

Shoal Lake #40 First Nation
Consolidated Financial Statements
March 31, 2017

Shoal Lake #40 First Nation

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For the year ended March 31, 2017

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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, 2017

Original Signed By:
ESTHER REDSKY

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, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year 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, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

July 29, 2017

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants



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Shoal Lake #40 First Nation

Consolidated Statement of Financial Position

As at March 31, 2017

	2017	2016
Financial assets		
Current		
Cash	1,324,108	223,192
Accounts receivable (Note 3)	881,806	852,336
Due from Kekekoziibii Development Corporation (Note 5)	318,763	-
Investment in Kakina Economic Development Group LP (Note 6)	4,099	-
	2,528,776	1,075,528
Funds held in Ottawa Trust Fund (Note 7)	33,171	32,567
Portfolio Investments (Note 8)	6,358,832	6,351,811
Total financial assets	8,920,779	7,459,906
Liabilities		
Current		
Accounts payable and accruals (Note 9)	1,371,656	888,615
Unexpended funding (Note 10)	222,615	-
Deferred revenue (Note 11)	1,547,987	684,117
Term loan due on demand (Note 12)	93,869	-
Total financial liabilities	3,236,127	1,572,732
Long-term debt (Note 13)	4,432,188	4,588,167
	7,668,315	6,160,899
Net financial assets	1,252,464	1,299,007
Contingent liabilities (Note 18)		
Non-financial assets		
Tangible capital assets (Schedule 1)	8,817,896	7,761,357
Inventories of supplies (Note 4)	-	97,924
Total non-financial assets	8,817,896	7,859,281
Accumulated surplus	10,070,360	9,158,288
Approved on behalf of Chief and Council		
Original Signed by: IRWIN REDSKY	Chief	Original Signed by: BILLY WAHPAY
Original Signed by: VERNON REDSKY	Councillor	Original Signed by: WAYNE REDSKY
		Councillor

Shoal Lake #40 First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 14), (Note 15)	6,541,625	5,536,167	4,800,306	
First Nations and Inuit Health (Note 15)	443,136	438,673	450,599	
Indigenous and Northern Affairs Canada - Trust (Note 15)	-	604	677	
Ontario First Nations Limited Partnership	825,000	863,940	762,353	
Province of Manitoba (Note 15)	548,850	449,383	444,932	
Ministry of Education (Note 15)	481,385	427,376	402,735	
Ministry of Community and Social Services (Note 15)	90,000	401,122	410,522	
Shooniyaa Wa Biitoong	557,953	315,170	138,568	
Investment income	150,000	296,000	344,772	
Kenora Chiefs Advisory	201,364	268,984	178,987	
Energy East	158,839	158,839	-	
Administration fees	116,000	136,870	177,736	
Debt forgiveness (Note 8)	-	100,000	100,000	
Ministry of Indigenous Relations and Reconciliation (Note 15)	90,000	90,000	130,000	
Harmonized Sales Tax rebates	13,460	77,049	31,664	
User fees	47,000	53,500	55,197	
FedNor (Note 15)	-	52,000	-	
Ministry of Health and Long-Term Care (Note 15)	-	49,204	23,795	
Shibogama First Nations Council	49,200	47,628	12,375	
Ministry of Training, Colleges and Universities (Note 15)	46,472	46,472	-	
Grand Council Treaty #3	41,123	43,195	-	
IESO - Independent Electricity	37,992	37,992	28,494	
Miscellaneous	81,472	35,234	10,000	
Province of Ontario (Note 15)	-	15,000	-	
Bimose Tribal Council	32,000	10,000	42,623	
Other Revenue	-	5,960	7,603	
Kakina Economic Development Group LP	-	3,998	-	
Ontario Air Ambulance	3,500	3,500	3,500	
Kekekeoziibii Development Corporation	98,100	-	1,088,385	
Management Fee Revenue	-	-	270,290	
Northwestern Health Unit	-	-	12,858	
Interest income	-	-	5,000	
City of Winnipeg	-	-	4,000	
Repayment of funding	-	(25,885)	(4,923)	
Deferred revenue - prior year (Note 11)	684,117	814,378	173,970	
Deferred revenue - current year (Note 11)	-	(1,874,978)	(684,117)	
	11,338,588	8,877,375	9,422,901	

Continued on next page

Shoal Lake #40 First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

		<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<i>(Continued from previous page)</i>		11,338,588	8,877,375	9,422,901
Expenses				
Administration	4	2,011,146	2,173,092	2,031,683
Capital	5	1,702,378	1,414,640	1,504,871
Economic Development	6	224,226	217,555	1,337,432
Education	7	1,695,487	1,863,351	1,495,229
Health	8	663,254	636,516	568,203
Operations and Maintenance	9	606,988	512,953	424,111
Daycare	10	541,431	554,109	613,797
Social Services	11	-	529,729	490,349
Ontario First Nations Limited Partnership	12	21,000	36,780	30,108
Total expenses (Schedule 2)		7,465,910	7,938,725	8,495,783
Other income (expense)				
Gain (loss) on disposal of capital assets		-	(26,578)	-
Surplus		3,872,678	912,072	927,118
Accumulated surplus, beginning of year		9,158,288	9,158,288	8,231,170
Accumulated surplus, end of year		13,030,966	10,070,360	9,158,288

Shoal Lake #40 First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Surplus	3,872,678	912,072	927,118
Purchases of tangible capital assets	-	(535,665)	(47,000)
Construction in progress	-	(1,043,126)	(1,035,850)
Amortization of tangible capital assets	-	495,674	444,741
(Gain) loss on sale of tangible capital assets	-	26,578	-
	-	(1,056,539)	(638,109)
Use of prepaid expenses	-	-	2,000
Acquisition of inventory of supplies	-	97,924	(97,924)
	-	97,924	(95,924)
Increase (decrease) in net financial assets	3,872,678	(46,543)	193,085
Net financial assets, beginning of year	1,299,007	1,299,007	1,105,922
Net financial assets, end of year	5,171,685	1,252,464	1,299,007

Shoal Lake #40 First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Surplus	912,072	927,118
Non-cash items		
Amortization	495,674	444,741
Bad debts (recovery)	-	37,815
Debt forgiveness	(100,000)	(100,000)
Gain (loss) on disposal of capital assets	26,578	-
Kakina Economic Development Group LP	(3,998)	-
	1,330,326	1,309,674
Changes in working capital accounts		
Accounts receivable	(29,470)	(292,981)
Prepaid expenses	-	2,000
Inventory of supplies	97,924	(97,924)
Accounts payable and accruals	483,041	(394,833)
Deferred revenue	1,060,599	472,532
Unexpended funding	(196,730)	-
Funding repayable	222,615	-
Due from related party	(318,763)	1,383
	2,649,542	999,851
Financing activities		
Advances of long-term debt	61,072	148,834
Repayment of long-term debt	(117,051)	(273,678)
Advance of term loan	100,000	-
Repayment of term loan	(6,131)	-
	37,890	(124,844)
Capital activities		
Purchase of tangible capital assets	(535,663)	(47,000)
Construction in progress	(1,043,126)	(1,035,850)
	(1,578,789)	(1,082,850)
Investing activities		
Funds held in Ottawa Trust Fund	(604)	(878)
Purchase of portfolio investments	(7,022)	(18,116)
Purchase of investment in Kakina Economic Development Group LP	(101)	-
	(7,727)	(18,994)
Increase (decrease) in cash resources	1,100,916	(226,837)
Cash resources, beginning of year	223,192	450,029
Cash resources, end of year	1,324,108	223,192
Supplementary cash flow information		
Interest paid	11,331	13,297

The accompanying notes are an integral part of these financial statements

Shoal Lake #40 First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

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

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, 2017

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
Waste Service Road	40 years
Band housing	25 years
Vehicles	10 years
Boats	10 years
Equipment	10 years

At March 31, 2017 the First Nation had under construction a tri-plex and a Freedom road and at March 31, 2017 \$439,855 (2016 - \$399,207) and \$1,002,480 (2016 - \$0) respectively in costs had been capitalized to "construction in progress" on Schedule 1.

At March 31, 2017 the First Nation had a van (\$21,900) and an airboat (\$136,947) that were purchased before year end and not received until after year end. This is the definition of a prepaid asset but because the items in question are capital, the amounts were put into an "asset not in use" classification on Schedule 1.

As none of these assets were available for use at March 31, 2017, 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 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.

Investments in First Nation Business Partnerships

First Nation Business Partnerships that are neither controlled by the First Nation nor dependent on the First Nation for their continued operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent the business entity 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 the post acquisition losses and distributions received.

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

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.

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.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

3. Accounts receivable

	2017	2016
Other organizations	381,385	36,978
Human Resources and Skills Development Canada	285,916	73,605
Indigenous and Northern Affairs Canada	99,111	42,046
Province of Manitoba	58,825	330,646
Harmonized Sales Tax	31,141	58,435
Members	25,428	14,935
Receivables relating to Kekekeoziibii Development Corporation	-	203,472
First Nations and Inuit Health	-	52,923
Bimose Tribal Council	-	39,296
	881,806	852,336

4. Inventories of supplies

	2017	2016
Blast rock and aggregate	-	97,924

5. Due from Kekekoziibii Development Corporation

The outstanding balance of \$318,763 as at March 31, 2017 is unsecured, non-interest bearing and has no fixed terms of repayment.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Investment in First Nation Partnerships

	2017	2016
Kakina Economic Development Group LP		
Partnership Units - 99,999 (10% interest)	1	-
Income earned less distributed	3,998	-
	3,999	-
Kakina Economic Development Group GP		
100 Shares	100	-
	4,099	-

The following table presents condensed financial information for the limited partnership accounted for using the modified equity basis:

As at March 31, 2017	Kakina Economic Development Group LP (audited)
Current assets	88,016
Current liabilities	48,025
Partners' capital	39,991
Total liabilities and partners' capital	88,016
Revenue	138,219
Expenses	98,239
Net income	39,980

7. 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.

	2017	2016
Capital Trust		
Balance, beginning and end of year	11,769	11,769
Revenue Trust		
Balance, beginning of year	20,798	20,120
Interest	604	678
Balance, end of year	21,402	20,798
	33,171	32,567

Shoal Lake #40 First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

8. 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, 2017 - \$2,800,000 (2016 - \$2,700,000). The investment balance consists of the following:

	2017	2016
Mutual Fund - Enhanced Total Return Bond Fund (FMV \$4,729,977)	4,754,158	4,658,576
Mutual Fund - Overseas Equity Fund (FMV \$490,876)	413,002	394,016
Mutual Fund - Canadian Money Market Fund (FMV \$320,463)	320,463	315,153
Mutual Fund - US Equity Fund (FMV \$410,041)	297,087	331,234
Mutual Fund - Canadian Equity Value Fund (FMV \$479,504)	415,995	479,887
	6,200,705	6,178,866
Closing cash account balance	158,127	172,945
	6,358,832	6,351,811

9. Accounts payable and accruals

	2017	2016
Trade payables	1,345,658	859,086
Canada Revenue Agency - employee deductions	25,998	29,529
	1,371,656	888,615

10. Unexpended funding

Unexpended funding consists of funding received from Indigenous and Northern Affairs Canada in connection with the Band Operated School. It is expected that this funding will be spent within the next year. The funding received during the year amounts to \$1,774,061 and \$196,730 was unexpended as at March 31, 2017.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

11. Deferred revenue

	Balance March 31, 2016	Funding Received 2017	Other Revenue 2017	Revenue Recognized 2017	Balance March 31, 2017
Federal Government					
Capital	497,047	2,322,869	449,383	2,004,724	1,264,575
Operations and Maintenance	-	552,939	65,500	495,109	123,330
	497,047	2,875,808	514,883	2,499,833	1,387,905
Other					
Ontario First Nations Limited Partnership	170,931	-	863,940	1,026,735	8,136
Capital	16,139	-	196,831	121,712	91,258
Daycare	-	50,900	523,513	551,508	22,905
Health	-	-	656,897	622,114	34,783
	187,070	50,900	2,241,181	2,322,069	157,082
	684,117	2,926,708	2,756,064	4,821,902	1,544,987

12. Term loans due on demand

	2017	2016
RBC term loan due on demand, bearing interest at 3.54% per annum, secured by a band council resolution and assignment of OFNLP funds, repayable November 17, 2017	93,869	-

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

13. Long-term debt

	2017	2016
Debt payable to the Province of Manitoba (see Note 8)	1,600,000	1,650,000
Debt payable to the City of Winnipeg (see Note 8)	1,600,000	1,650,000
CMHC Triplex loan, repayments to commence upon completion of construction. Secured by Ministerial guarantee, interest at 4.18%.	413,509	410,782
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 the term will be extended for up to another five years.	248,739	248,739
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.	232,059	342,743
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 the term 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 the term 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 the term will be extended for up to another five years.	33,356	33,356
Vehicle loan payable, repayable in monthly instalments of \$1,048 including interest of 2.88% per annum, secured by a specific vehicle with a net book value of \$49,593.	51,978	-
	4,432,188	4,588,167

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
2018	314,458
2019	287,089
2020	248,427
2021	298,127
2022	258,950
	1,407,051
Thereafter	3,025,137

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

14. INAC Reconciliation

	2017	2016
INAC revenue per Financial Statements	5,536,167	4,800,306
	5,536,167	4,800,306
INAC revenue per funding confirmation	5,462,662	4,800,306
Additional bottled water accrual	52,100	-
Additional tuition funding	21,405	-
	5,536,167	4,800,306

15. Government transfers

	Operating	Capital	2017	2016
Federal government transfers				
Indigenous and Northern Affairs Canada	4,531,507	1,004,660	5,536,167	4,800,306
First Nations and Inuit Health	438,673	-	438,673	450,599
Total Federal	4,970,180	1,004,660	5,974,840	5,250,905
Provincial government transfers				
Province of Manitoba	449,383	-	449,383	444,932
Ministry of Education	427,376	-	427,376	402,735
Ministry of Community and Social Services	401,122	-	401,122	410,522
Ministry of Indigenous Relations and Reconciliation	90,000	-	90,000	130,000
FedNor	52,000	-	52,000	-
Ministry of Health and Long-Term Care	49,204	-	49,204	23,795
Ministry of Training, Colleges and Universities	46,472	-	46,472	-
Province of Ontario	15,000	-	15,000	-
Total Provincial	1,530,557	-	1,530,557	1,411,984
	6,500,737	1,004,660	7,505,397	6,662,889

16. 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.

Shoal Lake #40 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

17. 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.

18. 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.

19. Economic dependence

The First Nation receives 63% (2016 - 51%) 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.

20. Commitments

At March 31, 2017 the First Nation had under construction a tri-plex and a freedom road and to March 31, 2017 \$439,855 (2016 - \$399,208) and \$1,002,480 (2016 - \$0) in costs have been capitalized to construction in progress.

The First Nation estimates costs to complete these two capital projects at \$60,000 and \$6,750,000 respectively.

21. Comparative figures

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

22. 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, 2017

	Sewer and water infrastructure	Community buildings	Landfill	Band housing	Vehicles	Boats	Subtotal
Cost							
Balance, beginning of year	897,002	6,283,913	253,846	5,167,413	510,421	46,050	13,158,645
Acquisition of tangible capital assets	51,033	207,334	-	-	58,345	-	316,712
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	(212,626)	-	-	-	-	(212,626)
Balance, end of year	948,035	6,278,621	253,846	5,167,413	568,766	46,050	13,262,731
Accumulated amortization							
Balance, beginning of year	531,620	3,776,249	184,038	3,144,932	203,364	41,210	7,881,413
Annual amortization	22,425	150,095	6,346	200,713	51,042	605	431,226
Accumulated amortization on disposals	-	(186,048)	-	-	-	-	(186,048)
Balance, end of year	554,045	3,740,296	190,384	3,345,645	254,406	41,815	8,126,591
Net book value of tangible capital assets	393,990	2,538,325	63,462	1,821,768	314,360	4,235	5,136,140
Net book value of tangible capital assets - 2016	365,382	2,507,663	69,808	2,022,481	307,057	4,840	5,277,231

Shoal Lake #40 First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>Equipment</i>	<i>Construction in progress</i>	<i>Asset not in use</i>	<i>Waste Service Road</i>	<i>2017</i>	<i>2016</i>
Cost							
Balance, beginning of year	13,158,645	152,123	399,209	-	1,969,420	15,679,397	14,596,548
Acquisition of tangible capital assets	316,712	51,300	-	167,653	-	535,665	47,000
Construction-in-progress	-	-	1,043,126	-	-	1,043,126	1,035,850
Disposal of tangible capital assets	(212,626)	-	-	-	-	(212,626)	-
Balance, end of year	13,262,731	203,423	1,442,335	167,653	1,969,420	17,045,562	15,679,398
Accumulated amortization							
Balance, beginning of year	7,881,413	36,627	-	-	-	7,918,040	7,473,300
Annual amortization	431,226	15,212	-	-	49,236	495,674	444,741
Accumulated amortization on disposals	(186,048)	-	-	-	-	(186,048)	-
Balance, end of year	8,126,591	51,839	-	-	49,236	8,227,666	7,918,041
Net book value of tangible capital assets	5,136,140	151,584	1,442,335	167,653	1,920,184	8,817,896	7,761,357
Net book value of tangible capital assets - 2016	5,277,231	115,497	2,368,629	-	-	7,761,357	

Shoal Lake #40 First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Consolidated expenses by object			
Administrative expenses	763,822	858,030	700,465
Amortization	-	495,674	444,741
Bank charges and interest	12,500	13,795	26,789
Bad debts (recovery)	-	-	37,815
Community development	254,400	260,628	230,244
Consulting fees	119,240	407,010	378,728
Contracted services	1,135,975	221,269	1,038,290
Cultural development	1,500	1,500	-
Education	347,300	705,026	399,692
Equipment purchase and rentals	401,748	60,672	44,891
Honoraria, salaries and benefits	2,391,450	2,437,863	2,484,472
Interest on long-term debt	34,968	11,331	13,297
Materials and supplies	181,888	202,504	268,459
Office and utilities	336,739	266,334	251,907
Professional fees	398,155	558,741	708,726
Repairs and maintenance	297,259	432,901	624,615
Social assistance	-	282,736	258,253
Student expenses	339,000	353,541	260,199
Training and travel	449,966	369,170	324,200
	7,465,910	7,938,725	8,495,783

Shoal Lake #40 First Nation

Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2017

	Schedule #	INAC Revenue	Other Revenue	Deferred/ Unexpended Revenue	Total Revenue	Total Expenses	Transfers From (To)	Current Surplus (Deficit)
Administration	4	690,148	949,450	-	1,639,598	2,173,092	581,156	47,662
Capital	5	2,322,869	646,214	(842,647)	2,126,436	1,414,640	130,410	842,206
Economic Development	6	68,750	28,998	-	97,748	217,555	130,552	10,745
Education	7	1,774,061	126,538	(196,730)	1,703,869	1,863,351	-	(159,482)
Health	8	-	656,897	(34,783)	622,114	636,516	37,860	23,458
Operations and Maintenance	9	552,939	65,500	(123,330)	495,109	512,953	106,977	89,133
Daycare	10	50,900	523,513	(22,905)	551,508	554,109	-	(2,601)
Social Services	11	76,500	514,180	-	590,680	529,729	-	60,951
Ontario First Nations Limited Partnership	12	-	863,940	159,795	1,023,735	36,780	(986,955)	-
Total		5,536,167	4,375,230	(1,060,600)	8,850,797	7,938,725	-	912,072

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	688,048	690,148	701,370
Indigenous and Northern Affairs Canada - Trust	-	604	677
Investment income	150,000	296,000	344,772
Shooniyaa Wa Biitoong	204,183	219,033	42,119
Administration fees	80,000	100,870	123,310
Debt forgiveness	-	100,000	100,000
Ministry of Indigenous Relations & Reconciliation	90,000	90,000	90,000
Harmonized Sales Tax and Sales Tax rebates	9,000	77,049	31,664
User fees	25,000	30,000	34,497
Miscellaneous	-	10,000	10,000
Ontario Air Ambulance	3,500	3,500	3,500
Other Revenue	-	1,500	4,649
Kenora Chiefs Advisory	-	1,000	-
Kekekeozibii Development Corporation	60,000	-	1,914
City of Winnipeg	-	-	4,000
Province of Manitoba	-	-	3,000
Ministry of Training, Colleges and Universities	46,472	46,472	-
	1,356,203	1,666,176	1,495,472

Continued on next page

Shoal Lake #40 First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Expenses			
Administration	12,910	13,910	9,182
Bad debts	-	-	37,815
Bank charges and interest	12,000	12,336	15,572
Barge Upgrade Repairs	-	108,831	299,818
Capital purchases	13,200	-	4,850
Community distributions	150,000	150,540	140,902
Community events	75,000	71,769	53,783
Consulting fees	65,000	69,950	30,098
Elders fees	112,000	122,267	111,900
Equipment rentals	25,000	32,239	21,670
Equipment purchases	15,000	2,408	-
Honouraria - Chief and Council	30,000	35,150	18,050
Honouraria - Other	1,500	1,750	450
Insurance	25,075	24,316	27,566
Interest	-	-	5,000
Interest on long-term debt	27,000	10,360	13,297
Materials and supplies	5,000	14,761	-
Meeting costs	52,034	35,201	28,834
Miscellaneous	25,000	26,996	22,879
Materials and supplies	9,460	9,461	-
Oil and gas	20,000	20,283	10,983
Pension	33,200	40,257	36,555
Professional development	16,063	14,062	-
Professional fees	309,655	323,914	199,369
Program expense	-	-	3,356
Repairs and maintenance	64,500	66,398	76,168
Salaries and benefits	629,449	614,399	557,605
Supplies	18,000	33,093	32,631
Telephone	25,000	24,582	30,879
Training	39,400	86,833	49,720
Travel	45,000	46,856	33,229
Travel - Chief and Council	100,000	68,458	84,740
Utilities	700	700	-
Water delivery	50,000	90,634	67,380
Website development	5,000	378	7,402
	2,011,146	2,173,092	2,031,683
Deficit before other items	(654,943)	(506,916)	(536,211)
Other income (expense)			
Gain (loss) on disposal of capital assets	-	(26,578)	-
Deficit before transfers	(654,943)	(533,494)	(536,211)
Transfers between segments	646,000	581,156	477,110
Surplus (deficit)	(8,943)	47,662	(59,101)

Shoal Lake #40 First Nation
Capital
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	3,417,832	2,322,869	2,255,873
Province of Manitoba	548,850	449,383	330,646
Energy East	158,839	158,839	-
IESO - Independent Electricity	37,992	37,992	28,494
Deferred revenue - prior year	513,186	513,186	-
Deferred revenue - current year	-	(1,355,833)	(513,186)
	4,676,699	2,126,436	2,101,827
Expenses			
Administration	15,349	15,349	-
Amortization	-	495,674	444,741
Bank charges and interest	-	72	54
Capital purchases	207,148	-	-
Consulting fees	54,240	337,060	348,630
Contracted services	1,020,750	97,528	78,110
Equipment rentals	2,600	2,580	6,639
Management fees	29,500	7,750	-
Materials and supplies	14,410	-	-
Meeting costs	30,750	34,482	-
Oil and gas	-	-	159
Professional fees	63,500	228,466	271,759
Program expense	-	27,443	55,726
Repairs and maintenance	129,500	142,134	115,481
Salaries and benefits	21,000	21,105	123,661
Supplies	2,800	2,795	57,121
Travel	110,831	2,202	2,790
	1,702,378	1,414,640	1,504,871
Surplus before transfers	2,974,321	711,796	596,956
Transfers between segments	-	130,410	45,050
Surplus	2,974,321	842,206	642,006

Shoal Lake #40 First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	68,750	68,750	50,000
Province of Ontario	-	15,000	-
User fees	10,000	10,000	11,200
Kakina Economic Development Group LP	-	3,998	-
Province of Manitoba	-	-	111,286
Ministry of Indigenous Relations & Reconciliation	-	-	40,000
Bimose Tribal Council	-	-	10,000
Interest income	-	-	5,000
Management Fee Revenue	-	-	270,290
Kekekeoziibii Development Corporation	-	-	1,086,471
	78,750	97,748	1,584,247
Expenses			
Administration	-	-	19,517
Bank charges and interest	-	-	879
Capital purchases	3,700	-	-
Community donations	-	-	3,750
Contracted services	-	4,016	679,000
Equipment rentals	-	-	2,175
Honouraria - Chief and Council	-	-	5,500
Honouraria - Other	-	-	750
Insurance	12,134	12,134	13,708
Management fees	-	-	270,290
Meeting costs	-	-	3,000
Professional fees	-	2,908	119,706
Repairs and maintenance	20,000	23,643	23,861
Salaries and benefits	60,892	67,099	102,243
Supplies	-	1,978	1,731
Telephone	-	8,575	1,054
Training	-	-	1,954
Travel	2,500	857	2,380
Travel - Chief and Council	-	18,750	5,838
Utilities	125,000	77,595	80,096
	224,226	217,555	1,337,432
Surplus (deficit) before transfers	(145,476)	(119,807)	246,815
Transfers between segments	159,000	130,552	84,619
Surplus	13,524	10,745	331,434

Shoal Lake #40 First Nation
Education

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	1,752,656	1,774,061	1,298,274
Administration fees	36,000	36,000	54,426
Miscellaneous	25,000	25,000	-
Shibogama First Nations Council	49,200	47,628	12,375
Bimose Tribal Council	32,000	10,000	32,623
Other Revenue	4,460	4,460	196
Grand Council Treaty #3	3,450	3,450	-
Northwestern Health Unit	-	-	12,858
Deferred revenue - current year	-	(196,730)	-
	1,902,766	1,703,869	1,410,752
Expenses			
Administration	37,626	35,076	71,962
Chief and council	1,500	1,500	-
Equipment rentals	-	-	5,763
Extracurricular activities	8,400	6,845	1,701
Field trips	10,000	7,555	8,673
Equipment purchases	3,900	3,280	663
Honouraria - Chief and Council	8,700	7,000	-
Insurance	3,075	3,075	1,750
Interest	-	-	2,866
Interest on long-term debt	7,968	970	-
Materials and supplies	5,000	3,847	700
Meeting costs	5,000	13,367	16,924
Miscellaneous	10,000	9,463	6,751
Oil and gas	2,800	1,865	2,846
Other - Phys Ed	-	-	2,083
Professional development	48,000	44,224	19,540
Professional fees	20,000	-	-
Repairs and maintenance	2,500	1,693	1,674
Salaries and benefits	707,318	547,845	587,261
Student expenses	339,000	353,541	260,199
Supplies	60,200	62,970	68,223
Teacher recruitment	-	-	613
Teacher replacements	12,400	10,641	11,600
Telephone	6,000	6,289	5,685
Training	-	1,657	-
Travel	48,800	35,622	18,060
Tuition	347,300	705,026	399,692
	1,695,487	1,863,351	1,495,229
Surplus (deficit) before transfers	207,279	(159,482)	(84,477)
Transfers between segments	-	-	83,483
Surplus (deficit)	207,279	(159,482)	(994)

Shoal Lake #40 First Nation Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
First Nations and Inuit Health	443,136	438,673	450,599
Kenora Chiefs Advisory	201,364	204,364	115,367
Grand Council Treaty #3	37,673	39,745	-
Repayment of funding	-	(25,885)	(4,923)
Deferred revenue - current year	-	(34,783)	-
	682,173	622,114	561,043
Expenses			
Aboriginal Head-Start on Reserve	-	-	11,952
Administration	29,238	31,096	14,909
Airboat expenses	8,805	-	17,502
Barge fees	5,000	5,000	5,000
Contracted services	16,000	15,970	14,186
Culture and recreation	-	-	8,116
Economic	17,800	17,788	-
Elders fees	12,500	1,160	11,084
Equipment purchases	34,500	10,545	-
Health	5,041	5,041	465
Honouraria - Chief and Council	12,500	9,879	-
Insurance	7,262	7,655	5,345
Medical/Diabetes Initiative	7,335	7,100	-
Meeting costs	17,960	11,052	18,191
Miscellaneous	3,500	19,967	8,454
Materials and supplies	5,100	24,469	5,100
Pension	6,155	7,462	7,642
Professional development	15,488	6,610	-
Repairs and maintenance	17,759	26,609	5,314
Salaries and benefits	349,031	338,046	351,412
Supplies	26,306	18,698	32,336
Telephone	960	960	397
Training	14,075	13,094	5,069
Travel	28,860	33,961	32,981
User fees	11,500	11,500	1,500
Utilities	10,579	12,854	11,248
	663,254	636,516	568,203
Deficit before transfers	18,919	(14,402)	(7,160)
Transfers between segments	6,000	37,860	-
Surplus (deficit)	24,919	23,458	(7,160)

Shoal Lake #40 First Nation
Operations and Maintenance
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	552,939	552,939	369,589
FedNor	-	52,000	-
User fees	12,000	13,500	9,500
Deferred revenue - current year	-	(123,330)	-
	564,939	495,109	379,089
Expenses			
Capital purchases	89,600	-	-
Contracted services	69,725	96,005	59,162
Equipment rentals	5,400	8,590	690
Insurance	13,952	14,503	13,812
Repairs and maintenance	50,000	51,679	12,992
Salaries and benefits	167,311	173,537	158,421
Supplies	20,000	23,000	21,339
Training	-	320	2,869
Travel	5,000	4,085	4,851
User fees	12,000	12,000	8,000
Utilities	174,000	129,234	141,975
	606,988	512,953	424,111
Deficit before transfers	(42,049)	(17,844)	(45,022)
Transfers between segments	50,000	106,977	45,022
Surplus (deficit)	7,951	89,133	-

Shoal Lake #40 First Nation
Daycare
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	50,900	50,900	50,900
Ministry of Education	481,385	427,376	402,735
Shooniyaa Wa Biitoong	81,837	96,137	96,449
Other Revenue	-	-	2,759
Deferred revenue - current year	-	(22,905)	-
	614,122	551,508	552,843
Expenses			
Administration	23,000	23,000	23,660
Bank charges and interest	500	141	1,063
Equipment rentals	1,700	1,030	2,440
Field trips	10,000	12,400	-
Food and beverage	10,000	10,292	8,128
Insurance	10,000	4,405	11,854
Miscellaneous	-	17,079	19,069
Materials and supplies	2,000	-	726
Pension	-	3,331	-
Professional fees	5,000	3,453	3,991
Program expense	4,500	11,556	24,825
Repairs and maintenance	13,000	8,558	19,332
Salaries and benefits	364,394	401,868	400,602
Supplies	22,837	20,027	40,330
Telephone	4,000	4,095	5,246
Travel	55,500	16,349	34,669
Utilities	15,000	16,525	17,862
	541,431	554,109	613,797
Surplus (deficit)	72,691	(2,601)	(60,954)

Shoal Lake #40 First Nation
Social Services
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	76,500	76,500	74,300
Ministry of Community and Social Services	-	401,122	410,522
Kenora Chiefs Advisory	-	63,620	63,620
Ministry of Health	-	49,204	23,795
Miscellaneous	-	234	-
	76,500	590,680	572,237
Expenses			
Bank charges and interest	-	1,246	1,356
Professional fees	-	-	2,000
Purchase of services - Kenora Chiefs Advisory	-	23,400	23,400
Repairs and maintenance	-	3,357	-
Salaries and benefits	-	169,131	146,241
Social assistance	-	278,234	258,253
Supplies	-	14,235	14,048
Training	-	26,102	10,135
Travel	-	14,024	34,916
	-	529,729	490,349
Surplus	76,500	60,951	81,888

Shoal Lake #40 First Nation
Ontario First Nations Limited Partnership
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Ontario First Nations Limited Partnership	825,000	863,940	762,353
Deferred revenue - prior year	170,931	301,192	173,970
Deferred revenue - current year	-	(141,397)	(170,931)
	995,931	1,023,735	765,392
Expenses			
Community events	21,000	31,475	30,108
Health	-	5,305	-
	21,000	36,780	30,108
Surplus before transfers	974,931	986,955	735,284
Transfers between segments	(861,000)	(986,955)	(735,284)
Surplus (deficit)	113,931	-	-