

Eabametoong First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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

March 31, 2019

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:

A handwritten signature in black ink, appearing to read 'Apmu', written over a horizontal line.

Chief

A handwritten signature in black ink, appearing to read 'R. K. L.', written over a horizontal line.

Councillor



Independent Auditor's Report

To the Members of
Eabametoong First Nation

Qualified Opinion

We have audited the consolidated financial statements of Eabametoong First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations and accumulated surplus, the consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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, 2019 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
July 31, 2019

Eabametoong First Nation Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash (Note 2)	\$ 8,466,315	\$ 9,061,388
Investments (Note 3)	3,662,335	3,559,291
Accounts receivable (Note 4)	1,891,442	1,707,045
Due from government and government organizations (Note 5)	2,369,234	3,004,211
Trust funds held by federal government (Note 6)	112,851	111,424
	<u>16,502,177</u>	<u>17,443,359</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	6,375,215	7,095,741
Due to government and government organizations (Note 8)	1,212,994	1,557,003
Deferred revenue (Note 9)	6,290,683	5,711,510
Long term debt (Note 10)	9,280,053	8,459,568
Obligation under capital lease (Note 11)	699,941	862,542
	<u>23,858,886</u>	<u>23,686,364</u>
Net debt	<u>(7,356,709)</u>	<u>(6,243,005)</u>
Non-financial assets		
Prepaid expenses	212,750	212,337
Tangible capital assets (Note 12)	68,062,563	56,492,602
	<u>68,275,313</u>	<u>56,704,939</u>
Accumulated surplus (Note 13)	<u>\$ 60,918,604</u>	<u>\$ 50,461,934</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 17)	2019	2018
Revenue			
Federal government transfers (Note 9)	\$ 31,498,926	\$ 27,018,824	\$ 26,484,379
Provincial government transfers (Note 9)	4,652,999	4,602,196	4,549,684
Ontario First Nation Limited Partnership	1,400,000	2,044,336	1,611,233
Other	8,039,997	8,219,053	7,045,437
Trust fund interest revenue	-	1,427	1,276
Replacement reserve	-	56,629	55,590
	45,591,922	41,942,465	39,747,599
Expenses			
Administration	1,455,430	4,058,795	3,963,760
Community Infrastructure	5,286,154	5,182,099	3,215,247
Economic and Employment	2,709,834	2,938,931	3,248,500
Integrated Health Services	6,169,605	5,621,500	4,121,007
Community Services	619,262	737,540	584,743
Housing	1,081,945	1,146,785	1,029,657
Projects	-	600	2,672,341
Social Services	4,055,020	4,130,603	4,058,719
Education	9,684,258	7,668,942	7,318,874
	31,061,508	31,485,795	30,212,848
Annual surplus	14,530,414	10,456,670	9,534,751
Accumulated surplus, beginning of year	-	50,461,934	40,927,183
Accumulated surplus, end of year	\$ 14,530,414	\$ 60,918,604	\$ 50,461,934

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)	2019	2018
Annual surplus	\$ 14,530,414	\$ 10,456,670	\$ 9,534,751
Acquisition of tangible capital assets	(17,508,121)	(14,095,283)	(14,645,805)
Amortization of tangible capital assets	-	2,525,322	2,441,248
Prepaid expenses	-	(413)	(78,483)
Net change in net financial debt	(2,977,707)	(1,113,704)	(2,748,289)
Net debt, beginning of year	(6,243,005)	(6,243,005)	(3,494,716)
Net debt, end of year	\$ (9,220,712)	\$ (7,356,709)	\$ (6,243,005)

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	2019	2018
Cash provided by (used in) operating activities		
Annual surplus	\$ 10,456,670	\$ 9,534,751
Items not involving cash:		
Amortization	2,525,322	2,441,248
	<u>12,981,992</u>	<u>11,975,999</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(184,397)	(244,629)
Due from government and other government organizations	634,977	829,151
Prepaid expenses	(413)	(78,483)
Accounts payable and accrued liabilities	(720,526)	4,259,585
Due to government and other government organizations	(344,009)	37,982
Deferred revenue	579,173	3,076,894
	<u>12,946,797</u>	<u>19,856,499</u>
Financing activities		
Repayment of long term debt	(1,393,652)	(1,502,276)
Advances of long term debt	2,214,137	1,003,396
Capital lease advances	111,975	762,705
Capital lease payments	(274,576)	(128,151)
	<u>657,884</u>	<u>135,674</u>
Investment activities		
Increase in trust assets	(1,427)	(1,276)
Decrease in investments, net	(103,044)	(3,026,650)
	<u>(104,471)</u>	<u>(3,027,926)</u>
Capital transactions		
Purchase of tangible capital assets	(14,095,283)	(14,645,805)
Net increase in cash during the year	<u>(595,073)</u>	<u>2,318,442</u>
Cash, beginning of year	9,061,388	6,742,946
Cash, end of year	<u>\$ 8,466,315</u>	<u>\$ 9,061,388</u>

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

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies

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.															
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.															
Principles of Consolidation	<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">• Eabametoong First Nation Housing Authority Inc.• Eabametoong Communications Inc.															
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.															
Tangible Capital Assets	<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><tr><td>General housing</td><td>-</td><td>4%</td></tr><tr><td>Buildings and improvements</td><td>-</td><td>4%</td></tr><tr><td>Infrastructure</td><td>-</td><td>4%</td></tr><tr><td>Office and general equipment</td><td>-</td><td>20%</td></tr><tr><td>Automotive and heavy equipment</td><td>-</td><td>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%														

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

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.

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

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, 2019

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

	2019	2018
Royal Bank of Canada - Thunder Bay		
Administration - Bank	\$ 6,222,036	\$ 6,421,821
Eabametoong Communications Inc.	145,947	51,625
Eabamet Lake Construction Ltd.	2,396	2,396
Education Authority	896,816	878,890
Heavy Equipment	232,327	101,757
H.O.P.E. Committee	(4,079)	57,982
Housing Authority Inc.	244,534	158,507
CMHC Housing	153,302	835,881
Integrated Health Services	322,739	(151,327)
Social Assistance - General Welfare	(100,542)	216,049
Breakfast Program	25,824	25,824
Hotel	56,768	102,139
Public Utilities	13,731	104,937
Economic Development Corporation	249,816	249,888
	8,461,615	9,056,369
Canadian Imperial Bank of Commerce - Thunder Bay:		
Administration	4,700	5,019
	\$ 8,466,315	\$ 9,061,388

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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% (4.95% per annum at March 31, 2019). At March 31, 2019, the First Nation had utilized \$Nil (2018 - \$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% (8.95%, 4.95%, 4.95% and 4.95% per annum at March 31, 2019 respectively). Interest only payments are made monthly. At March 31, 2019, the First Nation had utilized \$Nil (2018 - \$Nil) 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:

	2019	2018
CMHC replacement reserve (Note 16)	\$ 503,312	\$ 402,939
Unrestricted	7,963,003	8,658,449
	<u>\$ 8,466,315</u>	<u>\$ 9,061,388</u>

3. Investments

Included in investments are the following:

Royal Bank of Canada - Thunder Bay

	2019	2018
Administration - GIC, interest at 1.50%, maturing October 2019	\$ 405,007	\$ -
Administration - GIC, interest at 0.60%, maturing February 2020	1,214,451	2,821,320
CMHC Housing - GIC, interest at 0.50%, maturing March 2020	31,701	31,543
CMHC Housing - GIC, interest at 1.50%, maturing December 2019	401,792	-
CMHC Housing - GIC, interest at 1.50%, maturing November 2019	500,877	-
Housing - GIC, interest at 1.50%, maturing January 2020	101,975	202,405
Balance forward	<u>\$ 2,655,803</u>	<u>\$ 3,055,268</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

3. Investments (continued)		
Balance forward	\$ 2,655,803	\$ 3,055,268
Education Authority - GIC, interest at 1.25%, maturing March 2020	500,000	402,212
Education Authority - GIC, interest at 0.55%, maturing April 2019	404,212	-
Education Authority - GIC, interest at 1.25%, maturing March 2020	102,320	101,811
	<u>\$ 3,662,335</u>	<u>\$ 3,559,291</u>

4. Accounts Receivables	2019	2018
Trade and other receivables (by program):		
Public Utilities:		
General receivables	\$ 724,695	\$ 590,368
Loans	5,635	5,362
	<u>730,330</u>	<u>595,730</u>
Less allowance for doubtful accounts	<u>(426,808)</u>	<u>(370,498)</u>
	<u>303,522</u>	<u>225,232</u>
Administration:		
General receivables	1,462,169	1,160,783
Less allowance for doubtful accounts	<u>(651,879)</u>	<u>(490,657)</u>
	<u>810,290</u>	<u>670,126</u>
Housing Authority Inc.:		
First Nation members	3,145,975	2,871,706
Less allowance for doubtful accounts	<u>(3,040,184)</u>	<u>(2,782,473)</u>
	<u>105,791</u>	<u>89,233</u>
Heavy Equipment:		
First Nation members	150	150
General receivables	432,525	325,681
Less allowance for doubtful accounts	<u>(432,675)</u>	<u>(207,875)</u>
	<u>-</u>	<u>117,956</u>
Balance forward	<u>\$ 1,219,603</u>	<u>\$ 1,102,547</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Accounts Receivables (cont'd)

	2019	2018
Balance Forward	\$ 1,219,603	\$ 1,102,547
CMHC:		
First Nation members	797,989	694,142
Less allowance for doubtful accounts	(767,725)	(659,519)
	30,264	34,623
Education Authority:		
First Nation members	17,279	17,369
General receivables	487	40,442
Less allowance for doubtful accounts	(17,766)	(17,766)
	-	40,045
H.O.P.E. Committee:		
First Nation members	66,976	48,680
Less allowance for doubtful accounts	(14,315)	(14,315)
	52,661	34,365
Integrated Health Services:		
First Nation members	68,812	36,369
General receivables	512,847	339,465
Less allowance for doubtful accounts	(40,157)	(35,059)
	541,502	340,775
Other:		
Eabametoong Communications Inc. and Hotel	47,412	154,690
	\$ 1,891,442	\$ 1,707,045

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2019

5. Due from Government and Government Organizations

	2019	2018
Federal government		
Indigenous Services Canada	\$ 1,031,685	\$ 1,847,942
Canada Mortgage and Housing Corporation	43,867	163,270
FedNor	-	78,507
Health Canada	551,759	276,334
Provincial government		
Ministry of Community and Social Services	80,966	103,039
Ministry of Indigenous Relations and Reconciliation	-	63,420
Ministry of Northern Development and Mines	475,579	374,416
Ministry of Health and Long-Term Care	25,635	16,946
Other	159,743	80,337
	<u>\$ 2,369,234</u>	<u>\$ 3,004,211</u>

6. Trust Funds Held by Federal Government

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue	\$ 105,641	\$ 1,427	\$ -	\$ 107,068
Capital	5,783	-	-	5,783
	<u>\$ 111,424</u>	<u>\$ 1,427</u>	<u>\$ -</u>	<u>\$ 112,851</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, 2019

7. Accounts Payable

	2019	2018
Trade payables by program:		
Administration	\$ 3,457,974	\$ 5,795,356
CMHC Housing	21,489	6,528
Hotel	8,824	1,353
Eabametoong Communications Inc.	13,044	15,645
Education Authority	831,498	664,111
Heavy Equipment	35,571	22,980
H.O.P.E. Committee	41,164	18,298
Housing Authority Inc.	31,603	56,710
Integrated Health Services	618,267	256,544
Public Utilities	1,315,781	258,216
	<u>\$ 6,375,215</u>	<u>\$ 7,095,741</u>

8. Due to Government and Government Organizations

	2019	2018
Federal government		
Indigenous Services Canada	\$ 520,715	\$ 841,421
Provincial government		
Ministry of Indigenous Relations and Reconciliation	191,333	196,765
Ministry of Northern Development and Mines	30,015	81,070
Ministry of Education	4,476	39,568
Ministry of Health	128,698	128,698
Ministry of Child and Youth Services	54,957	30,007
MCSS - Employment Support	232,800	189,474
Due to Trust account (Note 6)	50,000	50,000
	<u>\$ 1,212,994</u>	<u>\$ 1,557,003</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

9. Deferred Revenue and Government Transfers

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Funding Recoveries	Balance March 31, 2019
Federal Government					
Indigenous Services Canada	\$5,268,204	\$21,985,024	\$(21,535,514)	\$(163,162)	\$5,554,552
Canadian Mortgage and Housing Corporation	16,331	477,774	(494,105)	-	-
Health Canada	158,063	5,119,789	(4,950,652)	-	327,200
Public Safety Canada	-	38,553	(38,553)	-	-
Total Federal	5,442,598	27,621,140	(27,018,824)	(163,162)	5,881,752
Provincial Government					
Ministry of Community and Social Services	-	3,451,770	(3,408,444)	(43,326)	-
Ministry of Health and Long Term Care	-	291,031	(163,638)	-	127,393
Ministry of Northern Development and Mines	-	399,207	(399,207)	-	-
Ministry of Natural Resources and Forestry	-	121,450	(100,548)	-	20,902
Ministry of Attorney General	70,789	100,000	(91,329)	-	79,460
Ministry of Children and Youth Services	-	68,890	(68,890)	-	-
Ontario Trillium Foundation	71,462	259,800	(167,350)	-	163,912
Other Provincial	-	251,922	(202,790)	(31,868)	17,264
Total Provincial	142,251	4,944,070	(4,602,196)	(75,194)	408,931
Other Deferred Revenue					
Industry contributions	126,661	-	\$(126,661)	-	-
	\$5,711,510	\$32,565,210	\$(31,747,681)	\$(238,356)	\$6,290,683

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

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

Included in the total transfers from Indigenous Services Canada (ISC) during the year is \$13,720,107 in capital funding.

Deferred revenue is broken down by program as follows:

	2019	2018
Capital Projects - RRAP Renovations - CMHC	\$ -	\$ 16,331
Capital Projects - Remediation - ISC	1,294,411	2,274,763
Capital Projects - New Water Treatment Plant - ISC	1,589,548	784,235
Capital Projects - Tank Farm - ISC	58,202	138,954
Community Garden - OTF	163,912	71,462
Economic and Employment - Land Use Planning - MNR	20,902	-
Economic and Employment - SPI - ISC	-	50,110
Economic and Employment - SPI - Industry Contributions	-	126,661
Education Programs		
- Instructional, Special Education, Guidance - ISC	1,913,293	1,091,826
Social Assistance - Administration - ISC	43,426	-
Power Authority		
Generator purchases - ISC	24,219	775,079
Fire suppression and service contract - ISC	9,739	75,000
Preventative measures - ISC	621,714	76,037
Natural resources Canada - ISC	-	2,200
Integrated Health Services - Choose Life Program	32,429	125,113
Integrated Health Services - Nutrition North	65,900	32,950
Integrated Health Services - Jordan's Principle	228,871	-
Integrated Health Services - Home and Community Care	127,393	-
Other	96,724	70,789
	\$ 6,290,683	\$ 5,711,510

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

10. Long Term Debt

	2019	2018
Royal Bank of Canada		
Term loan - housing construction	\$ -	\$ 864,487
Consolidation loan for Tikinagan building and housing units repayable in monthly installments of \$14,291 including interest at 3.82% per annum. Collateral security consists of a Band Council Resolution confirming borrowings. The balance of the loan is due and set for renewal January 2020.	277,120	428,517
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.	64,950	95,267
Term loan payable in monthly installments of \$9,635 plus interest at the bank's prime lending rate plus 1.25% (5.20% at year end) and maturing October 2019. Collateral security consists of a Band Council Resolution confirming borrowings.	218,086	320,137
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
Mortgage payable in monthly installments of \$7,651 including interest at 3.70%, maturing June 2021	902,788	960,129
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$6,145 including interest at 1.92%, maturing April 2019	680,784	740,874
Mortgage payable in monthly installments of \$3,107 including interest at 1.30% maturing June 2022	453,621	484,799
Mortgage payable in monthly installments of \$4,015 including interest at 2.39% maturing March 2023	570,431	604,606
Mortgage payable in monthly installments of \$6,509 including interest at 2.14% maturing February 2024	987,907	1,044,455
Mortgage payable in monthly installments of \$6,158 including interest at 1.11% maturing April 2021	1,149,704	1,210,504
Mortgage payable in monthly installments of \$2,297 including interest at 1.48% maturing January 2022	432,010	453,035
Balance forward	\$ 5,737,401	\$ 7,222,220

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

10. Long Term Debt (cont'd)

	2019	2018
Balance forward	<u>\$ 5,737,401</u>	<u>\$ 7,222,220</u>
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	2,324,612	941,475
Mortgage payable, repayment terms to be determined once the full loan has been advanced to the First Nation. Total loan is expected to be \$1,662,000	831,000	-
Receiver General Canada (Indigenous Services Canada)		
Promissory note payable on the earlier of March 31, 2021 or the date on which the Land Claim is settled	<u>387,040</u>	<u>295,873</u>
	<u>\$ 9,280,053</u>	<u>\$ 8,459,568</u>

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

Year	Amount
2020	\$ 1,857,390
2021	301,059
2022	2,333,683
2023	882,092
2024	750,216
Thereafter	<u>3,155,613</u>
	<u>\$ 9,280,053</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

11. Obligations Under Capital Leases

	2019	2018
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	\$ 568,334	\$ 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	24,223	47,567
Obligations under a capital lease for heavy equipment	-	66,916
Obligation under a capital lease for heavy equipment, blended monthly payments of \$2,562 with interest at the rate of 2.29%	107,384	-
Total	\$ 699,941	\$ 862,542

Interest expense for the year related to obligations under capital leases is \$51,083 (2018 - \$10,005).

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

2020	\$ 262,515
2021	237,789
2022	220,567
2023	25,711
	746,582
Less: amounts representing interest	(46,641)
	\$ 699,941

Eabametoong First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2019

12. Tangible Capital Assets

	Cost					Accumulated Amortization					
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	2019 Net Book Value	
First Nation housing	\$ 25,750,642	\$ 1,610,178	\$ 2,032,832	\$ -	\$ 29,393,652	\$ 11,330,798	\$ 588,937	\$ -	\$ 11,919,735	\$ 17,473,917	
Infrastructure	6,575,590	-	-	-	6,575,590	3,249,379	381,409	-	3,630,788	2,944,802	
Buildings	30,711,679	332,404	-	-	31,044,083	8,179,832	907,922	-	9,087,754	21,956,329	
Automotive	949,932	191,526	-	-	1,141,458	773,933	81,529	-	855,462	285,996	
Heavy equipment	2,411,662	-	-	-	2,411,662	1,901,887	137,369	-	2,039,256	372,406	
Office furniture and equipment	3,388,211	210,639	-	-	3,598,850	2,642,789	145,155	-	2,787,944	810,906	
Land improvements	111,433	-	-	-	111,433	43,157	2,731	-	45,888	65,545	
Construction in progress - Capital projects	13,842,205	11,638,561	(2,032,832)	-	23,447,934	-	-	-	-	23,447,934	
Assets under capital lease obligations	1,132,606	111,975	-	-	1,244,581	259,583	280,270	-	539,853	704,728	
	\$ 84,873,960	\$ 14,095,283	\$ -	\$ -	\$ 98,969,243	\$ 28,381,358	\$ 2,525,322	\$ -	\$ 30,906,680	\$ 68,062,563	

	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	

The net book value of tangible capital assets not being amortized because they are under construction is \$23,610,236 (2018 - \$13,842,205).

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2019

13. Accumulated Surplus

The Band segregates its accumulated surplus in the following categories:

	2019	2018
Unrestricted		
General surplus	\$ 4,584,914	\$ 3,932,660
Internally restricted		
Capital (Note 14)	54,004,157	42,434,196
Casino (Note 15)	1,658,346	3,426,097
Trust (Note 6)	112,851	111,424
Externally restricted		
Replacement reserve - CMHC (Note 16)	558,336	557,557
Accumulated surplus	\$ 60,918,604	\$ 50,461,934

14. Capital Reserve

	2019	2018
Balance, beginning of year	\$ 42,434,196	\$ 30,229,639
Increased by:		
Additions to capital assets	14,095,283	14,645,805
Decreased by:		
Amortization of capital assets	(2,525,322)	(2,441,248)
Balance, end of year	\$ 54,004,157	\$ 42,434,196

15. Casino Reserve

	2019	2018
Balance, beginning of year	\$ 3,426,097	\$ 3,604,955
Increased by:		
OFNLP distributions	2,044,336	1,611,233
Interest	16,301	20,298
Decreased by:		
Expenses	(3,828,388)	(1,810,389)
Balance, end of year	\$ 1,658,346	\$ 3,426,097

Eabametoong First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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, \$4,800 and \$12,648 annually until it accumulates to the maximum stated in the agreements plus interest. The reserve allocation Phase 7 was completed in March of the current year and is therefore only allocated one month of the \$12,648 total. 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, 2019 included in the restricted fund balance is cash and deposits held in a separate bank account for the replacement reserve of \$503,312 (2018 - \$434,482) and an actual reserve balance of \$558,336 (2018 - \$557,557).

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>2019</u>
Budget shortfall for the year	\$ (201,410)
Add:	
Acquisition of tangible capital assets	14,731,824
	<u> </u>
Budget surplus per statement of operations	<u>\$ 14,530,414</u>

Eabametoong First Nation Notes to Consolidated Financial Statements

March 31, 2019

18. 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, 2019

18. Segmented Information (cont'd)

For the year ended March 31, 2019

	Administration	Community Infrastructure	Economic and Employment	Integrated Health Services	Community Services	Housing	Projects	Social Services	Education	2019 Total
Revenue										
Federal	\$ 870,216	\$ 1,900,491	\$ 144,680	\$ 4,735,795	\$ -	\$ 1,133,204	\$ 10,436,662	\$ 533,367	\$ 7,264,409	\$ 27,018,824
Provincial	-	166,705	229,847	147,624	203,350	-	-	3,584,380	270,290	4,602,196
Casino	519,835	21,000	173,955	-	487,600	689,925	152,021	-	-	2,044,336
Other	824,090	2,392,884	2,473,271	1,068,001	106,757	842,253	173,996	7,923	387,934	8,277,109
	<u>2,214,141</u>	<u>4,481,080</u>	<u>3,021,753</u>	<u>5,951,420</u>	<u>797,707</u>	<u>2,665,382</u>	<u>10,762,679</u>	<u>4,125,670</u>	<u>7,922,633</u>	<u>41,942,465</u>
Expenses										
Administration fees (recoveries)	(208,847)	-	61,945	-	10,000	35,948	-	10,000	90,954	-
Amortization	2,525,322	-	-	-	-	-	-	-	-	2,525,322
Bad debt expense (recovery)	161,222	56,310	152,005	5,098	-	365,917	-	-	-	740,552
Bank charges and interest	7,266	(74)	7,914	7,456	315	(1,697)	-	4,770	11,233	37,183
Donations	3,111	24,699	202	-	351,575	-	-	-	2,192	381,779
Honorarium	230,632	-	6,751	92,927	4,200	-	-	30,600	64,997	430,107
Insurance	3,935	115,010	52,309	49,700	-	392,060	-	-	-	613,014
Interest on long term debt	-	25,628	-	-	-	123,382	-	-	(390)	148,620
Materials and supplies	92,335	5,023,376	996,565	1,473,107	239,137	92,147	600	504,492	745,759	9,167,518
Professional fees	308,384	10,186	351,324	177,879	14,720	22,990	-	-	271,607	1,157,090
Rent	-	-	7,000	95,663	3,600	-	-	120,000	14,916	241,179
Replacement reserve	-	-	-	-	-	56,629	-	-	-	56,629
Training	9,351	8,830	3,542	151,377	-	-	-	197,564	131,343	502,007
Travel	102,948	2,447	114,355	296,489	5,466	-	-	63,671	624,114	1,209,490
External transfers	-	-	-	-	-	-	-	2,583,814	1,009,875	3,593,689
Utilities, hydro, telephone (recoveries)	31,210	(455,587)	181,552	98,048	-	-	-	5,847	595,711	456,781
Wages and benefits	791,926	371,274	1,003,467	3,173,756	108,527	59,409	-	609,845	4,106,631	10,224,835
	<u>4,058,795</u>	<u>5,182,099</u>	<u>2,938,931</u>	<u>5,621,500</u>	<u>737,540</u>	<u>1,146,785</u>	<u>600</u>	<u>4,130,603</u>	<u>7,668,942</u>	<u>31,485,795</u>
Surplus (deficit)	\$ (1,844,654)	\$ (701,019)	\$ 82,822	\$ 329,920	\$ 60,167	\$ 1,518,597	\$ 10,762,079	\$ (4,933)	\$ 253,691	\$ 10,456,670

Eabametoong First Nation
Notes to Consolidated Financial Statements

March 31, 2019

18. 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
Revenue										
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
Expenses										
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	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