



Financial Statements

Marten Falls First Nation

March 31, 2018

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Independent Auditor's Report

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To the Chief, Council and Members of
Marten Falls First Nation

We have audited the accompanying financial statements of Marten Falls First Nation which comprise the statement of financial position as at March 31, 2018, and the statements of operations and surplus, changes in net debt, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the 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 First Nation's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Due to the inability of the First Nation to locate certain invoices or other supporting documentation we were unable to verify the existence and accuracy of certain amounts included in expenses. Additionally, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and conversely payables at year-end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

During our audit engagement, we were unable to obtain sufficient audit evidence supporting expenses being distributed accurately for the year ended March 31, 2018. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

During our audit engagement, we were unable to obtain sufficient audit evidence supporting payroll expenses being distributed accurately for the year ended March 31, 2018. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

Canadian Public Sector Accounting Standards require that entities present information about the complete stock of their tangible capital assets and amortization in the financial statements. As described in note 15, the First Nation has not recorded tangible capital assets acquired prior to April 1, 1997, and we have been unable to determine whether any adjustments might be necessary in respect to unrecorded tangible capital assets and the elements making up the statements of operations and surplus, changes in fund balances and cash flows. As a result, we have been unable to obtain satisfactory evidence as to the completeness of the tangible capital assets owned by the First Nation.

Canadian Public Sector Accounting Standards require that the First Nation present a comparison of the actual results for the accounting period with those originally planned in both the statement of operations and surplus (deficit) and the statement of changes in net debt. As no budget figures have been presented, the First Nation has not met this requirement.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Marten Falls First Nation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit of Marten Falls First Nation for the year ended March 31, 2018 was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedules to the financial statements are presented for the purposes of additional information and are not a required part of the audited financial statements. The schedules have been prepared to assist various funding agencies/government departments. Such information has been subjected to the auditing procedures only to the extent necessary to express an opinion on the financial statements of Marten Falls First Nation for the year ended March 31, 2018. Our opinion, dated August 20, 2019, was qualified as a result of the inability to satisfy ourselves as to the completeness of tangible capital assets. In our opinion, except for the effects of the matter described above, the schedules are fairly presented in all material respects in relation to the audited financial statements taken as a whole.

The logo for Grant Thornton LLP, featuring the company name in a stylized, handwritten font.

Thunder Bay, Canada
August 20, 2019

Chartered Professional Accountants
Licensed Public Accountants

MARTEN FALLS FIRST NATION

MANAGEMENT'S REPORT

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

These 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 of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

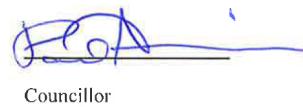
The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Marten Falls First Nation and meet when required.

On behalf of the Marten Falls First Nations:


Bruce Achneepineskum
Chief


Councillor


Councillor


Councillor


Councillor


Councillor

August 20, 2019

MARTEN FALLS FIRST NATION

Statement of Financial Position

As at March 31

	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash (Note 3)	\$ 3,884,349	\$ 728,131
Accounts receivable (Note 4)	485,820	370,089
Trust funds held by federal government (Note 5)	3,809	3,730
Due from government and other government organizations (Note 6)	<u>2,847,000</u>	<u>2,627,291</u>
	<u>7,220,978</u>	<u>3,729,241</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 7)	7,598,001	4,241,046
Due to government and other government organizations (Note 8)	1,483,773	954,184
Deferred revenue (Note 9)	2,057,044	2,080,261
Long-term debt (Notes 10 and 11)	<u>3,732,956</u>	<u>4,390,495</u>
	<u>14,871,774</u>	<u>11,665,986</u>
Net Debt	<u>(7,650,796)</u>	<u>(7,936,745)</u>
Non-Financial Assets		
Prepaid expenses (Note 14)	41,227	38,072
Tangible capital assets (Note 15)	<u>28,481,866</u>	<u>21,275,161</u>
	<u>28,523,093</u>	<u>21,313,233</u>
Accumulated Surplus	<u>\$ 20,872,297</u>	<u>\$ 13,376,488</u>
Contingencies (Note 18)		
Contractual Obligations (Note 19)		

Approved on Behalf of Chief and Council


Chief
Date Aug 20/2019


Councillor
Date Aug 20th /2019

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Operations and Surplus

Year ended March 31

	<u>2018</u> Actual	<u>2017</u> Actual
Revenue		
Deferred revenue, beginning of year (Note 9)	\$ 2,080,261	\$ 203,929
Federal Government:		
Indigenous and Northern Affairs Canada	11,925,562	8,631,331
Health Canada	1,517,117	1,173,691
Fednor / Industry Canada	9,000	-
Canada Mortgage and Housing Corporation	294,497	224,168
Provincial Government:		
Ministry of Health and Long-Term Care	53,605	56,525
Ministry of Indigenous Relations and Reconciliation	90,000	90,000
Ministry of Community Family and Children Services	1,070,755	1,053,794
Ministry of Northern Development and Mines	1,530,099	1,325,858
Ministry of Natural Resources and Forestry	76,568	192,269
Ministry of Education	6,734	2,231
Interest	53	23
Trust funds held by federal government (Note 5)	79	68
Rent	62,400	79,050
Nishnawbe Aski Nation	298,445	212,115
Ontario First Nations Limited Partnership	1,007,569	995,166
Matawa First Nations	822,084	363,241
Ontario Power Generation (Note 11)	195,000	195,000
Other (Note 26)	812,973	265,204
Less: deferred revenue, end of year (Note 9)	<u>(2,057,044)</u>	<u>(2,080,261)</u>
	<u>19,795,757</u>	<u>12,983,402</u>
Expenditures		
Education programs	2,883,957	2,338,069
Health programs	1,801,057	1,663,163
Economic Development programs	1,761,820	1,403,270
Housing Fund	2,961,932	1,560,295
Community Services programs	281,195	264,057
Social Services programs	1,228,039	1,255,826
Band government	2,169,012	1,258,706
Employment programs	69,838	122,432
Public works	6,197,740	2,096,096
Amortization	898,267	949,818
Interest	<u>144,378</u>	<u>189,548</u>
	<u>20,397,235</u>	<u>13,101,280</u>
Annual surplus (deficit)	(601,478)	(117,878)
Less: net recovery (repayment) of surpluses (Note 24)	(6,107)	177,371
Inter-fund transfers (Note 13)	<u>8,103,394</u>	<u>155,316</u>
Annual surplus (deficit)	7,495,809	214,809
Accumulated surplus, beginning of year	13,376,488	13,161,679
Accumulated surplus, end of year	\$ 20,872,297	\$ 13,376,488

Segment Disclosure (Note 25)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Changes in Net Debt

Year ended March 31

	<u>2018</u>	<u>2017</u>
Annual Deficit , including capital assets	(601,478)	(117,878)
Less: capital assets included in Annual Deficit	<u>6,680,813</u>	<u>155,316</u>
Annual Surplus (Deficit)	<u>6,079,335</u>	<u>37,438</u>
Tangible capital assets:		
Acquisition of tangible capital assets	(6,682,390)	(155,316)
Amortization of tangible capital assets	<u>898,267</u>	<u>949,818</u>
	<u>(5,784,123)</u>	<u>794,502</u>
Acquisition of prepaid expenses	(41,227)	(38,072)
Use of prepaid expenses	<u>38,072</u>	<u>32,786</u>
	<u>(3,155)</u>	<u>(5,286)</u>
Recovery (repayment) of prior year surpluses	<u>(6,107)</u>	<u>177,371</u>
Increase (decrease) in net debt	285,950	1,004,025
Net debt, beginning of year	<u>(7,936,745)</u>	<u>(8,940,770)</u>
Net debt, end of year	<u>\$ (7,650,796)</u>	<u>\$ (7,936,745)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Changes in Fund Balances

For the year ended March 31, 2018

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
Education								
1 Education	\$ 1,093,978	\$ 1,046,305	\$ 108,149	\$ 1,154,454	\$ 1,234,218	\$ (79,764)	\$ (2,776)	\$ 1,011,438
2 Parental Engagement Strategy	-	38,870	(37,442)	1,428	1,428	-	-	-
3 Secondary Education	409,838	418,200	-	418,200	519,025	(100,825)	-	309,013
4 Post Secondary Education	438,113	267,385	-	267,385	272,450	(5,065)	-	433,048
5 Teacher Retention and Recruitment	-	20,000	-	20,000	22,776	(2,776)	2,776	-
6 Local Transportation and Student Accommodation	211,283	568,725	-	568,725	347,041	221,684	-	432,967
7 Enhanced Teacher Salaries	-	-	-	-	-	-	-	-
8 Band Operated School - Direct Services	(116,644)	521,715	-	521,715	478,470	43,245	-	(73,399)
9 Improving School Effectiveness	6,971	20,700	8,476	29,176	29,176	-	-	6,971
10 First Nation Education Management and Governance Capacity	<u>-</u>	<u>12,500</u>	<u>79,183</u>	<u>12,500</u>	<u>14,570</u>	<u>(2,070)</u>	<u>-</u>	<u>(2,070)</u>
	<u>2,043,539</u>	<u>2,914,400</u>	<u>79,183</u>	<u>2,993,583</u>	<u>2,919,154</u>	<u>74,429</u>	<u>-</u>	<u>2,117,968</u>
Health								
11 Brighter Futures	(32,899)	-	206,876	206,876	263,732	(56,856)	-	(89,755)
12 A - Suicide Prevention	9,809	-	314,747	314,747	15,363	299,384	-	309,193
12 B - Building Healthier Communities	(42,175)	-	95,424	95,424	212,608	(117,184)	-	(159,359)
13 Diabetes Initiative	1,739	-	39,937	39,937	25,721	14,216	-	15,955
14 Medical Services	(135,646)	-	344,558	344,558	404,924	(60,366)	-	(196,012)
15 Patient Transportation	(43,125)	-	106,113	106,113	70,501	35,612	-	(7,513)
16 FAS/FAE Project	8,296	-	11,164	11,164	8,135	3,029	-	11,325
17 Home and Community Care	(39,477)	-	93,863	93,863	135,035	(41,172)	-	(80,649)

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION
Statement of Changes in Fund Balances

For the year ended March 31, 2018

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
Health (cont'd)								
18 Aboriginal Healing & Wellness - Crisis Intervention	(20,338)	-	44,740	44,740	34,796	9,944	-	(10,394)
19 Healthy Babies Healthy Children	(2,750)	-	34,553	34,553	35,558	(1,005)	-	(3,755)
20 Family Violence Program	17,951	-	40,538	40,538	41,541	(1,003)	-	16,948
21 Health Administration	6,610	-	153,385	153,385	239,577	(86,192)	-	(79,582)
22 Early Childhood Development	(5,133)	-	68,484	68,484	55,308	13,176	-	8,043
23 Community Health Prevention and Promotion	(5,250)	-	120,139	120,139	77,674	42,465	-	37,215
24 NNADAP	(74,262)	-	122,525	122,525	129,456	(6,931)	-	(81,193)
25 Homemakers	(159,442)	8,300	59,120	67,420	67,799	(379)	-	(159,821)
26 Drug and Lab Box Ground Delivery	(57,397)	-	15,024	15,024	7,500	7,524	-	(49,873)
27 Health Clinic	-	-	-	-	-	-	-	-
	<u>(573,489)</u>	<u>8,300</u>	<u>1,871,190</u>	<u>1,879,490</u>	<u>1,825,228</u>	<u>54,262</u>	<u>-</u>	<u>(519,227)</u>
Economic Development Fund								
28 Employment Development Office	12,834	50,000	-	50,000	35,280	14,720	-	27,554
29 Summer Student Program	(1,500)	1,650	35,112	36,762	64,076	(27,314)	28,814	-
30 Mining Resources Project	(138,784)	-	90,000	90,000	133,422	(43,422)	-	(182,206)
31 CCLO Project	(27,733)	-	79,736	79,736	79,736	-	-	(27,733)
32 Mining - S.P.I.	41,084	26,400	-	26,400	42,132	(15,732)	-	25,352
33 Negotiations	-	-	173,200	173,200	-	173,200	-	173,200

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Changes in Fund Balances

For the year ended March 31, 2018

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
Economic Development Fund (cont'd)								
34 Regional Framework	(125,326)	-	570,551	570,551	627,482	(56,931)	(6,107)	(188,364)
35 MNDM Skills/Training Demonstrations Project	-	-	-	-	-	-	-	-
36 MNDM - Well-Being Study	(30,112)	-	25,773	25,773	46,946	(21,173)	-	(51,285)
37 MOU project	(76,878)	-	475,000	475,000	829,033	(354,033)	-	(430,911)
	<u>(346,415)</u>	<u>78,050</u>	<u>1,449,372</u>	<u>1,527,422</u>	<u>1,858,107</u>	<u>(330,685)</u>	<u>22,707</u>	<u>(654,393)</u>
Housing Fund								
38 MisAmik Housing	(2,486,382)	-	150,460	150,460	182,161	(31,701)	51,600	(2,466,483)
39 CMHC 2000/01 Five-Unit Housing	(107,886)	-	29,750	29,750	27,428	2,322	23,100	(82,464)
40 CMHC 2001/02 Three-Unit Housing	69,234	-	21,148	21,148	21,867	(719)	13,860	82,375
41 CMHC 2002/03 Five-Unit Housing	(547,109)	-	38,247	38,247	33,331	4,916	23,100	(519,093)
42 CMHC 2003/04 Three-Unit Housing	1,436,999	-	23,233	23,233	27,635	(4,402)	13,860	1,446,457
43 CMHC 2006/07 Four-Unit Housing	431,422	-	31,659	31,659	50,082	(18,423)	18,480	431,479
44 Replacement reserve	484,200	-	31,150	31,150	-	31,150	-	515,350
45 Housing Renovations	123,884	159,941	-	159,941	105,481	54,460	-	178,344
46 Housing Pilot project	-	<u>2,065,237</u>	<u>924,411</u>	<u>2,989,648</u>	<u>2,989,648</u>	<u>-</u>	<u>37,603</u>	<u>144,000</u>
	<u>(595,638)</u>	<u>2,225,178</u>	<u>1,250,058</u>	<u>3,475,236</u>	<u>3,437,633</u>	<u>-</u>	<u>37,603</u>	<u>144,000</u>
								<u>(414,035)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION
Statement of Changes in Fund Balances

For the year ended March 31, 2018

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
Community Services Funds								
47 Right to Play Project	-	-	-	-	-	-	-	-
48 Community Activity Centre	<u>3,008,455</u>	<u>50,000</u>	<u>195,000</u>	<u>245,000</u>	<u>240,470</u>	<u>4,530</u>	<u>-</u>	<u>3,012,985</u>
49 Casino Rama	<u>-</u>	<u>-</u>	<u>1,007,586</u>	<u>1,007,586</u>	<u>225,484</u>	<u>782,102</u>	<u>(782,102)</u>	<u>-</u>
	<u>3,008,455</u>	<u>50,000</u>	<u>1,202,586</u>	<u>1,252,586</u>	<u>465,954</u>	<u>786,632</u>	<u>(782,102)</u>	<u>3,012,985</u>
Social Services								
50 Social Assistance - Administration	(130,688)	79,500	257,700	337,200	229,825	107,375	-	(23,313)
51 Social Assistance - Basic Needs	(97,193)	16,000	813,055	829,055	991,480	(162,425)	-	(259,618)
52 Social Assistance - Special Needs	3,978	400	-	400	-	400	-	4,378
53 National Child Benefit Reinvestment	<u>-</u>	<u>-</u>	<u>6,734</u>	<u>6,734</u>	<u>6,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(223,903)</u>	<u>95,900</u>	<u>1,077,489</u>	<u>1,173,389</u>	<u>1,228,039</u>	<u>(54,650)</u>	<u>-</u>	<u>(278,553)</u>
Band Government								
54 Band Support	<u>(4,131,960)</u>	<u>588,162</u>	<u>1,110,503</u>	<u>1,698,665</u>	<u>2,234,218</u>	<u>(535,553)</u>	<u>609,288</u>	<u>(4,058,225)</u>
Employment Programs Fund								
55 Employment and Training	<u>-</u>	<u>-</u>	<u>40,040</u>	<u>40,040</u>	<u>69,838</u>	<u>(29,798)</u>	<u>-</u>	<u>(29,798)</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Changes in Fund Balances

For the year ended March 31, 2018

Schedule	Surplus (Deficit) Beginning of Year	Indigenous and Northern Affairs Canada Funding	Deferred Revenue and Other Funding	Total Revenue for the Year	Total Expenditures for the Year	Surplus (Deficit) for year	Recoveries and Transfers	Surplus (Deficit) End of Year
Public Works								
56 Infrastructure	4,624,887	50,429	-	50,429	301,829	(251,400)	-	4,373,487
57 Community Buildings	7,028,112	57,633	62,400	120,033	501,645	(381,612)	-	6,646,500
58 Remediation Project	-	-	119,604	119,604	119,604	-	-	-
59 Minor Capital	1,381,925	154,949	-	154,949	-	154,949	-	1,536,874
60 Water Treatability Study	-	-	-	-	-	-	-	-
61 Four Units and Training Centre	-	-	-	-	-	-	-	-
62 Land Use Planning Project	(117,142)	-	76,568	76,568	205,034	(128,466)	-	(245,608)
63 Winter Roads	(152,931)	292,166	471,300	763,466	680,279	83,187	-	(69,744)
64 Bottled Water Program	762	325,576	-	325,576	347,138	(21,562)	-	(20,800)
65 Water & Sewer O&M project	948,258	397,520	-	397,520	400,209	(2,689)	-	945,569
66 Water O&M	-	-	-	-	-	-	-	-
67 Waste Water O&M	-	-	-	-	-	-	-	-
68 Water Treatment Plant Upgrade	-	4,687,299	(996,134)	3,691,165	3,691,165	-	-	-
69 All season Road Program	-	-	475,855	475,855	532,059	(56,204)	-	(56,204)
	<u>13,713,871</u>	<u>5,965,572</u>	<u>209,593</u>	<u>6,175,165</u>	<u>6,778,962</u>	<u>(603,797)</u>	<u>-</u>	<u>13,110,074</u>
Other Funds								
70 Trust Fund	<u>3,730</u>	<u>-</u>	<u>79</u>	<u>79</u>	<u>-</u>	<u>79</u>	<u>-</u>	<u>3,809</u>
Closed Programs								
Add: capital assets (Note 13)	<u>155,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,103,394</u>	<u>8,258,710</u>
	<u><u>\$ 13,376,488</u></u>	<u><u>\$ 11,925,562</u></u>	<u><u>\$ 8,290,093</u></u>	<u><u>\$ 20,530,402</u></u>	<u><u>\$ 20,817,133</u></u>	<u><u>\$ (601,478)</u></u>	<u><u>\$ 8,097,287</u></u>	<u><u>\$ 20,872,297</u></u>
Capital Additions								
Funding recoveries (Note 24)								\$ 8,103,394 <u>(6,107)</u> <u>\$ 8,097,287</u>

The accompanying notes and supplementary schedules are an integral part of these financial statements.

MARTEN FALLS FIRST NATION

Statement of Cash Flows

For the year ended March 31

	<u>2018</u>	<u>2017</u>
Operating Activities		
Annual surplus (deficit) *	\$ 7,495,809	\$ 214,809
Items not affecting cash:		
Amortization of tangible capital assets	<u>898,267</u>	<u>949,818</u>
	<u>8,394,076</u>	<u>1,164,627</u>
Changes in non-cash items on Statement of Financial Position		
(Increase) decrease in accounts receivable and due from government	(335,440)	(1,894,254)
Increase in trust funds held by federal government	(79)	(68)
(Increase) decrease in prepaid expenses	(3,155)	(5,286)
Increase (decrease) in accounts payable and accrued liabilities and due to government	<u>3,886,544</u>	<u>1,022,320</u>
Increase (decrease) in deferred revenue	<u>(23,217)</u>	<u>1,876,332</u>
	<u>11,918,729</u>	<u>2,163,671</u>
Capital activities		
Purchase of tangible capital assets	<u>(8,104,972)</u>	<u>(155,316)</u>
Financing activities		
Payment of long-term debt	<u>(657,539)</u>	<u>(1,026,050)</u>
	<u>(657,539)</u>	<u>(1,026,050)</u>
Increase in cash for the year	3,156,218	982,305
Bank indebtedness, beginning of year	<u>728,131</u>	<u>(254,174)</u>
Cash (bank indebtedness), end of year	<u>\$ 3,884,349</u>	<u>\$ 728,131</u>

* Interest received during the year was \$53 (2017 - \$23). Interest paid during the year was \$159,626 (2017 - \$194,706). Interest received is made up of interest income from the Statement of Operations and Surplus in the amount of \$53 (2017 - \$23). Interest paid is made up of interest expense from the Statement of Operations and Surplus in the amount of \$144,378 (2017 - \$189,548) (less) the change in accrued interest payable in the amount of \$3,688 (2017 - increase \$5,158)

Notes to the Financial Statements

March 31, 2018

General

Marten Falls First Nation ("the First Nation"), a "band" as defined in the Indian Act, is located north-east of Nakina, Ontario. It conducts its operations guided by the provisions of federal and provincial statutes.

1. Significant Accounting Policies**(a) Basis of Accounting:**

These financial statements have been prepared in accordance with accounting policies generally accepted for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

(b) Reporting Entity:

Marten Falls First Nation reporting entity includes the Marten Falls First Nation government only since there are no other related entities that are controlled by the First Nation. Consolidated financial statements are therefore not applicable.

(c) Asset Classification:

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

(d) Cash:

Cash includes cash on hand and balances with banks net of bank overdrafts.

(e) Net Debt:

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)**(f) Tangible Capital Assets:**

Tangible capital assets acquired after April 1, 1997 (see note 15), are recorded at cost, which 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.

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.

Amortization of tangible capital assets is recognized as an expense in the Statement of Operations and Surplus. Tangible capital assets are amortized over their expected useful lives using the declining balance method at the following rates.

CMHC Housing	4%
Seniors' Complex	4%
Activity Centre	4%
Map and Conference Centre	4%
Nurses duplex	4%
Police Station	4%
School Upgrade	4%
Modular homes	4%
Warehouse	4%
Water Treatment Plant	4%
Fuel tanks	10%
Furnaces	20%
Furniture and equipment	20%
Heavy equipment	20%
Automotive	20%
School bus	30%
Computers	30%
Diesel Generating Station Upgrade	4%
Health Clinic	4%

Tangible capital assets are written-down when conditions indicate that they no longer contribute to Marten Falls 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 Statement of Operations and Surplus.

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. Transfers of tangible capital assets from related parties are recorded at carrying 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.

Notes to the Financial Statements

March 31, 2018

1. Significant Accounting Policies (continued)**(g) Revenue:**

Revenue is recognized in the period in which the transactions or events occur that give rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when collectability is not reasonably assured.

Government transfers are recognized as revenue 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 and Surplus as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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

(h) Measurement Uncertainty:

In preparing the financial statements for the government of Marten Falls First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The main estimates used in preparing these financial statements include allowance for doubtful accounts, due to/from government and government organizations and asset useful lives. Actual results could differ from these estimates.

(i) Expense Allocation:

Certain expenses which pertain to the operations as a whole have been allocated to various projects at the discretion of Chief and Council.

(j) Casino Rama Fund:

Under terms of the agreement with the Ontario First Nations Limited Partnership, all income distributions from Casino Rama are designated for community development, health programs, education programs, economic development and/or cultural development. The First Nation has therefore designated an externally restricted fund to allocate all funds distributed from Casino Rama, but unspent at year-end.

(k) Administration Fees:

It is the First Nation's policy to allocate certain administrative costs to the various programs. Such allocations are recorded as administration fee revenue or administration fee expense on the applicable program Schedules on the Statements of Operations and Surplus.

Notes to the Financial Statements

March 31, 2018

2. Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to/from government and other government organizations and long-term debt which may be subject to certain types of risk.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The First Nation has no foreign exchange and is not subject to currency risk.

Interest risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The First Nation has interest bearing debt, therefore, the First Nation is subject to interest risk. Given the current composition of long-term debt, fixed rate instruments subject the First Nation to a fair value risk while floating rate instruments subject it to a cash flow risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. It is management's opinion that the First Nation is not exposed to significant credit risks.

3. Cash (Bank Indebtedness)

All bank overdrafts are due on demand and bear interest at the bank's prime lending rate plus 5% (8.20% at year-end), (2017 - 7.70%).

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Marten Falls First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

	<u>2018</u>	<u>2017</u>
Externally Restricted		
All Season Road Project (held in trust by BDO)	\$ 23,899	\$ 13,395
Education (held in trust by BDO)	(9,607)	79,609
Housing Pilot Project (held in trust by BDO)	(28,351)	570,777
MOU Project (held in trust by BDO)	83,168	71,689
Regional Framework (held in trust by BDO)	9,510	88,835
Soil Remediation Project (held in trust by BDO)	1,360	18,632
Water Treatment Upgrade (held in trust by BDO)	3,217,797	50,000
Health - Capital Project	-	20
	<u>3,297,776</u>	<u>892,957</u>

Notes to the Financial Statements
March 31, 2018

3. Cash (Bank Indebtedness) (continued)

	<u>2018</u>	<u>2017</u>
<u>Internally Restricted</u>		
<u>Operating Fund</u>		
Arena Project account	\$ 49	\$ 51
INAC Co-management	78	78
Cliffs	-	20
Clinic Holdback	-	7
Education	(49,838)	(49,670)
Health and Social Services	(187,685)	(16,654)
MisAmik Housing Authority	384	30
Social Assistance	<u>66,973</u>	<u>(41,281)</u>
	(170,039)	(107,419)
<u>Casino Rama Fund</u>		
Casino Rama	<u>161,230</u>	<u>9,959</u>
	<u>(8,809)</u>	<u>(97,460)</u>
<u>Unrestricted</u>		
Operations and maintenance	595,376	(67,412)
Power Authority	<u>6</u>	<u>46</u>
	<u>595,382</u>	<u>(67,366)</u>
	<u>\$ 3,884,349</u>	<u>\$ 728,131</u>

Notes to the Financial Statements
March 31, 2018

4. Accounts Receivable

	<u>2018</u>	<u>2017</u>
<u>Operating Fund</u>		
Due from members:		
Social Housing	\$ 420,098	\$ 420,098
Loans	9,239	9,239
Marten Falls Power Authority - Client Services	804,204	804,204
Overpayment of welfare	17,633	17,633
Miscellaneous	-	-
	1,251,174	1,251,174
Allowance for doubtful accounts	(1,251,174)	(1,251,174)
	-	-
Due from others:		
Burmet Northern - Winter Road Usage	80,000	80,000
KKETS	55,132	50,160
Matawa First Nations Management	224,655	203,862
Nishnawbe Aski Nation	86,923	30,467
Small amounts owing (net of allowance for doubtful accounts)	39,110	5,600
	485,820	370,089
Casino Rama Fund		
Miscellaneous	-	-
Total Accounts Receivable	\$ 485,820	\$ 370,089

5. First Nation Trust Funds

Trust fund accounts 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.

	Opening Balance	Additions	Withdrawals	Closing Balance	2018 Total	2017 Total
Revenue	\$ 3,331	\$ 79	\$ -	\$ 3,410	\$ 3,410	\$ 3,331
Capital	<u>399</u>	-	-	<u>399</u>	<u>399</u>	<u>399</u>
Fund Total	\$ 3,730	\$ 79	\$ -	\$ 3,809	\$ 3,809	\$ 3,730

Notes to the Financial Statements
March 31, 2018

6. Due from Government and Other Government Organizations

	<u>2018</u>	<u>2017</u>
Federal Government		
Indigenous and Northern Affairs Canada	\$ 1,683,852	\$ 2,220,334
Health Canada	347,702	-
Canada Mortgage and Housing Corporation	<u>18,426</u>	<u>130,545</u>
	<u>2,049,980</u>	<u>2,350,879</u>
Provincial Government		
Ministry of Natural Resources and Forestry	69,867	137,812
Ministry of Northern Development and Mines	<u>437,978</u>	<u>137,419</u>
	<u>507,845</u>	<u>275,231</u>
Other Government Organizations		
HST receivable	<u>289,175</u>	1,181
	<u>\$ 2,847,000</u>	<u>\$ 2,627,291</u>

7. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Trade payables	\$ 7,186,545	\$ 3,766,124
Accrued salaries and employee benefits payable	303,292	304,990
WSIB payable	26,784	26,003
Other accrued liabilities	<u>81,380</u>	<u>143,929</u>
	<u>\$ 7,598,001</u>	<u>\$ 4,241,046</u>

8. Due to Government and Other Government Organizations

	<u>2018</u>	<u>2017</u>
Federal Government	\$ 291,889	\$ 291,889
Provincial Government	285,687	-
Other Government organizations	<u>906,197</u>	<u>662,295</u>
	<u>\$ 1,483,773</u>	<u>\$ 954,184</u>

Notes to the Financial Statements

March 31, 2018

9. Deferred Revenue

	<u>Balance</u> <u>March 31, 2017</u>	<u>Funding</u> <u>Received</u>	<u>Revenue</u> <u>Recognized</u>	<u>Revenue</u> <u>Repayable</u>	<u>Balance</u> <u>March 31, 2018</u>
Federal Government					
<u>Aboriginal Affairs and Northern Development Canada</u>					
Water Treatability Study	\$ 2,925	\$ -	\$ -	\$ -	\$ 2,925
Water Treatment Plant Upgrade	194,432	<u>4,687,299</u>	<u>3,691,165</u>	-	<u>1,190,566</u>
Remediation project	136,480	-	<u>119,604</u>	-	<u>16,876</u>
Improving School Effectiveness	14,681	<u>20,700</u>	<u>29,176</u>	-	<u>6,205</u>
Parental Engagement Strategy	7,505	<u>38,870</u>	<u>1,428</u>	-	<u>44,947</u>
First Nation Education Management and Governance Capacity	-	<u>12,500</u>	<u>12,500</u>	-	-
Housing Pilot Project	<u>1,592,202</u>	<u>2,065,237</u>	<u>2,989,648</u>	-	<u>667,791</u>
	<u>1,948,225</u>	<u>6,824,606</u>	<u>6,843,521</u>	-	<u>1,929,310</u>
<u>Health Canada</u>					
Health Clinic - Health Canada	<u>119,113</u>	-	-	-	<u>119,113</u>
	<u>2,067,338</u>	<u>6,824,606</u>	<u>6,843,521</u>	-	<u>2,048,423</u>
Provincial Government					
<u>Ministry of Northern Development</u>					
<u>Development and Mines</u>					
All Season Road Project	3,788	<u>420,347</u>	<u>93,589</u>	-	-
CCLO Project	<u>9,135</u>	<u>79,222</u>	<u>79,736</u>	-	<u>8,621</u>
	<u>12,923</u>	<u>499,569</u>	<u>173,325</u>	-	<u>8,621</u>
Total Deferred Revenue	<u>\$ 2,080,261</u>	<u>\$ 7,324,175</u>	<u>\$ 7,016,846</u>	<u>\$ -</u>	<u>\$ 2,057,044</u>

Notes to the Financial Statements

March 31, 2018

10. Long-Term Debt

	<u>2018</u>	<u>2017</u>
Royal Bank of Canada -		
Demand loan paid in full.	\$ -	\$ -
Term loan repayable in annual instalments of \$195,000 plus interest at prime plus 2.0%, due December, 2018, secured by general security agreement.	462,899	627,443
Term loan paid in full.	-	31,944
Term loan paid in ful.	-	25,312
Term loan repayable in monthly instalments of \$3,064 including interest at 4.7% due May, 2018, secured by general security agreement.	4,585	40,216
Term loan repayable in monthly instalments of \$5,300 including interest at 4.95% due October, 2018.	260,567	309,910
Term loan repayable in monthly instalments of \$6,716 including interest at 4.28% due October, 2021 secured by general security agreement.	684,507	734,866
Guaranteed loan repayable in monthly instalments of \$6,854 including interest at 2.33% due November, 2021 guaranteed by INAC.	288,128	362,618
Guaranteed loan repayable in monthly instalments of \$3,879 including interest at 2.94% due April, 2019, guaranteed by INAC.	259,021	297,381
Guaranteed loan repayable in monthly instalments of \$3,865 including interest at 3.07% due February, 2019, guaranteed by INAC.	250,577	288,680
Capital lease paid in full.	-	1
Caterpillar Financial Services Limited -		
Capital lease repayable in monthly lease payments of \$2,706 including interest at 5.363% with an option price of \$55,200 due March 25, 2020. Secured by a 2014 Caterpillar D5K2LGP Track Type Tractor.	111,041	136,800

Notes to the Financial Statements

March 31, 2018

10. Long-Term Debt (continued)

	<u>2018</u>	<u>2017</u>
Canada Mortgage and Housing Corporation -		
Guaranteed loan repayable in monthly instalments of \$2,584 including interest at 1.14% due June, 2021, guaranteed by INAC.	237,008	265,148
Guaranteed loan repayable in monthly instalments of \$3,292 including interest at 1.62% due May, 2018, guaranteed by INAC.	364,615	397,942
Guaranteed loan repayable in monthly instalments of \$1,851 including interest at 1.30% due June, 2022, guaranteed by INAC.	185,449	204,665
Guaranteed loan repayable in monthly instalments of \$1,861 including interest at 2.01% due October, 2019, guaranteed by INAC.	224,892	242,541
Guaranteed loan repayable in monthly instalments of \$2,640 including interest at 1.30% due June, 2022, guaranteed by INAC.	<u>399,667</u>	<u>425,028</u>
	<u><u>\$ 3,732,956</u></u>	<u><u>\$ 4,390,495</u></u>

Anticipated repayments over the next five years and thereafter, assuming renewal on similar terms and conditions, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 589,445	\$ 111,103	\$ 700,548
2020	660,414	89,748	750,162
2021	514,420	65,641	580,061
2022	390,651	47,843	438,494
2023	320,564	37,065	357,629
Thereafter	<u>1,257,462</u>	<u>93,392</u>	<u>1,350,854</u>
	<u><u>\$ 3,732,956</u></u>	<u><u>\$ 444,792</u></u>	<u><u>\$ 4,177,748</u></u>

11. Ontario Power Generation Agreement

In accordance with the terms of an agreement in a prior year with Ontario Power Generation, the First Nation is entitled to receive \$195,000 annually until the year 2027 as a contribution toward the Arena project.

Under a letter of direction agreed to by the First Nation, that amount is applied annually against certain outstanding debt related to the arena project included in Note 10 above.

Notes to the Financial Statements
March 31, 2018

12. Replacement Reserve

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 484,200	\$ 453,050
Replacement reserve allocation	<u>31,150</u>	<u>31,150</u>
Balance, end of year	<u><u>\$ 515,350</u></u>	<u><u>\$ 484,200</u></u>

Under the terms of housing funding agreements with Canada Mortgage and Housing Corporation ("CMHC"), this reserve, calculated as a stipulated amount (\$350 - \$1,100) per unit, is to be held in a separate bank account and used only with CMHC approval. As at the year-end, a separate bank account has not been established. Schedule 44 shows the transfers from each housing program.

13. Interfund Transfers

During the year, an amount of \$8,103,394 including \$1,442,581 from 2017 (2017 - \$155,316) was transferred from Capital Funds to the Operating Funds which represent tangible capital assets purchased and capital asset projects that were developed by the First Nation during the year from various capital projects.

14. Prepaid Expenses

	<u>2018</u>	<u>2017</u>
Honorariums	\$ 4,750	\$ 4,750
Student tuition, room and board, transportation and allowances	<u>35,977</u>	<u>33,322</u>
Other	<u>500</u>	-
Total prepaid expenses	<u><u>\$ 41,227</u></u>	<u><u>\$ 38,072</u></u>

15. Tangible Capital Assets

The Tangible Capital Assets detailed in this note presents all balances and changes in the year relating to tangible capital assets owned by the First Nation acquired after March 31, 1997. Tangible capital assets acquired previous to April 1, 1997 are not reflected in the Tangible Capital Assets balance.

In April, 2009, the First Nation adopted Public Sector Accounting Handbook Section 3150 - Tangible Capital Assets which requires all tangible capital assets in use to be included in the Statement of Financial Position. The First Nation is in the process of preparing a complete listing of tangible capital assets and valuing the assets which have not been previously recorded, but this list has not yet been completed.

MARTEN FALLS FIRST NATION
Notes to Financial Statements

March 31, 2018

15. Tangible Capital Assets (continued)

	Cost			Amortization			Net Book Value		Increase (decrease) in Net Book Value
	Opening Balance	Additions (disposals)	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2018	Total 2017	
Tangible Capital Assets									
CMHC Housing	\$ 6,685,286	\$ -	\$ 6,685,286	\$ 3,037,444	\$ 145,911	\$ 3,183,355	\$ 3,501,931	\$ 3,647,842	\$ (145,911)
Seniors' complex	665,814	-	665,814	352,874	12,518	365,392	300,422	312,940	(12,518)
Activity Centre	5,358,129	-	5,358,129	1,441,405	156,669	1,598,076	3,760,053	3,916,724	(156,671)
Map and Conference Centre	117,555	-	117,555	33,847	3,348	37,195	80,360	83,708	(3,348)
Nurses duplex	419,583	-	419,583	177,720	9,675	187,395	232,188	241,863	(9,675)
Police Station	183,619	-	183,619	79,918	4,148	84,066	99,553	103,701	(4,148)
School Upgrade	1,332,283	-	1,332,283	361,505	38,831	400,336	931,947	970,778	(38,831)
Modular Homes	1,296,534	-	1,296,534	186,486	44,401	230,887	1,065,647	1,110,048	(44,401)
Warehouse	187,495	-	187,495	89,657	3,914	93,571	93,924	97,838	(3,914)
Water Treatment Plant	466,793	-	466,793	133,757	13,322	147,079	319,714	333,036	(13,322)
Fuel tanks	422,063	-	422,063	401,382	6,203	407,585	14,478	20,681	(6,203)
Furnaces	96,917	-	96,917	93,299	723	94,022	2,895	3,618	(723)
Furniture and equipment	598,210	1,577	599,787	500,008	19,797	519,805	79,982	98,202	(18,220)
Heavy equipment	1,134,594	-	1,134,594	915,128	43,893	959,021	175,573	219,466	(43,893)
Automotive	9,295	-	9,295	8,438	258	8,696	599	857	(258)
School bus	148,235	-	148,235	137,916	3,096	141,012	7,223	10,319	(3,096)
Computers	60,813	-	60,813	57,033	1,134	58,167	2,646	3,780	(1,134)
Diesel Generating Station Upgrade	5,547,066	-	5,547,066	1,317,560	169,180	1,486,740	4,060,326	4,229,506	(169,180)
Health Clinic	6,293,752	-	6,293,752	762,693	221,243	983,936	5,309,816	5,531,059	(221,243)
	31,024,036	1,577	31,025,613	10,088,070	898,264	10,986,336	20,039,277	20,935,966	(896,689)
Assets Under Construction									
Housing	339,195	4,412,229	4,751,424	-	-	-	4,751,424	339,195	4,412,229
Water treatment plant	-	3,691,165	3,691,165	-	-	-	3,691,165	-	3,691,165
Total	\$ 31,363,231	\$ 8,104,971	\$ 39,468,202	\$ 10,088,070	\$ 898,264	\$ 10,986,336	\$ 28,481,866	\$ 21,275,161	\$ 7,206,705

Notes to the Financial Statements

March 31, 2018

16. Operating Agreement with Hydro One Remote Communities Inc.

On May 11, 2009, Marten Falls First Nation entered into an operating agreement with Hydro One Remote Communities Inc. (Hydro One). Under this agreement, the First Nation maintains ownership of the assets used with Hydro One operating and maintaining the assets, as well as collecting all revenue from the operations.

17. Economic Dependence

The government of Marten Falls First Nation receives a major portion of its revenue from Indigenous and Northern Affairs Canada and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

18. Contingencies

Marten Falls First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

For Canada Mortgage and Housing Corporation, the First Nation is contingently liable for subsidy surpluses as assessed by CMHC for prior periods. The settlement of amounts receivable or payable, if any, will be determined in a future period and recorded at that time.

In addition, in the normal course of its operations, Marten Falls First Nation has become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Marten Falls First Nation's financial statements.

19. Contractual Obligations

The nature of Marten Falls First Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated at year-end are summarized as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023 and thereafter</u>	Total
Photocopier lease - administration	\$ 4,305	\$ -	\$ -	\$ -	\$ -	\$ 4,305
Photocopier lease - education	-	-	-	-	-	-
CAT Financing (Dozer) - administration		<u>32,468</u>	<u>32,468</u>	<u>-</u>	<u>-</u>	<u>64,936</u>
Total	<u>\$ 36,773</u>	<u>\$ 32,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,241</u>

20. Comparative Figures

Notes to the Financial Statements

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Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

21. Budgeted Figures

The budgeted figures are presented for comparative purposes and are unaudited. The operating budget has been approved by Chief and Council and is reflected in the Statement of Operations and Surplus and in note 25 Segment Disclosure. The First Nation does not budget activity for reserve funds or for capital projects. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

22. Capital Disclosure

The First Nation considers its capital to be the balance retained in its fund balances, generally the difference between its assets and its liabilities as reported on the Statement of Financial Position.

The First Nation's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its services to the members.

Management maintains its capital by ensuring that annual operating and capital budgets are developed (and approved by the Chief and Council) based on known or estimated sources of funding available each year.

23. Expenses by Object

The following is a summary of expenses by object:

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 4,834,703	\$ 4,153,628
Employee benefits	153,730	85,515
Staff development	32,973	34,027
Supplies and services	4,310,664	2,857,453
Interest	166,926	201,556
Professional services	804,487	769,798
Rental expenditures	563,277	471,586
Fees and contract services	7,028,888	2,044,077
Other	1,603,320	1,533,822
Amortization	898,267	949,818
	<u>\$ 20,397,235</u>	<u>\$ 13,101,280</u>

Notes to the Financial Statements

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24. Repayment of surpluses

Repayment (recovery) of program surpluses are identified by program as follows:

	<u>2018</u>	<u>2017</u>
Indigenous and Northern Affairs Canada		
Schedule 3 - Tuition Agreements - prior years	\$ -	\$ (214,052)
Schedule 3 - Tuition Agreements - current year	- -	78,508
Schedule 8 - Band Operated School - Direct Services	- -	45,530
Schedule 25 - Homemakers - prior years	- -	1,497
Schedule 25 - Homemakers - current year	- -	1,772
Schedule 51 - Social Assistance - Basic Needs	- -	2,887
Schedule 52 - Social Assistance - Special Needs	- -	1,674
Nishnawbe Aski Nation		
Schedule 18 - Aboriginal Healing & Wellness - Crisis Intervention	- -	(855)
Ministry of Northern Development and Mines		
Schedule 34 - Regional Framework	6,107	(56,351)
Closed Programs		
- Diesel Generation Station Program	- -	(5,906)
- School Repair Program	- -	(19,027)
- Water Treatment Program	- -	(9,061)
- GAC Program	<u>- -</u>	<u>(3,987)</u>
	<u><u>\$ 6,107</u></u>	<u><u>\$ (177,371)</u></u>

MARTEN FALLS FIRST NATION

Notes to the Financial Statements

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25. Segment Disclosure

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Health			Economic Development			Housing			Community Services		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues															
Federal Government	-	2,885,434	2,729,614	-	1,525,417	1,219,750	-	78,050	302,095	-	3,444,086	1,807,887	-	50,000	-
Provincial Government	-	-	-	-	162,150	203,903	-	1,241,060	1,177,620	-	-	-	-	1,202,569	1,190,166
Economic activities	-	-	-	-	22	17	-	173,200	-	-	-	-	-	17	1
Other revenue	-	108,149	29,648	-	191,901	96,137	-	35,112	-	-	31,150	31,150	-	-	-
Total Revenues	-	2,993,583	2,759,262	-	1,879,490	1,519,807	-	1,527,422	1,479,715	-	3,475,236	1,839,037	-	1,252,586	1,190,167
Expenses															
Salaries and benefits	-	1,031,313	789,704	-	1,065,140	817,944	-	539,445	581,513	-	399,249	386,937	-	44,562	43,429
Amortization	-	6,849	9,066	-	71	90	-	287	410	-	158,431	165,032	-	156,669	163,197
Debt servicing	-	407	-	-	-	-	-	-	-	-	45,820	57,632	-	28,090	34,605
Other expenses	-	1,880,992	1,576,713	-	760,017	869,319	-	1,318,375	906,383	-	2,834,133	1,204,508	-	236,633	220,628
Total Expenses	-	2,919,154	2,375,890	-	1,825,228	1,687,353	-	1,858,107	1,488,306	-	3,437,633	1,814,109	-	465,954	461,859
Annual Surplus (Deficit)	-	74,429	383,372	-	54,262	(167,546)	-	(330,685)	(8,591)	-	37,603	24,928	-	786,632	728,308

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Notes to the Financial Statements

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25. Segment Disclosure (continued)

	Social Services			Band Government			Other			Inter-segment Eliminations			Consolidated Totals		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
	Revenues														
Federal Government	-	95,900	138,100	-	597,162	424,861	-	5,089,042	1,510,054	-	-	-	-	13,765,091	8,132,361
Provincial Government	-	1,077,489	1,056,025	-	248,359	64,737	-	972,003	601,004	-	-	-	-	4,903,630	4,293,455
Economic activities	-	-	-	-	14	5	-	62,479	79,118	-	-	-	-	235,732	79,141
Other revenue	-	-	-	-	853,130	367,302	-	91,760	122,432	-	(419,898)	(168,224)	-	891,304	478,445
Total Revenue	-	1,173,389	1,194,125	-	1,698,665	856,905	-	6,215,284	2,312,608	-	(419,898)	(168,224)	-	19,795,757	12,983,402
Expenses															
Salaries and benefits	-	95,969	145,562	-	771,000	475,412	-	654,459	742,038	-	-	-	-	4,601,137	3,982,539
Amortization	-	-	-	-	45,628	57,081	-	530,332	554,941	-	-	-	-	898,267	949,817
Debt servicing	-	-	-	-	19,578	37,023	-	50,890	59,882	-	-	-	-	144,378	189,549
Other expenses	-	1,132,070	1,110,264	-	1,398,012	783,294	-	5,613,119	1,476,490	-	(419,898)	(168,224)	-	14,753,453	7,979,375
Total Expenses	-	1,228,039	1,255,826	-	2,234,218	1,352,810	-	6,848,800	2,833,351	-	(419,898)	(168,224)	-	20,397,235	13,101,280
Annual Surplus (Deficit)	-	(54,650)	(61,701)	-	(535,553)	(495,905)	-	(633,516)	(520,743)	-	-	-	-	(601,478)	(117,878)

26. Other revenue

Included in other revenue is the following amounts:

	<u>2018</u>	<u>2017</u>
Harmonized sales tax	\$ 173,111	\$ -
Equipment and delivery charge	316,000	100,000
Mining and other payments	173,200	69,250
Other funding	<u>150,662</u>	<u>95,954</u>
	<u>\$ 812,973</u>	<u>\$ 265,204</u>