segments	(831,000)	(735,284)	(727,393)
Surplus (Deficit)	(116,000)	-	-