

**Eabametoong First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

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

March 31, 2018

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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



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## Independent Auditor's Report

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### 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, 2018, 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.

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## Independent Auditor's Report (cont'd)

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### 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, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2017 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, 2018 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*

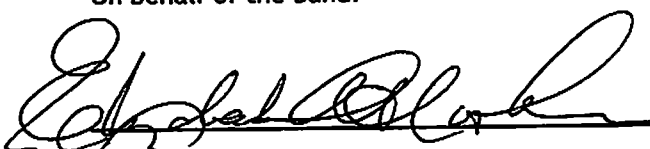
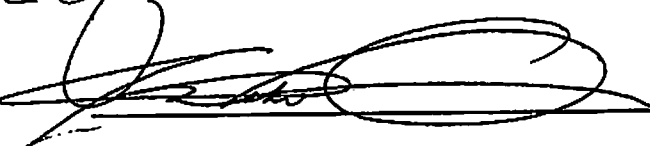
Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario  
July 31, 2018

# Eabametoong First Nation Consolidated Statement of Financial Position

March 31	2018	2017
<b>Financial assets</b>		
Cash (Note 2)	\$ 9,061,388	\$ 6,742,946
Investments (Note 3)	3,559,291	532,641
Accounts receivable (Note 4)	1,707,045	1,462,416
Due from government and other government organizations (Note 5)	3,004,211	3,833,362
Trust funds held by federal government (Note 6)	111,424	110,148
	<u>17,443,359</u>	<u>12,681,513</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	7,095,741	2,836,156
Due to government and other government organizations (Note 8)	1,557,003	1,519,021
Deferred revenue (Note 9)	5,711,510	2,634,616
Long term debt (Note 10)	8,459,568	8,958,448
Obligation under capital lease (Note 11)	862,542	227,988
	<u>23,686,364</u>	<u>16,176,229</u>
<b>Net debt</b>	<u>(6,243,005)</u>	<u>(3,494,716)</u>
<b>Non-financial assets</b>		
Prepaid expenses	212,337	133,854
Tangible capital assets (Note 12)	56,492,602	44,288,045
	<u>56,704,939</u>	<u>44,421,899</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 50,461,934</u>	<u>\$ 40,927,183</u>

On behalf of the Band:

 Chief  
 Councillor

The accompanying notes are an integral part of these consolidated financial statements.

## Eabametoong First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 17)	2018	2017
<b>Revenue</b>			
Federal government transfers (Note 9)	\$ 31,003,291	\$ 26,484,379	\$ 17,171,844
Provincial government transfers (Note 9)	4,829,035	4,549,684	4,813,024
Ontario First Nation Limited Partnership	1,400,000	1,611,233	1,590,368
Other	6,800,644	7,045,437	5,568,070
Trust fund interest revenue	-	1,276	1,095
Replacement reserve	-	55,590	55,590
	<b>44,032,970</b>	<b>39,747,599</b>	<b>29,199,991</b>
<b>Expenses</b>			
Administration	1,773,887	3,963,760	4,031,670
Community Infrastructure	5,452,425	3,215,247	3,581,964
Economic and Employment	2,624,394	3,248,500	2,535,453
Integrated Health Services	3,228,692	4,121,007	3,047,943
Community Services	525,493	584,743	658,219
Housing	936,043	1,029,657	1,014,497
Projects	737,943	2,672,341	802,552
Social Services	4,325,700	4,058,719	4,132,705
Education	8,594,203	7,318,874	6,754,784
	<b>28,198,780</b>	<b>30,212,848</b>	<b>26,559,787</b>
Net revenues before the following	15,834,190	9,534,751	2,640,204
Loss on disposal of tangible capital assets	-	-	(486,420)
<b>Annual surplus</b>	<b>15,834,190</b>	<b>9,534,751</b>	<b>2,153,784</b>
<b>Accumulated surplus, beginning of year</b>	<b>40,927,183</b>	<b>40,927,183</b>	<b>38,773,399</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 56,761,373</b>	<b>\$ 50,461,934</b>	<b>\$ 40,927,183</b>

The accompanying notes are an integral part of these consolidated financial statements.

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

For the year ended March 31	Budget (Note 17)	2018	2017
Annual surplus	\$ 15,834,190	\$ 9,534,751	\$ 2,153,784
Acquisition of tangible capital assets	(17,508,121)	(14,645,805)	(3,831,721)
Amortization of tangible capital assets	-	2,441,248	2,292,750
Loss on disposal of tangible capital assets	-	-	486,420
Proceeds on disposal of tangible capital assets	-	-	484,421
Prepaid expenses	-	(78,483)	(110,228)
<b>Net change in net financial debt</b>	<b>(1,673,931)</b>	<b>(2,748,289)</b>	<b>1,475,426</b>
<b>Net debt, beginning of year</b>	<b>(3,494,716)</b>	<b>(3,494,716)</b>	<b>(4,970,142)</b>
<b>Net debt, end of year</b>	<b>\$ (5,168,647)</b>	<b>\$ (6,243,005)</b>	<b>\$ (3,494,716)</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Eabametoong First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash provided by (used in) operating activities</b>		
Annual surplus	\$ 9,534,751	\$ 2,153,784
Items not involving cash:		
Amortization	2,441,248	2,292,750
Loss on disposal of tangible capital assets	-	486,420
	<u>11,975,999</u>	<u>4,932,954</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(244,629)	(342,571)
Due from government and other government organizations	829,151	(2,180,747)
Prepaid expenses	(78,483)	(110,228)
Accounts payable and accrued liabilities	4,259,585	1,317,205
Due to government and other government organizations	37,982	17,281
Deferred revenue	3,076,894	2,112,882
	<u>19,856,499</u>	<u>5,746,776</u>
<b>Financing activities</b>		
Repayment of long term debt	(1,502,276)	(1,489,773)
Advances of long term debt	1,003,396	332,080
Capital lease advances	762,705	-
Capital lease payments	(128,151)	(163,693)
	<u>135,674</u>	<u>(1,321,386)</u>
<b>Investment activities</b>		
Increase in trust assets	(1,276)	(1,095)
Decrease in investments, net	(3,026,650)	234,707
	<u>(3,027,926)</u>	<u>233,612</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(14,645,805)	(3,831,721)
Proceeds on disposal of tangible capital assets	-	484,421
	<u>(14,645,805)</u>	<u>(3,347,300)</u>
<b>Net increase in cash during the year</b>	<u>2,318,442</u>	<u>1,311,702</u>
<b>Cash, beginning of year</b>	<u>6,742,946</u>	<u>5,431,244</u>
<b>Cash, end of year</b>	<u>\$ 9,061,388</u>	<u>\$ 6,742,946</u>

The accompanying notes are an integral part of these consolidated financial statements.



## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 1. Significant Accounting Policies

<b>Basis of Accounting</b>	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</b>	The Eabametoong First Nation reporting entity includes the Eabametoong First Nation government and all related entities that are controlled by the First Nation.										
<b>Principles of Consolidation</b>	<p>All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Organizations consolidated in Eabametoong First Nation's financial statements include:</p> <ul style="list-style-type: none"> <li>• Eabametoong First Nation Housing Authority Inc.</li> <li>• Eabametoong Communications Inc.</li> </ul>										
<b>Cash and Cash Equivalents</b>	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.										
<b>Tangible Capital Assets</b>	<p>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.</p> <p>Amortization is provided for on a declining balance basis as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">General housing</td><td style="text-align: right;">- 4%</td></tr> <tr> <td>Buildings and improvements</td><td style="text-align: right;">- 4%</td></tr> <tr> <td>Infrastructure</td><td style="text-align: right;">- 4%</td></tr> <tr> <td>Office and general equipment</td><td style="text-align: right;">- 20%</td></tr> <tr> <td>Automotive and heavy equipment</td><td style="text-align: right;">- 30%</td></tr> </table>	General housing	- 4%	Buildings and improvements	- 4%	Infrastructure	- 4%	Office and general equipment	- 20%	Automotive and heavy equipment	- 30%
General housing	- 4%										
Buildings and improvements	- 4%										
Infrastructure	- 4%										
Office and general equipment	- 20%										
Automotive and heavy equipment	- 30%										

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## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 1. Significant Accounting Policies (cont'd)

#### **Tangible Capital Assets**

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.

#### **Leased Tangible Capital 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.

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## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 1. Significant Accounting Policies (cont'd)

#### 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.

#### 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 amounts due to government and other government organizations. 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, 2018

#### 1. Significant Accounting Policies (cont'd)

##### Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the First Nation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. 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.

#### 2. Cash

	2018	2017
<b>Royal Bank of Canada - Thunder Bay</b>		
Administration - Bank	\$ 6,421,821	\$ 1,939,458
Eabametoong Communications Inc.	51,625	(14,703)
Eabamet Lake Construction Ltd.	2,396	2,396
Education Authority	878,890	381,750
Heavy Equipment	101,757	21,283
H.O.P.E. Committee	57,982	700
Housing Authority Inc.	158,507	97,155
CMHC Housing	835,881	825,850
Integrated Health Services	(151,327)	(182,065)
Social Assistance - General Welfare	216,049	(114,000)
Breakfast Program	25,824	25,914
Hotel	102,139	82,433
Public Utilities	104,937	616,345
Economic Development Corporation	249,888	250,000
	<b>9,056,369</b>	<b>3,932,516</b>
<b>Canadian Imperial Bank of Commerce - Thunder Bay:</b>		
Administration	5,019	2,810,430
	<b>\$ 9,061,388</b>	<b>\$ 6,742,946</b>

## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 2. Cash (cont'd)

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% (4.45% per annum at March 31, 2018). At March 31, 2018, the First Nation had utilized \$Nil (2017 - \$Nil) on this line of credit. The overdraft line of credit is supported by a Band Council Resolution.

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% (8.45%, 4.45%, 4.45% and 4.45% per annum at March 31, 2018 respectively). Interest only payments are made monthly. At March 31, 2018, the First Nation had utilized \$Nil (2017 - \$268) 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:

	2018	2017
CMHC replacement reserve (Note 16)	\$ 402,939	\$ 401,856
Unrestricted	8,658,449	6,341,090
	<u>\$ 9,061,388</u>	<u>\$ 6,742,946</u>

#### 3. Investments

Included in investments are the following:

##### Royal Bank of Canada - Thunder Bay

	2018	2017
Administration - GIC, interest at 1.00%, maturing February 2019	\$ 2,821,320	\$ -
CMHC Housing - GIC, interest at 0.50%, maturing March 2019	31,543	31,387
Housing - GIC, interest at 0.50%, maturing January 2019	202,405	-
Education Authority - GIC, interest at 0.50%, maturing March 2019	504,023	101,254
Education Authority - GIC, interest at 0.55%, matured during the year	-	400,000
	<u>\$ 3,559,291</u>	<u>\$ 532,641</u>

## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 4. Accounts Receivables

	2018	2017
Trade and other receivables (by program):		
Public Utilities:		
General receivables	\$ 590,368	\$ 642,085
Loans	5,362	5,642
	595,730	647,727
Less allowance for doubtful accounts	(370,498)	(357,053)
	225,232	290,674
Administration:		
General receivables	1,160,783	1,095,792
Less allowance for doubtful accounts	(490,657)	(415,481)
	670,126	680,311
Housing Authority Inc.:		
First Nation members	2,871,706	2,608,760
Less allowance for doubtful accounts	(2,782,473)	(2,529,653)
	89,233	79,107
Heavy Equipment:		
First Nation members	150	150
General receivables	325,681	243,684
Less allowance for doubtful accounts	(207,875)	(218,975)
	117,956	24,859
Balance forward	\$ 1,102,547	\$ 1,074,951

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

4. Accounts Receivables (cont'd)

	2018	2017
Balance Forward	\$ 1,102,547	\$ 1,074,951
CMHC:		
First Nation members	694,142	604,139
Less allowance for doubtful accounts	(659,519)	(573,585)
	34,623	30,554
Education Authority:		
First Nation members	17,369	15,645
General receivables	40,442	60,608
Less allowance for doubtful accounts	(17,766)	(17,766)
	40,045	58,487
H.O.P.E. Committee:		
First Nation members	48,680	33,870
Less allowance for doubtful accounts	(14,315)	(14,315)
	34,365	19,555
Integrated Health Services:		
First Nation members	36,369	30,743
General receivables	339,465	203,593
Less allowance for doubtful accounts	(35,059)	(35,059)
	340,775	199,277
Other:		
Eabametoong Communications Inc. and Hotel	154,690	79,592
	\$ 1,707,045	\$ 1,462,416

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 5. Due from Government and Other Government Organizations

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 1,847,942	\$ 3,117,281
Canada Mortgage and Housing Corporation	163,270	342,941
FedNor	78,507	-
Health Canada	276,334	-
Provincial government		
Ministry of Community and Social Services	103,039	171,954
Ministry of Indigenous Relations and Reconciliation	63,420	57,800
Ministry of Northern Development and Mines	374,416	106,597
Ministry of Health and Long-Term Care	16,946	22,901
Other government organizations		
Other	80,337	13,888
	<u>\$ 3,004,211</u>	<u>\$ 3,833,362</u>

### 6. Trust Funds Held by Federal Government

	March 31, 2017	Additions 2018	Withdrawals 2018	March 31, 2018
Revenue	\$ 104,365	\$ 1,276	\$ -	\$ 105,641
Capital	5,783	-	-	5,783
	<u>\$ 110,148</u>	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 111,424</u>

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

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 is to be repaid to the First Nation from any future profits of the company, who will in turn return it to the Trust.



## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 7. Accounts Payable

	2018	2017
Trade payables by program:		
Administration	\$ 5,795,356	\$ 1,637,006
CMHC Housing	6,528	6,648
Hotel	1,353	4,121
Eabametoong Communications Inc.	15,645	3,231
Education Authority	664,111	609,288
Heavy Equipment	22,980	136,333
H.O.P.E. Committee	18,298	25,506
Housing Authority Inc.	56,710	67,355
Integrated Health Services	256,544	89,393
Public Utilities	258,216	257,275
	<u>\$ 7,095,741</u>	<u>\$ 2,836,156</u>

#### 8. Due to Government and Other Government Organizations

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 841,421	\$ 965,256
Provincial government		
Ministry of Indigenous Relations and Reconciliation	196,765	221,231
Ministry of Northern Development and Mines	81,070	1,396
Ministry of Education	39,568	39,568
Ministry of Health	128,698	10,821
Ministry of Child and Youth Services	30,007	41,275
MCSS - Employment Support	189,474	189,474
Due to Trust account (Note 6)	50,000	50,000
	<u>\$ 1,557,003</u>	<u>\$ 1,519,021</u>

## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 9. Deferred Revenue and Government Transfers

	Balance March 31, 2017	Funding Received 2018	Revenue Recognized 2018	Funding Recoveries	Balance March 31, 2018
<b>Federal Government</b>					
Indigenous and Northern Affairs Canada	\$2,253,394	\$25,861,080	\$(22,549,403)	\$(296,867)	\$5,268,204
Canadian Mortgage and Housing Corporation	103,271	507,941	(594,881)	-	16,331
Health Canada	-	3,492,523	(3,214,833)	(119,627)	158,063
Public Safety Canada	-	54,379	(46,755)	(7,624)	-
FedNor	-	78,507	(78,507)	-	-
<b>Total Federal</b>	<b>2,356,665</b>	<b>29,994,430</b>	<b>(26,484,379)</b>	<b>(424,118)</b>	<b>5,442,598</b>
<b>Provincial Government</b>					
Ministry of Indigenous Relations and Reconciliation	-	242,697	(202,546)	(40,151)	-
Ministry of Community and Social Services	-	3,255,845	(3,255,845)	-	-
Ministry of Health and Long Term Care	-	283,679	(283,679)	-	-
Ministry of Northern Development and Mines	37,887	315,095	(256,706)	(96,276)	-
Ministry of Natural Resources and Forestry	38,739	-	(38,739)	-	-
Ministry of Attorney General	-	100,000	(29,211)	-	70,789
Minister of Tourism, Culture and Sport	-	49,284	(49,284)	-	-
Ontario Trillium Foundation	-	259,900	(188,438)	-	71,462
Other Provincial	5,600	266,564	(245,236)	(26,928)	-
<b>Total Provincial</b>	<b>82,226</b>	<b>4,773,064</b>	<b>(4,549,684)</b>	<b>(163,355)</b>	<b>142,251</b>
<b>Other Deferred Revenue</b>					
Industry contributions	195,725	-	\$(69,064)	-	126,661
	<b>\$2,634,616</b>	<b>\$34,767,494</b>	<b>\$(31,103,127)</b>	<b>\$(587,473)</b>	<b>\$5,711,510</b>

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 9. Deferred Revenue and Government Transfers (cont'd)

Included in the total transfers from Indigenous and Northern Affairs Canada (INAC) during the year is \$13,720,107 in capital funding.

Deferred revenue is broken down by program as follows:

	2018	2017
Administration - Wellbeing Project - MNDM	\$ -	\$ 37,887
Capital Projects - RRAP Renovations - CMHC	16,331	26,176
Capital Projects - SIF Renovations - CMHC	-	77,095
Capital Projects - 9 Unit Housing - INAC	-	182,859
Capital Projects - Housing Renovations - INAC	-	172,333
Capital Projects - 6-Plex Construction - INAC	-	1,062,275
Capital Projects - Housing Capacity - INAC	-	81,005
Capital Projects - Remediation - INAC	2,274,763	6,708
Capital Projects - New Water Treatment Plant - INAC	784,235	-
Capital Projects - Tank Farm - INAC	138,954	-
Capital Projects - Landfill - INAC	-	250,000
Community Garden - OTF	71,462	-
Economic and Employment - Land Use Planning - MNR	-	38,739
Economic and Employment - SPI - INAC	50,110	35,686
Economic and Employment - SPI - Industry Contributions	126,661	195,725
Education Programs		
- Instructional, Special Education, Guidance - INAC	1,091,826	447,545
Social Assistance - Administration - INAC	-	14,983
Power Authority		
Generator purchases - INAC	775,079	-
Fire suppression and service contract - INAC	75,000	-
Preventative measures - INAC	76,037	-
Natural resources Canada - INAC	2,200	2,200
Integrated Health Services - Choose Life Program	125,113	-
Integrated Health Services - Nutrition North	32,950	-
Other	70,789	3,400
	<u>\$ 5,711,510</u>	<u>\$ 2,634,616</u>

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 10. Long Term Debt

	2018	2017
<b>Royal Bank of Canada</b>		
Term loan - housing construction	\$ 864,487	\$ 1,690,692
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 Tikinagan 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.	428,517	573,843
Term loan for Education	-	67,265
Term loan payable in monthly installments of \$2,494 including interest at 3.35% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and payable July 2021.	95,267	118,565
Balance forward	\$ 1,388,271	\$ 2,450,365

## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 10. Long Term Debt (cont'd)

	2018	2017
Balance forward	\$ 1,388,271	\$ 2,450,365
Term loan payable in monthly installments of \$9,635 plus interest at the bank's prime lending rate plus 1.25% (4.70% at year end) and maturing October 2018. Collateral security consists of a Band Council Resolution confirming borrowings.	320,137	419,867
Vehicle loans payable in monthly installments of \$645, \$640 and \$680 including interest at 0% - 4.99% maturing March 2018 to March 2019	15,410	38,767
Mortgage payable in monthly installments of \$7,651 including interest at 3.70%, maturing June 2021	960,129	1,015,924
<b>Canada Mortgage and Housing Corporation</b>		
Mortgage payable in monthly installments of \$6,145 including interest at 1.92%, maturing April 2019	740,874	799,826
Mortgage payable in monthly installments of \$3,107 including interest at 1.30% maturing June 2022	484,799	515,364
Mortgage payable in monthly installments of \$4,015 including interest at 2.39% maturing March 2023	604,606	640,166
Mortgage payable in monthly installments of \$6,496 including interest at 2.11% maturing January 2019	1,044,455	1,099,830
Mortgage payable in monthly installments of \$6,158 including interest at 1.11% maturing April 2021	1,210,504	1,270,636
Mortgage payable in monthly installments of \$2,297 including interest at 1.48% maturing January 2022	453,035	473,752
Mortgage payable, repayment terms to be determined once the full loan has been advanced to the First Nation. Total loan is expected to be \$2,332,950	941,475	-
<b>Receiver General Canada (Indigenous and Northern Affairs Canada)</b>		
Promissory note payable on the earlier of March 31, 2021 or the date on which the Land Claim is settled	295,873	233,951
	<b>\$ 8,459,568</b>	<b>\$ 8,958,448</b>

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

**March 31, 2018**

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**10. Long Term Debt (cont'd)**

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

Year	Amount
2019	\$ 2,964,557
2020	917,675
2021	242,285
2022	2,572,743
2023	395,207
Thereafter	<u>1,367,101</u>
	<u>\$ 8,459,568</u>

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 11. Obligations Under Capital Leases

	2018	2017
Obligation under a capital lease for heavy equipment, blended monthly payments of \$17,254 with interest at the rate of 4.10%, maturing on February 12, 2022	\$ 748,059	\$ -
Obligation under a capital lease for heavy equipment, blended monthly payments of \$2,063 with interest at the rate of 3.81%, maturing February 2020	47,567	70,040
Obligation under a capital lease for heavy equipment, blended monthly payments of \$1,918 with interest at the rate of 3.96%, maturing February 2019	22,512	44,170
Obligation under a capital lease for heavy equipment, blended monthly payments of \$405 with interest at the rate of 5.89%, maturing October 2018	2,780	7,331
Obligation under a capital lease for heavy equipment, blended monthly payments of \$4,712 with interest at the rate of 4.50%, maturing December 2018	41,624	94,987
Obligation under a capital lease for heavy equipment, blended monthly payments of \$1,173 with interest at the rate of 5.10%	-	11,460
Total	\$ 862,542	\$ 227,988

Interest expense for the year related to obligations under capital leases is \$10,005 (2017 - \$12,361).

Future minimum lease payments under the capital leases for the four subsequent years are as follows:

2019	\$ 300,036
2020	231,769
2021	207,043
2022	189,821
	928,669
Less: amounts representing interest	(66,127)
	\$ 862,542

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

For the year ended March 31, 2018

**12. Tangible Capital Assets**

Tangible Capital Assets	Cost					Accumulated Amortization					2018
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	
First Nation housing	\$ 25,750,642	\$ -	\$ -	\$ -	\$ 25,750,642	\$ 10,729,971	\$ 600,827	\$ -	\$ 11,330,798	\$ 14,419,844	
Infrastructure	5,685,450	890,140	-	-	6,575,590	2,931,947	317,432	-	3,249,379	3,326,211	
Buildings	30,548,837	162,842	-	-	30,711,679	7,244,398	935,434	-	8,179,832	22,531,847	
Automotive	931,432	18,500	-	-	949,932	702,469	71,464	-	773,933	175,999	
Heavy equipment	2,086,736	324,926	-	-	2,411,662	1,616,842	285,045	-	1,901,887	509,775	
Office furniture and equipment	3,344,733	43,478	-	-	3,388,211	2,489,107	153,682	-	2,642,789	745,422	
Land improvements	111,433	-	-	-	111,433	40,312	2,845	-	43,157	68,276	
Construction in progress - Capital projects	1,398,992	12,443,213	-	-	13,842,205	-	-	-	-	13,842,205	
Assets under capital lease obligations	369,900	762,706	-	-	1,132,606	185,064	74,519	-	259,583	873,023	
	\$ 70,228,155	\$ 14,645,805	\$ -	\$ -	\$ 84,873,960	\$ 25,940,110	\$ 2,441,248	\$ -	\$ 28,381,358	\$ 56,492,602	

	Cost					Accumulated Amortization					2017
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	
First Nation housing	\$ 25,925,739	\$ -	\$ -	\$ (175,097)	\$ 25,750,642	\$ 10,174,506	\$ 626,547	\$ (71,082)	\$ 10,729,971	\$ 15,020,671	
Infrastructure	5,685,450	-	-	-	5,685,450	2,707,440	224,507	-	2,931,947	2,753,503	
Buildings	28,493,072	2,203,787	903,592	(1,051,614)	30,548,837	6,522,902	906,282	(184,786)	7,244,398	23,304,439	
Automotive	836,926	94,506	-	-	931,432	624,593	77,876	-	702,469	228,963	
Heavy equipment	2,086,736	-	-	-	2,086,736	1,415,459	201,383	-	1,616,842	469,894	
Office furniture and equipment	3,210,297	134,436	-	-	3,344,733	2,315,131	173,976	-	2,489,107	855,626	
Land improvements	111,433	-	-	-	111,433	37,349	2,963	-	40,312	71,121	
Construction in progress - Capital projects	903,592	1,398,992	(903,592)	-	1,398,992	-	-	-	-	1,398,992	
Assets under capital lease obligations	369,900	-	-	-	369,900	105,848	79,216	-	185,064	184,836	
	\$ 67,623,145	\$ 3,831,721	\$ -	\$ (1,226,711)	\$ 70,228,155	\$ 23,903,228	\$ 2,292,750	\$ (255,868)	\$ 25,940,110	\$ 44,288,045	

The net book value of tangible capital assets not being amortized because they are under construction is \$12,443,213 (2017 - \$1,398,992).



## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 13. Accumulated Surplus

The Band segregates its accumulated surplus in the following categories:

	2018	2017
<b>Unrestricted</b>		
General surplus	\$ 4,024,687	\$ 6,572,501
<b>Internally restricted</b>		
Capital (Note 14)	42,434,196	30,229,639
Casino (Note 15)	3,426,097	3,604,955
Trust (Note 6)	111,424	110,148
<b>Externally restricted</b>		
Replacement reserve - CMHC (Note 16)	465,530	409,940
<b>Accumulated surplus</b>	<u>\$ 50,461,934</u>	<u>\$ 40,927,183</u>

#### 14. Capital Reserve

	2018	2017
Balance, beginning of year	\$ 30,229,639	\$ 29,917,379
<b>Increased by:</b>		
Additions to capital assets	14,645,805	3,831,721
<b>Decreased by:</b>		
Amortization of capital assets	(2,441,248)	(2,292,750)
Disposals of capital assets	-	(1,226,711)
<b>Balance, end of year</b>	<u>\$ 42,434,196</u>	<u>\$ 30,229,639</u>

#### 15. Casino Reserve

	2018	2017
Balance, beginning of year	\$ 3,604,955	\$ 4,271,948
<b>Increased by:</b>		
OFNLP distributions	1,611,233	1,590,368
Interest	20,298	7,479
<b>Decreased by:</b>		
Expenses	(1,810,389)	(2,264,840)
<b>Balance, end of year</b>	<u>\$ 3,426,097</u>	<u>\$ 3,604,955</u>

## Eabametoong First Nation

### Notes to Consolidated Financial Statements

March 31, 2018

#### 16. 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, 2018 included in the restricted fund balance is cash and deposits held in a separate bank account for the replacement reserve of \$434,482 (2017 - \$401,856) and an actual reserve balance of \$557,557 (2017 - \$501,967).

#### 17. Budgeted Figures

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

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures expensed all tangible capital asset expenditures. As a result, the budget figures presented in the statement of operations and the statement of changes in net financial assets (net debt) represent the budget adopted by Chief and Council with adjustments as follows:

	<u>2018</u>
Budget shortfall for the year	\$ (1,673,931)
Add:	
Acquisition of tangible capital assets	17,508,121
	<u>                    </u>
Budget surplus per statement of operations	<u>\$ 15,834,190</u>

#### 18. 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.

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## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 19. 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.

#### **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, 2018

**19. Segmented Information (cont'd)**

For the year ended March 31, 2018

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2018 Total
<b>Revenue</b>										
Federal	\$ 804,416	\$ 2,636,864	\$ 124,292	\$ 3,058,416	\$ -	\$ 1,042,493	\$ 11,381,865	\$ 587,746	\$ 6,848,287	\$ 26,484,379
Provincial	58,454	155,635	242,676	197,204	237,722	-	53,500	3,371,531	232,962	4,549,684
Casino	269,819	54,804	164,005	35,000	274,386	461,833	351,386	-	-	1,611,233
Other	274,083	1,485,662	2,747,846	776,584	109,372	770,812	435,593	1,638	500,713	7,102,303
	1,406,772	4,332,965	3,278,819	4,067,204	621,480	2,275,138	12,222,344	3,960,915	7,581,962	39,747,599
<b>Expenses</b>										
Administration fees (recoveries)	(600,548)	-	123,887	282,191	10,000	34,798	46,713	6,434	100,495	3,970
Amortization	2,441,248	-	-	-	-	-	-	-	-	2,441,248
Bad debt expense (recovery)	88,972	13,445	13,227	6,009	-	338,754	-	-	-	460,407
Bank charges and interest	18,266	883	4,745	12,980	916	277	-	4,898	10,808	53,773
Donations	5,042	40,970	3,926	-	213,089	-	-	-	7,927	270,954
Honorarium	234,182	-	69,748	15,715	2,458	-	-	3,000	75,568	400,671
Insurance	11,882	89,313	23,339	13,941	-	337,932	-	3,761	-	480,168
Interest on long term debt	-	32,411	-	-	-	111,470	-	-	7,579	151,460
Materials and supplies	130,634	2,847,198	1,083,884	887,893	198,110	70,100	1,068,589	293,174	1,186,715	7,766,297
Professional fees	654,085	30,860	450,475	146,232	22,480	26,706	822,829	-	154,706	2,308,373
Rent	-	4,970	17,220	87,816	9,380	4,970	1,355	121,800	16,272	263,783
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	5,207	2,330	12,007	85,687	-	-	-	442,567	120,186	667,984
Travel	153,855	7,485	201,254	86,311	18,382	1,496	1,999	90,764	539,392	1,100,938
External transfers	-	-	-	-	-	-	-	2,456,370	793,495	3,249,865
Utilities, hydro, telephone (recoveries)	47,359	(336,704)	152,493	100,893	-	-	10,225	10,475	609,637	594,378
Wages and benefits	773,576	482,086	1,092,295	2,395,339	109,928	47,564	720,631	625,476	3,696,094	9,942,989
	3,963,760	3,215,247	3,248,500	4,121,007	584,743	1,029,657	2,672,341	4,058,719	7,318,874	30,212,848
Surplus (deficit)	\$ (2,556,988)	\$ 1,117,718	\$ 30,319	\$ (53,803)	\$ 36,737	\$ 1,245,481	\$ 9,550,003	\$ (97,804)	\$ 263,088	\$ 9,534,751

## Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 19. Segmented Information (cont'd)

For the year ended March 31, 2017

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2017 Total
<b>Revenue</b>										
Federal	\$ 754,930	\$ 2,197,422	\$ 338,740	\$ 2,349,108	\$ 191,783	\$ 1,043,096	\$ 2,750,314	\$ 808,702	\$ 6,737,749	\$ 17,171,844
Provincial	39,869	200,079	940,692	139,838	76,078	-	21,500	3,422,150	(27,182)	4,813,024
Casino	(270,541)	12,001	129,360	35,000	209,493	399,359	1,044,696	-	31,000	1,590,368
Other	559,030	1,515,326	1,605,732	389,205	91,326	807,290	-	32,893	623,953	5,624,755
	<u>1,083,288</u>	<u>3,924,828</u>	<u>3,014,524</u>	<u>2,913,151</u>	<u>568,680</u>	<u>2,249,745</u>	<u>3,816,510</u>	<u>4,263,745</u>	<u>7,365,520</u>	<u>29,199,991</u>
<b>Expenses</b>										
Amortization	2,292,750	-	-	-	-	-	-	-	-	2,292,750
Bad debt expense (recovery)	32,350	92,163	32,982	10,606	-	197,491	-	-	5,610	371,202
Bank charges and interest	9,110	726	4,225	12,398	169	685	-	4,299	9,971	41,583
Donations	44,122	17,578	5,722	-	175,898	-	-	-	2,934	246,254
Honorarium	258,225	-	31,000	13,155	8,785	-	-	-	80,805	391,970
Insurance	21,541	123,409	30,681	13,572	-	346,984	-	-	-	536,187
Interest on long term debt	-	39,851	-	-	-	153,060	-	-	10,539	203,450
Materials and supplies	138,126	2,552,834	621,833	514,820	255,403	80,184	610,367	425,966	1,096,851	6,296,384
Professional fees	402,677	41,623	447,525	78,511	48,492	40,490	379,821	-	91,874	1,531,013
Rent	-	9,940	23,166	41,190	15,027	4,988	-	-	14,744	109,055
Replacement reserve	-	-	-	-	-	55,590	-	-	-	55,590
Training	18,128	440	29,782	66,767	-	-	-	347,879	179,563	642,559
Travel	97,576	9,632	165,058	97,338	47,987	2,536	-	66,686	568,987	1,055,800
External transfers	-	-	-	-	-	-	-	2,637,312	778,705	3,416,017
Utilities, hydro, telephone	47,311	51,389	64,142	89,481	-	-	2,758	6,717	281,773	543,571
Wages and benefits	669,754	642,379	1,079,337	2,110,105	106,458	132,489	(190,394)	643,846	3,632,428	8,826,402
	<u>4,031,670</u>	<u>3,581,964</u>	<u>2,535,453</u>	<u>3,047,943</u>	<u>658,219</u>	<u>1,014,497</u>	<u>802,552</u>	<u>4,132,705</u>	<u>6,754,784</u>	<u>26,559,787</u>
Surplus (deficit)	\$ (2,948,382)	\$ 342,864	\$ 479,071	\$ (134,792)	\$ (89,539)	\$ 1,235,248	\$ 3,013,958	\$ 131,040	\$ 610,736	\$ 2,640,204