

Eabametoong First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

Contents

Management's Statement of Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9

Eabametoong First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2016

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

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Eabametoong First Nation and meet when required.

On behalf of Eabametoong First Nation:


Chief


Councillor

Independent Auditor's Report

**To the Members of
Eabametoong First Nation**

We have audited the accompanying consolidated financial statements of Eabametoong First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net debt 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 qualified audit opinion.

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 12. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Eabametoong First Nation as at March 31, 2016 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
July 28, 2016

Eabametoong First Nation Consolidated Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash (Note 3)	\$ 5,431,244	\$ 4,228,068
Investments (Note 4)	767,348	1,160,355
Accounts receivable (Note 5)	1,097,047	1,364,990
Due from government and other government organizations (Note 6)	1,675,413	1,506,835
Trust funds held by federal government (Note 7)	109,053	107,826
	<hr/> <u>9,080,105</u>	<hr/> <u>8,368,074</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	1,708,425	1,907,071
Due to government and other government organizations (Note 9)	1,312,266	1,544,031
Deferred revenue (Note 10)	521,734	392,432
Long term debt (Note 11)	10,507,822	10,978,003
	<hr/> <u>14,050,247</u>	<hr/> <u>14,821,537</u>
Net debt	<hr/> <u>(4,970,142)</u>	<hr/> <u>(6,453,463)</u>
Non-financial assets		
Prepaid expenses	23,626	35,700
Tangible capital assets (Note 12)	<u>43,719,915</u>	<u>43,686,767</u>
	<hr/> <u>43,743,541</u>	<hr/> <u>43,722,467</u>
Accumulated surplus (Note 16)	<hr/> <u>\$ 38,773,399</u>	<hr/> <u>\$ 37,269,004</u>

On behalf of the Band:



Chief



Councillor

Eabametoong First Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 22)	2016	2015
Revenue			
Deferred revenue, beginning of year	\$ 392,432	\$ 392,432	\$ 1,128,488
Federal government transfers (Note 21)	13,188,157	13,808,780	13,344,563
Provincial government transfers (Note 21)	4,884,769	4,748,606	5,542,659
Ontario First Nation Limited Partnership	1,400,000	1,409,891	1,408,577
Other	6,819,195	7,257,950	6,626,105
Trust fund interest revenue	-	1,227	1,592
Replacement reserve	-	55,590	55,590
Deferred revenue, end of year	<u>(228,560)</u>	<u>(521,734)</u>	<u>(392,432)</u>
	26,455,993	27,152,742	27,715,142
Expenses			
Administration	1,289,525	3,724,468	3,576,723
Community Infrastructure	4,158,183	3,707,721	4,047,715
Economic and Employment	2,804,015	2,798,851	3,161,182
Integrated Health Services	2,678,365	3,104,164	3,066,674
Community Services	338,000	391,878	256,484
Housing	1,017,236	980,567	1,064,015
Projects	2,828,967	448,652	973,224
Social Services	4,317,639	4,176,269	4,299,448
Education	6,492,098	6,315,777	6,244,676
	25,924,028	25,648,347	26,690,141
Net revenues before the following	531,965	1,504,395	1,025,001
Loss on disposal of tangible capital assets	-	-	(155,859)
Annual surplus	531,965	1,504,395	869,142
Accumulated surplus, beginning of year	37,269,004	37,269,004	36,399,862
Accumulated surplus, end of year	\$ 37,800,969	\$ 38,773,399	\$ 37,269,004

**Eabametoong First Nation
Consolidated Statement of Changes in Net Debt**

For the year ended March 31	Budget (Note 22)	2016	2015
Annual surplus	\$ 531,965	\$ 1,504,395	\$ 869,142
Acquisition of tangible capital assets	-	(2,378,488)	(2,155,769)
Amortization of tangible capital assets	1,936,541	2,345,339	2,311,330
Loss on disposal of tangible capital assets	-	-	155,859
Prepaid expenses	-	12,075	10,437
Net change in net financial debt	2,468,506	1,483,321	1,190,999
Net debt, beginning of year	(6,453,463)	(6,453,463)	(7,644,462)
Net debt, end of year	\$ (3,984,957)	\$ (4,970,142)	\$ (6,453,463)

Eabametoong First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Annual surplus	\$ 1,504,395	\$ 869,142
Items not involving cash:		
Amortization	2,345,339	2,311,330
Loss on disposal of tangible capital assets	- 155,859	
	<u>3,849,734</u>	<u>3,336,331</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	267,943	(526,162)
Due from government and other government organizations	(168,578)	1,340,432
Prepaid expenses	12,075	10,437
Accounts payable and accrued liabilities	(198,646)	(879,847)
Due to government and other government organizations	(231,765)	127,745
Deferred revenue	129,302	(736,056)
	<u>3,660,065</u>	<u>2,672,880</u>
Cash provided by (used in) financing activities		
Repayment of long term debt	(1,585,329)	(1,490,398)
Advances of long term debt	1,115,148	346,964
	<u>(470,181)</u>	<u>(1,143,434)</u>
Cash provided by (used in) investment activities		
Purchase of capital assets	(2,378,488)	(2,155,769)
Increase in trust assets	(1,227)	(1,592)
	<u>(2,379,715)</u>	<u>(2,157,361)</u>
Net increase (decrease) in cash during the year	810,169	(627,915)
Cash and cash equivalents, beginning of year	5,388,423	6,016,338
Cash and cash equivalents, end of year	\$ 6,198,592	\$ 5,388,423
Represented by		
Cash	\$ 5,431,244	\$ 4,228,068
Investments	767,348	1,160,355
	<u>\$ 6,198,592</u>	<u>\$ 5,388,423</u>
Supplementary cash flow information		
Interest received in year	\$ 13,514	\$ 35,441
Interest paid in year	\$ 229,168	\$ 271,425

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies

a) Basis of Accounting These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

b) Reporting Entity The Eabametoong First Nation reporting entity includes the Eabametoong First Nation government and all related entities that are controlled by the First Nation.

c) Principles of Consolidation All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Eabametoong First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Eabametoong First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in Eabametoong First Nation's financial statements include:

- Eabametoong First Nation Housing Authority Inc.
- Eabametoong Communications Inc.

d) Cash and Cash Equivalents Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (cont'd)

e) Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis as follows:

General housing	-	4%
Buildings and improvements	-	4%
Infrastructure	-	4%
Office and general equipment	-	20%
Automotive and heavy equipment	-	30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eabametoong First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

f) Leased Assets

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (cont'd)

g) Revenue Recognition Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

h) Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets and the accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

2. Change in Accounting Policy

Effective April 1, 2015, the First Nation adopted new Public Sector Accounting Handbook Standard, PS 3260 Liability for Contaminated Sites. The standard requires that a liability for contaminated sites be recognized on properties not in productive use when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the entity is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The First Nation has evaluated all of its properties and has determined that there are no properties that meet the above criteria and therefore no liability has been accrued. This change in accounting policy has been applied retroactively without restatement of prior periods.

3. Cash

	2016	2015
Royal Bank of Canada - Thunder Bay		
Administration - Bank	\$ 1,394,576	\$ 778,393
Eabametoong Communications Inc.	26,696	10,859
Eabamet Lake Construction Ltd.	2,396	2,396
Education Authority	(62,847)	78,627
Heavy Equipment	81,421	(19,202)
H.O.P.E. Committee	36,755	35,986
Housing Authority Inc.	139,835	125,556
CMHC Housing	677,474	525,491
Integrated Health Services	(190,066)	(32,597)
Social Assistance - General Welfare	(208,954)	(101,217)
Breakfast Program	13,068	12,239
Hotel	46,318	37,154
Public Utilities	669,620	(23,500)
	<hr/>	<hr/>
	2,626,292	1,430,185
Canadian Imperial Bank of Commerce - Thunder Bay:		
Administration	2,804,952	2,797,883
	<hr/>	<hr/>
	\$ 5,431,244	\$ 4,228,068

The First Nation has available an operating line of credit of \$150,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 1% (3.70% per annum at March 31, 2016). At March 31, 2016, the First Nation had utilized \$NIL (2015 - \$NIL) on this line of credit. The overdraft line of credit is supported by a Band Council Resolution.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

3. Cash (cont'd)

The First Nation has available overdraft lines of credit of \$5,000, \$300,000, \$150,000 and \$50,000 with the Royal Bank of Canada incurring interest at the bank's prime lending rate plus 5%, 1%, 1% and 1% (7.70%, 3.70%, 3.70% and 3.70% per annum at March 31, 2016 respectively). Interest only payments are made monthly. At March 31, 2016, the First Nation had utilized \$99,081 (2015 - \$125,968) on these lines of credit. The overdraft lines of credit are supported by a Band Council Resolution and a general security agreement covering all assets other than real property.

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2016	2015
CMHC replacement reserve (Note 20)	\$ 346,127	\$ 345,920
Unrestricted	<u>5,085,117</u>	<u>3,882,148</u>
	\$ 5,431,244	\$ 4,228,068

4. Investments

Included in investments are the following:

Royal Bank of Canada - Thunder Bay

	2016	2015
Administration - GIC, interest at 0.75%, maturing December 10, 2016	\$ 635,368	\$ 1,029,320
CMHC Housing - GIC, interest at 0.50%, maturing March 5, 2017	31,230	31,035
Education Authority - GIC, interest at 0.50%, maturing March 31, 2017	100,750	100,000
	\$ 767,348	\$ 1,160,355

**Eabametoong First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

5. Accounts Receivables

	2016	2015
Trade and other receivables (by program):		
Public Utilities:		
General receivables	\$ 563,319	\$ 914,025
Loans	5,095	5,653
	<hr/>	<hr/>
Less allowance for doubtful accounts	568,414	919,678
	(264,890)	(233,704)
	<hr/>	<hr/>
	303,524	685,974
	<hr/>	<hr/>
Administration:		
First Nation members	-	67,211
General receivables	1,232,514	990,745
	<hr/>	<hr/>
Less allowance for doubtful accounts	1,232,514	1,057,956
	(882,388)	(819,833)
	<hr/>	<hr/>
	350,126	238,123
	<hr/>	<hr/>
Housing Authority Inc.:		
First Nation members	2,416,666	2,180,690
Less allowance for doubtful accounts	(2,416,666)	(2,163,088)
Deposits on hand	(8,130)	-
	<hr/>	<hr/>
	(8,130)	17,602
	<hr/>	<hr/>
Heavy Equipment:		
First Nation members	150	150
General receivables	435,902	410,964
Less allowance for doubtful accounts	(422,623)	(384,475)
	<hr/>	<hr/>
	13,429	26,639
	<hr/>	<hr/>
Balance forward	\$ 658,949	\$ 968,338

**Eabametoong First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

5. Accounts Receivables (cont'd)

	2016	2015
Balance Forward	\$ 658,949	\$ 968,338
CMHC:		
First Nation members	524,571	458,051
Less allowance for doubtful accounts	(488,887)	(442,595)
	<u>35,684</u>	<u>15,456</u>
Education Authority:		
First Nation members	9,502	12,062
General receivables	21,073	7,334
Less allowance for doubtful accounts	(12,156)	(14,716)
	<u>18,419</u>	<u>4,680</u>
H.O.P.E. Committee:		
First Nation members	38,592	39,339
Less allowance for doubtful accounts	(14,315)	(14,315)
	<u>24,277</u>	<u>25,024</u>
Integrated Health Services:		
First Nation members	34,042	35,147
General receivables	216,145	167,322
Less allowance for doubtful accounts	(35,059)	(29,926)
	<u>215,128</u>	<u>172,543</u>
Other:		
Eabametoong Communications Inc. and Hotel	<u>144,590</u>	<u>178,949</u>
	<u><u>\$ 1,097,047</u></u>	<u><u>\$ 1,364,990</u></u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

6. Due from Government and Other Government Organizations

	2016	2015
Federal government		
INAC	\$ 959,267	\$ 602,266
Canada Mortgage and Housing Corporation	99,603	77,043
FedNor	28,442	35,318
Health Canada	105,894	-
Ministry of Community and Social Services	82,054	59,647
Nishnawbe Aski Nation	22,798	15,988
Northern Ontario Heritage Fund Corporation	35,318	28,442
Ministry of Aboriginal Affairs	-	28,895
Ministry of Community Safety and Correctional Services	147,579	-
Ministry of Natural Resources	19,111	-
Ministry of Northern Development and Mines	167,554	651,480
Ministry of Health and Long-Term Care	7,793	7,756
	<hr/>	<hr/>
	\$ 1,675,413	\$ 1,506,835

7. Trust Funds Held by Federal Government

	March 31, 2015	Additions 2016	Withdrawals 2016	March 31, 2016
Revenue	\$ 102,043	\$ 1,227	\$ -	\$ 103,270
Capital	5,783	-	-	5,783
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 107,826	\$ 1,227	\$ -	\$ 109,053

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

Administration originally borrowed \$10,000 from the Trust and loaned this amount to the Fort Hope Indian Band Co-operative. The loan to the Co-operative was subsequently forgiven by administration. As at year end the First Nation had not returned these funds to the Trust. During 1996, \$40,000 was borrowed from the Trust by Eabametoong Communications Inc. The amount will be repaid to the First Nation from future profits of the company, who will in turn return it to the Trust.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

8. Accounts Payable

	2016	2015
Trade payables by program:		
Administration	\$ 460,791	\$ 970,763
CMHC Housing	12,214	9,461
Hotel	16,955	13,137
Eabametoong Communications Inc.	36,395	5,055
Education Authority	269,461	215,849
Heavy Equipment	11,635	842
H.O.P.E. Committee	34,110	20,681
Housing Authority Inc.	94,302	128,143
Integrated Health Services	104,964	124,905
Public Utilities	528,505	279,142
Social Assistance - General Welfare	<u>139,093</u>	<u>139,093</u>
	<u>\$ 1,708,425</u>	<u>\$ 1,907,071</u>

9. Due to Government and Other Government Organizations

	2016	2015
Federal government		
INAC	\$ 966,568	\$ 801,582
Provincial government		
Ministry of Aboriginal Affairs	204,722	203,702
Ministry of Northern Development and Mines	51,408	463,129
Ministry of Education	39,568	25,618
Due to Trust account (Note 7)	<u>50,000</u>	<u>50,000</u>
	<u>\$ 1,312,266</u>	<u>\$ 1,544,031</u>

**Eabametoong First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

10. Deferred Revenue

	2016	2015
Capital Projects - Renovation - CMHC	\$ 28,602	\$ -
Community Services - Community Garden - INAC	191,783	-
Economic and Employment - Land Use Planning - MNR	73,810	-
Economic and Employment - SPI - INAC	7,053	-
Economic and Employment - SPI - Industry Contributions	200,708	218,734
Education O&M - INAC - Building, Teacherage	-	109,025
Education Programs	-	36,822
Social Assistance - Administration - INAC	17,778	27,851
Integrated Health Services - Northern Ontario School of Medicine	<u>2,000</u>	-
	\$ 521,734	\$ 392,432

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

11. Long Term Debt

	2016	2015
Royal Bank of Canada		
Term loan - housing construction	\$ 2,484,594	\$ 3,248,490
Principal payment due in May of each year starting in May 2009 with interest at 4% per annum. The balance on loan is due and payable May 2018. Principal to be repaid from specific assignment of minor capital (\$700,000) per annum plus housing rent proceeds of \$193,833 per annum. Collateral security consists of a First Nation resolution confirming borrowings to a maximum of \$8,064,300 for the construction of new homes and renovations and is supported by an irrevocable letter of direction in the amount of \$700,000 per annum acknowledged by INAC and an assignment of not less than \$193,833 annually from housing rent proceeds.		
Consolidation loan for Tikiagan building and housing units repayable in monthly installments of \$13,487 including interest at 3.25% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable January 2019.	714,531	821,038
Term loan for Education repayable in monthly installments of \$10,000 including interest at the bank's prime lending rate plus 1.5% (4.20% at year end). Collateral security consists of a Band Council Resolution confirming borrowings up to \$438,000 and a guarantee and postponement of claim by the First Nation. The balance of the loan is due and payable October 2016.	181,796	291,453
Balance forward	\$ 3,380,921	\$ 4,360,981

**Eabametoong First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

11. Long Term Debt (cont'd)

	2016	2015
Balance forward	\$ 3,380,921	\$ 4,360,981
Term loan payable in monthly installments of \$2,580 including interest at 4.75% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable July 2018.	143,766	167,227
Demand loan payable in monthly installments of \$9,635 plus interest at the bank's prime lending rate plus 1.25% (3.95% at year end) and maturing October 2016. Collateral security consists of a Band Council Resolution confirming borrowings.	516,798	609,595
Construction loan with interest only payments up to June 2016. Loan was converted to a term loan subsequent to year end and is payable in monthly installments of \$7,651 including interest at 3.70% per annum. The balance of the loan is due and payable June 2021.	860,000	-
Equipment loan payable in monthly installments of \$2,493 including interest at 5.60% maturing February 2017	26,676	54,260
Equipment loan payable in monthly installments of \$1,173 including interest at 5.10% maturing January 2018	24,586	37,061
Equipment loan payable in monthly installments of \$2,063 including interest at 3.81% maturing February 2020	91,674	112,500
Equipment loan payable in monthly installments of \$1,918 including interest at 3.96% maturing February 2019	64,989	85,000
Equipment loan payable in monthly installments of \$405 including interest at 5.89% maturing October 2018	11,622	-
Equipment loan payable in monthly installments of \$4,712 including interest at 4.50% maturing December 2018	146,005	-
Equipment loan payable in monthly installments of \$2,423 including interest at 3.96% maturing February 2017	26,130	53,577
Vehicle loan payable in monthly installments of \$645 including interest at 4.99% maturing March 2019	23,207	27,998
Balance forward	\$ 5,316,374	\$ 5,508,199

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

11. Long Term Debt (cont'd)

	2016	2015
Balance forward	\$ 5,316,374	\$ 5,508,199
Vehicle loan payable in monthly installments of \$640 including interest at 4.99% maturing March 2019	23,024	27,776
Vehicle loan payable in monthly installments of \$680 including interest at 4.99% maturing March 2018	15,501	22,690
Equipment/vehicle loans	-	121,230
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$6,145 including interest at 1.92%, maturing April 2019	857,699	914,403
Mortgage payable in monthly installments of \$3,186 including interest at 1.65% maturing June 2017	544,879	573,872
Mortgage payable in monthly installments of \$3,803 including interest at 1.62% maturing March 2018	675,181	709,586
Mortgage payable in monthly installments of \$6,496 including interest at 2.11% maturing January 2019	1,154,108	1,207,150
Mortgage payable in monthly installments of \$6,158 including interest at 1.11% maturing April 2021	1,329,370	1,378,858
Mortgage payable in monthly installments of \$2,300 including interest at 1.49% maturing January 2017	494,165	514,239
Receiver General Canada (Ministry of Indian Affairs and Northern Development)		
Promissory note payable on the earlier of March 31, 2020 or the date on which the Land Claim is settled	97,521	-
	\$ 10,507,822	\$ 10,978,003

Anticipated annual principal payments due in the next five years and thereafter are as follows:

Year	Amount
2017	\$ 2,727,538
2018	2,492,498
2019	2,345,176
2020	1,078,705
2021	833,501
Thereafter	<u>1,030,404</u>
	<u>\$ 10,507,822</u>

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2016

12. Tangible Capital Assets

	Cost			Accumulated Amortization			2016 Net Book Value	2015 Net Book Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance		
Administration								
Equipment	\$ 230,265	\$ 46,903	\$ 277,168	\$ 135,471	\$ 23,649	\$ 159,120	\$ 118,048	\$ 94,794
Fire equipment	70,865	-	70,865	70,032	167	70,199	666	833
Landfill site	111,433	-	111,433	34,262	3,087	37,349	74,084	77,171
Vehicles	221,834	-	221,834	93,942	38,368	132,310	89,524	127,892
Eabametoong Communications Inc.								
Equipment	484,557	-	484,557	455,086	5,894	460,980	23,577	29,471
Office equipment	29,874	-	29,874	28,728	229	28,957	917	1,146
Vehicles	18,499	-	18,499	7,492	3,302	10,794	7,705	11,007
Capital projects								
Housing construction and renovation	9,283,914	-	9,283,914	4,515,387	190,741	4,706,128	4,577,786	4,768,527
Hydro upgrade	2,587,481	-	2,587,481	1,308,530	51,158	1,359,688	1,227,793	1,278,951
Sewage remedial work	378,310	-	378,310	174,558	8,150	182,708	195,602	203,752
Gravel road	60,430	-	60,430	28,328	1,284	29,612	30,818	32,102
Firehall	310,610	-	310,610	145,600	6,600	152,200	158,410	165,010
Treatment centre	547,561	-	547,561	237,963	12,384	250,347	297,214	309,598
Arena	2,965,931	-	2,965,931	1,220,275	69,826	1,290,101	1,675,830	1,745,656
Tikinagan office	1,319,252	-	1,319,252	419,523	35,989	455,512	863,740	899,729
Police residence	371,488	-	371,488	171,701	7,991	179,692	191,796	199,787
Nurse's residence I	611,690	-	611,690	280,459	13,249	293,708	317,982	331,231
Nurse's residence II	363,011	-	363,011	124,213	9,552	133,765	229,246	238,798
Nursing station residences	379,930	-	379,930	137,444	9,699	147,143	232,787	242,486
Bridges	375,018	-	375,018	26,962	13,922	40,884	334,134	348,056
Community hall renovations	91,896	-	91,896	35,998	2,236	38,234	53,662	55,898
Construction office	50,000	-	50,000	23,438	1,062	24,500	25,500	26,562
Ditching, roads and drainage	237,448	-	237,448	101,491	5,438	106,929	130,519	135,957
20 unit servicing project	3,501,938	-	3,501,938	1,334,960	86,679	1,421,639	2,080,299	2,166,978
15 unit CMHC housing project	2,272,108	-	2,272,108	822,213	57,996	880,209	1,391,899	1,449,895
Tikinagan residences	306,162	-	306,162	110,757	7,816	118,573	187,589	195,405
20 unit housing project	3,809,288	-	3,809,288	1,276,750	101,302	1,378,052	2,431,236	2,532,538
4 unit housing project	777,570	-	777,570	213,550	22,561	236,111	541,459	564,020
5 unit housing project	1,465,902	-	1,465,902	402,464	42,538	445,002	1,020,900	1,063,438
Power generation upgrade	702,435	-	702,435	181,304	20,845	202,149	500,286	521,131
8 unit project	1,137,882	-	1,137,882	282,823	34,202	317,025	820,857	855,059
12 unit project	1,013,752	-	1,013,752	251,971	30,471	282,442	731,310	761,781
Bunkhouse	291,456	-	291,456	58,413	9,322	67,735	223,721	233,043
9 unit housing project	1,844,393	-	1,844,393	309,195	61,408	370,603	1,473,790	1,535,198
3 unit housing project	818,992	-	818,992	108,892	28,404	137,296	681,696	710,100
Community Hall	673,348	-	673,348	89,528	23,353	112,881	560,467	583,820
New Nursing Station	10,585,154	-	10,585,154	1,398,303	367,474	1,765,777	8,819,377	9,186,851
Balance forward	\$ 50,301,677	\$ 46,903	\$ 50,348,580	\$ 16,618,006	\$ 1,408,348	\$ 18,026,354	\$ 32,322,226	\$ 33,683,671

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2016

12. Tangible Capital Assets (cont'd)

	Cost			Accumulated Amortization			2016 Net Book Value	2015 Net Book Value
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance		
Balance forward	\$ 50,301,677	\$ 46,903	\$ 50,348,580	\$ 16,618,006	\$ 1,408,348	\$ 18,026,354	\$ 32,322,226	\$ 33,683,671
New band office	3,148,407	-	3,148,407	304,867	113,742	418,609	2,729,798	2,843,540
Fuel tanks	620,187	-	620,187	361,879	77,492	439,371	180,816	258,308
Warehouse	286,370	-	286,370	23,142	10,529	33,671	252,699	263,228
Streetlights	73,689	-	73,689	4,363	2,773	7,136	66,553	69,326
RDO trailers	276,094	98,289	374,383	14,588	12,426	27,014	347,369	261,507
NAPS detachment	-	3,429,606	3,429,606	-	68,592	68,592	3,361,014	-
Inn solar project	-	88,744	88,744	-	1,775	1,775	86,969	-
Education Authority								
Teacherage buildings	459,368	-	459,368	213,802	9,823	223,625	235,743	245,566
Education admin building	631,752	-	631,752	194,242	17,500	211,742	420,010	437,510
Office and school equipment	619,265	-	619,265	533,120	17,229	550,349	68,916	86,145
Vehicles	198,898	-	198,898	162,364	10,960	173,324	25,574	36,534
Classrooms	1,663,280	-	1,663,280	488,358	46,997	535,355	1,127,925	1,174,922
Heavy Equipment								
Equipment	1,095,490	172,400	1,267,890	843,739	101,385	945,124	322,766	251,751
Caterpillar	895,496	-	895,496	655,367	72,039	727,406	168,090	240,129
Vehicles	62,270	-	62,270	36,334	7,781	44,115	18,155	25,936
Eabametoong Power Authority								
Office equipment	19,686	-	19,686	16,416	654	17,070	2,616	3,270
Trucks	58,500	-	58,500	49,562	2,681	52,243	6,257	8,938
Groomer and fuel pump	158,229	-	158,229	134,019	7,263	141,282	16,947	24,210
New fuel tanks	512,955	48,753	561,708	251,417	85,774	337,191	224,517	261,538
Polaris Quads	14,885	-	14,885	11,311	1,072	12,383	2,502	3,574
Engine overhaul	1,017,007	385,904	1,402,911	413,758	238,860	652,618	750,293	603,249
Housing Authority								
Truck	20,955	-	20,955	20,878	23	20,901	54	77
Office equipment	10,227	-	10,227	9,620	121	9,741	486	607
Social Assistance								
Office equipment	15,000	-	15,000	14,256	149	14,405	595	744
Integrated Health Services								
Office equipment	41,382	-	41,382	29,870	2,302	32,172	9,210	11,512
Vehicles	241,085	-	241,085	151,709	26,813	178,522	62,563	89,376
Detox Building	6,800	-	6,800	904	236	1,140	5,660	5,896
Construction in progress								
NAPS detachment	2,795,703	(2,795,703)	-	-	-	-	-	2,795,703
Communications centre	-	903,592	903,592	-	-	-	903,592	-
	\$ 65,244,657	\$ 2,378,488	\$ 67,623,145	\$ 21,557,891	\$ 2,345,339	\$ 23,903,230	\$ 43,719,915	\$ 43,686,767

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

13. Comparative Figures

Certain of the comparative figures presented in the accompanying consolidated financial statements have been reclassified to conform with the current year's presentation.

14. Contingencies

Retention or repayment of individual program excesses will be determined and negotiated with the appropriate funding agencies upon receipt of these financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of excesses.

15. Subsequent Events

During the period of April 1, 2016 to July 28, 2016, there were four fires in the community that destroyed two houses, a storage garage and the community hall building. The financial effect on the First nation can not be determined at this time.

16. Accumulated Surplus

The Band segregates its accumulated surplus in the following categories:

	2016	2015
Fund balances		
Unrestricted		
Fund balance - General	\$ 4,120,669	\$ 2,983,213
Internally restricted		
Capital (Note 17)	29,917,379	29,884,230
Casino (Note 18)	4,271,948	3,994,975
Trust (Note 19)	109,053	107,826
Externally restricted		
Replacement reserve - CMHC	354,350	298,760
Accumulated surplus	\$ 38,773,399	\$ 37,269,004

**Eabametoong First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

17. Capital Fund

	2016	2015
Fund balance, beginning of year	\$ 29,884,230	\$ 31,163,464
Increased by:		
Additions to capital assets	2,378,488	1,032,096
Decreased by:		
Amortization of capital assets	(2,345,339)	(2,311,330)
Fund balance, end of year	\$ 29,917,379	\$ 29,884,230

18. Casino Fund

	2016	2015
Fund balance, beginning of year	\$ 3,994,975	\$ 3,722,315
Increased by:		
OFNLP distributions	1,409,891	1,408,577
Interest	12,841	24,409
Decreased by:		
Expenses	(1,145,759)	(1,160,326)
Fund balance, end of year	\$ 4,271,948	\$ 3,994,975

19. Trust Fund

	2016	2015
Fund balance, beginning of year	\$ 107,826	\$ 106,234
Additions:		
Interest	1,227	1,592
Fund balance, end of year	\$ 109,053	\$ 107,826
Trust fund consists of:		
Cash	\$ 59,053	\$ 57,826
Due from operating fund	50,000	50,000
\$ 109,053	\$ 107,826	

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

20. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amounts of \$15,000, \$4,000, \$12,000, \$8,000, \$11,790 and \$4,800 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2016 included in restricted cash and deposits is a separate bank account for the replacement reserve of \$346,127 (2015 - \$345,920)

21. Government Transfers

	Operating	Capital	2016		Operating	Capital	2015
			Total				
Federal							
INAC	\$ 11,156,465	\$ -	\$ 11,156,465	\$ 10,947,338	\$ -	\$ 10,947,338	
CMHC	424,581	-	424,581	402,021	-	-	402,021
Health							
Canada	2,172,159	55,575	2,227,734	1,947,613	47,591	1,995,204	
Public							
Safety							
Canada	-	-	-	-	-	-	
	13,753,205	55,575	13,808,780	13,296,972	47,591	13,344,563	
Provincial							
MAA	311,717	-	311,717	350,481	-	-	350,481
MCSS	3,246,980	-	3,246,980	3,261,179	-	-	3,261,179
MOHLTC	210,886	-	210,886	211,621	-	-	211,621
MNDM	255,046	-	255,046	879,378	-	-	879,378
MCSCS	-	723,977	723,977	-	840,000	-	840,000
	\$ 4,024,629	\$ 723,977	\$ 4,748,606	\$ 4,702,659	\$ 840,000	\$ 840,000	\$ 5,542,659

22. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

23. Segmented Information

Eabametoong First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Eabametoong First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2016

23. Segmented Information (cont'd)

Administration

Administration contains activities that are needed to run the Eabametoong First Nation organization.

Community Infrastructure

Community Infrastructure contains activities that provide infrastructure to the community such as road maintenance, sewer and water, community buildings and public utilities.

Economic and Employment

Economic and Employment contains all the activities that provide economic and employment support for the community.

Integrated Health Services

Integrated Health Services contains activities that provide medical services to band members.

Community Services

Community Services contains activities that provide a benefit to the community.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members.

Projects

Projects contains capital and renovation activities for which a specific project has been set up and separately monitored.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2016

23. Segmented Information (cont'd)

For the year ended March 31, 2016	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2016 Total
Revenue										
Deferred revenue, beginning of year	\$ 18,026	\$ 2,374,009	\$ 200,708	\$ 250,750	\$ 2,172,159	\$ 194,723	\$ 1,054,521	\$ 668,276	\$ 27,851	\$ 392,432
Federal	737,836	154,404	404,108	12,000	141,904	8,251	-	723,977	888,300	5,468,206
Provincial	-	-	-	1,000	76,950	-	-	-	3,315,962	4,748,606
Casino	268,132	2,764,756	2,087,246	518,411	334,786	303,333	248,350	-	-	1,409,891
Other	510,351	-	(281,571)	(2,000)	74,786	775,773	-	45,863	480,764	7,257,950
Deferred revenue, end of year	-	-	(191,783)	-	(191,783)	-	(28,602)	(17,778)	-	(521,734)
	1,534,345	5,305,169	2,662,241	2,907,424	420,763	2,133,627	1,612,001	4,260,198	6,260,157	27,095,925
Expenses										
Administration fees	-	81	155,672	183,229	-	47,117	5,500	19,580	56,474	467,653
Amortization	2,345,343	-	-	-	-	301,633	-	-	(2,560)	2,345,343
Bad debt expense (recovery)	42,315	31,187	78,926	19,204	-	348	-	5,225	8,557	470,705
Bank charges and interest	29,499	54,724	3,601	8,578	499	-	-	-	-	111,031
Current and prior year funding recoveries	(21,451)	-	(118,855)	146	-	-	6,465	78,129	221,114	165,548
Donations	10,825	10,722	2,547	-	295,973	-	-	-	3,186	323,253
Honorarium	180,850	-	66,789	600	-	-	-	-	75,431	323,670
Insurance	50,679	27,195	33,218	1,152	-	275,682	-	-	-	387,926
Interest on long term debt	-	-	-	-	-	211,325	-	-	17,843	229,168
Lease interest	-	-	-	-	-	-	-	-	-	-
Materials and supplies	-	2,387,351	710,322	453,173	83,526	27,173	156,235	409,521	937,873	5,165,174
Professional fees	252,919	32,945	501,543	51,960	4,640	24,400	151,317	-	111,274	1,130,998
Rent	-	-	16,468	35,630	1,100	-	-	120,000	18,763	191,961
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	10,058	1,395	23,594	16,731	-	-	-	245,971	84,625	382,374
Travel	65,551	15,918	195,608	91,850	1,700	-	690	57,676	455,979	884,972
External transfers	-	-	-	-	-	-	-	2,623,121	674,533	3,297,654
Utilities, hydro, telephone	54,546	600,105	125,151	90,368	-	-	244	9,423	537,315	1,417,152
Wages and benefits	703,334	546,098	1,004,267	2,151,543	4,440	37,299	128,201	607,623	3,115,370	8,298,175
	3,724,468	3,707,721	2,798,851	3,104,164	391,878	980,567	448,652	4,176,269	6,315,777	25,648,347
Surplus (deficit)	\$ (2,190,123)	\$ 1,597,448	\$ (136,610)	\$ (196,740)	\$ 28,885	\$ 1,153,060	\$ 1,163,349	\$ 83,929	\$ (55,620)	\$ 1,447,578

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2016

23. Segmented Information (cont'd)

For the year ended March 31, 2015	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2015 Total
Revenue										
Deferred revenue, beginning of year	\$ 69,149	\$ 251,103	\$ 218,734	\$ 1,947,613	\$ -	\$ 1,054,521	\$ 241,560	\$ 128,113	\$ 219,829	\$ 1,128,488
Federal	740,164	1,582,990	300,500	141,904	-	-	1,091,961	989,305	5,637,509	13,344,563
Provincial	-	137,136	1,092,723	-	-	-	840,000	3,330,896	-	5,542,659
Casino	273,251	268,258	3,150	299,420	155,515	213,833	76,150	-	119,000	1,408,577
Other	412,643	2,566,618	1,909,425	431,105	146,088	781,276	-	31,286	347,664	6,626,105
Deferred revenue, end of year	-	-	(218,734)	-	-	-	-	(27,851)	(145,847)	(392,432)
	1,495,207	4,806,105	3,305,798	2,820,042	301,603	2,049,630	2,249,671	4,451,749	6,178,155	27,657,960
Expenses										
Administration fees	-	-	90,760	160,321	-	19,125	1,250	19,580	50,616	341,652
Amortization	2,311,329	-	-	-	-	-	-	-	-	2,311,329
Bad debt expense (recovery)	24,721	(28,406)	177,126	-	-	277,582	-	-	1,992	453,015
Bank charges and interest	9,112	63,912	3,116	7,472	212	531	-	7,509	13,282	105,146
Current and prior year funding recoveries	(15,556)	214,743	123,763	104,761	-	-	45,675	(972)	204,075	676,489
Donations	12,222	8,824	4,795	-	153,020	-	-	-	1,976	180,837
Honorarium	100,200	-	102,750	1,200	-	-	-	-	65,512	269,662
Insurance	-	28,953	12,713	15,624	-	324,063	-	-	987	382,340
Interest on long term debt	-	-	-	-	-	247,263	-	-	24,162	271,425
Lease interest	-	-	-	-	-	-	-	-	-	-
Materials and supplies	-	2,615,210	781,322	382,560	70,241	113,314	550,669	374,283	537,093	5,424,692
Professional fees	240,121	58,242	527,803	54,697	6,404	24,900	192,909	-	65,132	1,170,208
Rent	-	5,270	2,820	26,955	-	-	825	120,000	19,517	175,387
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	21,367	-	25,451	47,997	-	-	-	355,169	99,983	549,967
Travel	133,539	10,893	196,752	117,523	1,321	1,647	-	33,678	436,115	931,468
External transfers	-	-	-	40,000	-	-	-	2,742,552	830,035	3,612,587
Utilities, hydro, telephone	52,094	479,907	114,612	66,109	-	-	5,380	6,836	641,239	1,366,177
Wages and benefits	687,574	590,167	997,399	2,041,455	25,286	-	176,516	640,813	3,252,960	8,412,170
	3,576,723	4,047,715	3,161,182	3,066,674	256,484	1,064,015	973,224	4,299,448	6,244,676	26,690,141
Surplus (deficit)	\$ (2,081,516)	\$ 758,390	\$ 144,616	\$ (246,632)	\$ 45,119	\$ 985,615	\$ 1,276,447	\$ 152,301	\$ (66,521)	\$ 967,819

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2016

23. Segmented Information (cont'd)

Reconciliation of Segmented Information to Consolidated Statement of Operations and Accumulated Surplus:

	2016	2015
Surplus per segmented information	\$ 1,447,578	\$ 967,819
Trust Fund interest revenue	1,227	1,592
Replacement reserve revenue	55,590	55,590
Gain/loss on disposal	-	(155,859)
 Surplus per Consolidated Statement of Operations and Accumulated Surplus	 \$ 1,504,395	 \$ 869,142