

**Pays Plat First Nation
Consolidated Financial Statements**

March 31, 2018

**Pays Plat First Nation
Contents**

For the year ended March 31, 2018

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Management's Responsibility

To the Chief and Council and Members of Pays Plat First Nation:

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

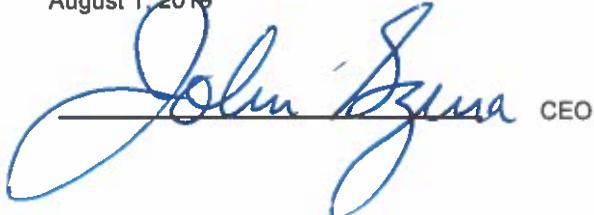
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Pays Plat First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pays Plat First Nation and meet when required.

August 1, 2010



John Bzma CEO

Independent Auditor's Report

To the Chief and Council and Members of Pays Plat First Nation:

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

The First Nation did not prepare budgets, which is not in compliance with Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Pays Plat First Nation as at March 31, 2018 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Thunder Bay, Ontario
August 1, 2019

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

Pays Plat First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Accounts receivable (Note 2)	161,881	81,427
Inventory for resale (Note 3)	6,480	6,480
Trust funds held by federal government (Note 4)	110,323	106,562
Due from government and other government organizations (Note 5)	448,151	124,682
Portfolio investments (Note 6)	780,635	793,719
Total financial assets	1,507,470	1,112,870
Liabilities		
Bank indebtedness (Note 7)	189,623	265,934
Accounts payable and accruals (Note 8)	1,263,935	1,196,450
Due to government and other government organizations (Note 9)	205,341	205,617
Employee benefit obligations (Note 10)	21,437	10,816
Long-term debt (Note 11)	2,576,586	2,215,656
Total liabilities	4,256,922	3,894,473
Net debt	(2,749,452)	(2,781,603)
Contingencies		
Non-financial assets		
Tangible capital assets (Note 13)	6,059,329	6,181,886
Prepaid expenses (Note 14)	-	9,293
Total non-financial assets	6,059,329	6,191,179
Accumulated surplus	3,309,877	3,409,576

Approved on behalf of the Council



Chief



CEO

Pays Plat First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
Revenue		
Canada Mortgage and Housing Corporation	219,712	90,917
Health Canada	208,850	149,719
Indigenous Services Canada	1,803,312	1,508,254
Administration fees	43,061	38,498
Anishinabek Employment and Training Services	39,153	1,165
AV Birla Group	72,908	72,905
Bell Canada	-	1,725
Dilico Ojibway Child and Family Services	105,119	102,415
Hydro One	31,517	41,492
Interest income	21,521	20,328
Ministry of Indigenous Affairs	263,893	90,000
Ministry of Community and Social Services	96,523	61,465
Ministry of Health and Long-Term Care	-	2,220
Ministry of Environment and Climate Change	21,250	20,823
Nature Conservancy of Canada	27,000	37,750
NextBridge Infrastructure	74,655	9,620
Nuclear Waste Management Organization	-	75,000
Ontario First Nations Limited Partnership	496,693	489,889
Other revenue	231,032	152,200
Rental income	76,254	51,694
TransCanada Pipelines	-	20,000
Union of Ontario Indians	174,190	161,117
Wood sales	64,664	19,880
	4,071,307	3,219,076

Continued on next page

Pays Plat First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	2018	2017
(Continued from previous page)	4,071,307	3,219,076
Expenses		
Administration	1,251,312	777,055
Education Programs	737,689	778,999
Economic Development Programs	60,339	131,118
Community Operations	193,704	204,709
Social, Cultural, Spiritual and Recreational Programs	152,849	102,098
Health Programs	494,257	426,605
Special Projects	710,103	529,711
Capital Projects	381,281	241,214
Business Enterprise Projects	166,068	239,721
OFNLP2008	10,207	36,458
Total expenses	4,157,809	3,467,688
Deficit before other items	(86,502)	(248,612)
Other income (expense)		
Decrease in investment in Bamkushwada Limited Partnership	(13,197)	(8,989)
Repayment of funding	-	(88,960)
	(13,197)	(97,949)
Annual deficit	(99,699)	(346,561)
Accumulated surplus, beginning of year	3,409,576	3,756,137
Accumulated surplus, end of year	3,309,877	3,409,576

Pays Plat First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2018

	2018	2017
Annual deficit	(99,699)	(346,561)
Acquisition of tangible capital assets	(108,002)	(365,878)
Amortization of tangible capital assets	230,559	216,528
	122,557	(149,350)
Use of prepaid expenses	9,293	1,905
Decrease (increase) in net financial debt	32,151	(494,006)
Net debt, beginning of year	(2,781,603)	(2,287,597)
Net debt, end of year	(2,749,452)	(2,781,603)

Pays Plat First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(99,699)	(346,561)
Non-cash items		
Amortization	230,559	216,528
Decrease in investment in Bamkushwada Limited Partnership	13,197	8,989
	144,057	(121,044)
Changes in working capital accounts		
Accounts receivable	(80,454)	173,838
Due from government and other government organizations	(323,469)	(44,647)
Trust funds held by federal government	(3,761)	(3,410)
Prepaid expenses	9,293	1,905
Accounts payable and accruals	67,485	99,864
Due to government and other government organizations	(276)	(55,255)
Deferred revenue	-	(75,000)
Employee benefit obligations	10,621	3,612
	(176,504)	(20,137)
Financing activities		
Advances of long-term debt	1,185,324	701,236
Repayment of long-term debt	(824,394)	(370,056)
	360,930	331,180
Capital activities		
Acquisition of tangible capital assets	(108,002)	(365,878)
Investing activities		
Purchase of portfolio investments	(113)	(303,520)
Proceeds from redemption of portfolio investments	-	146,875
	(113)	(156,645)
Decrease (increase) in cash deficiency	76,311	(211,480)
Cash deficiency, beginning of year	(265,934)	(54,454)
Cash deficiency, end of year (Note 7)	(189,623)	(265,934)

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 of the Chartered Professional Accountants of Canada.

Reporting entity

The Pays Plat First Nation (the "First Nation") reporting entity includes the First Nation government and all related entities that are controlled by the First Nation.

Principles of consolidation

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

Investments in First Nation partnerships are accounted for using the proportionate consolidation method whereby the First Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the First Nation partnership are combined on a line-by-line basis with similar items of the First Nation. Partnerships which meet the definition of a government business partnership are included in the consolidated financial statements on a modified equity basis.

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Pays Plat First Nation.

Organizations consolidated in Pays Plat First Nation's consolidated financial statements include:

- Pays Plat Economic Development Trust
- Smoke Signals Firewood Inc.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

Cash and cash equivalents

Cash and cash equivalents include balances with banks, including bank overdrafts when bank balances fluctuate frequently from being positive to overdrawn, and short-term investments with maturities of three months or less from the date of acquisition which are held for the purpose of meeting short-term cash commitments.

Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Tangible capital assets

Tangible capital assets are initially 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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to 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 and accumulated surplus.

Contributed capital assets are recorded into revenue 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 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. Assets under construction are not amortized until the asset is available to be put into service.

Capital lease

Leases that transfer substantially all of the benefits and risks of ownership to the lessee are recorded as a capital lease. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Amortization

Amortization of tangible capital assets is recognized as an expense in the consolidated statement of operations and accumulated surplus. Tangible capital assets are amortized over their expected useful lives using the declining balance method at the following rates:

	Method	Rate
Buildings	declining balance	4 %
Firehall	declining balance	4 %
Housing and renovations	declining balance	5 %
Small tools	declining balance	100 %
Vehicles	declining balance	30 %
Computers and electronic equipment	declining balance	30 %
Machinery and equipment	declining balance	30 %
Signs	declining balance	20 %
Water system and infrastructure	declining balance	4 %
Broadband project	declining balance	20 %
Furniture and equipment	declining balance	20 %
Arena	declining balance	4 %
Fences	declining balance	10 %

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus (deficit) for the year.

Expense allocation

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

Revenue recognition

Funding

Revenue is recognized in the period in which the transactions or events occurred that gave 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 their estimation is impracticable.

Government transfers

The First Nation recognizes government transfers 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 consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.

Other

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.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Provisions are made for slow moving and obsolete inventory.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Administration fees

It is the First Nation's policy to allocate certain administrative costs to the various programs. Such allocations are recorded as program administration fees revenue on the Administration Program schedule of revenue and expense.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Segments

The First Nation conducts its business through ten reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. When there is an indication of impairment, the First Nation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the First Nation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations and accumulated surplus. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to the fiscal year end, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Employee future benefits

The First Nation's employee future benefit programs consists of a defined contribution plan. The First Nation contributions to the defined contribution plan are expensed as incurred.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net financial assets/net debt as the measurement of financial position. The net financial assets/net debt of the First Nation is determined by its financial assets less its liabilities. Net financial assets/net debt combined with non-financial assets comprise a second indicator of financial position, accumulated annual surplus (deficit).

2. Accounts receivable

	2018	2017
Due from members:		
Rent	114,372	119,522
Advances	4,311	3,110
Other	1,201	11,051
	119,884	133,683
Due from others:		
Trade and other receivables	152,225	70,299
Less: allowance for doubtful accounts	(110,228)	(122,555)
	161,881	81,427

3. Inventory for resale

	2018	2017
Firewood	6,480	6,480

The cost of inventories recognized as an expense and included in cost of goods sold amounted to \$Nil (2017 - \$Nil).

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Trust funds held by federal government

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous Services Canada, with the consent of the First Nation's Council.

	2018	2017
Capital Trust		
Balance, beginning of year	1,071	1,071
Balance, end of year	1,071	1,071
Revenue Trust		
Balance, beginning of year	105,491	103,152
Interest	3,761	2,339
Balance, end of year	109,252	105,491
	110,323	106,562

The trust funds arise from moneys 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*.

5. Due from government and other government organizations

	2018	2017
Federal government		
Canada Mortgage and Housing Corporation	144,287	6,095
Health Canada	-	192
Indigenous Services Canada	125,487	10,000
Sales tax recoverable	135,485	95,349
	405,259	111,636
Provincial government		
Ministry of Indigenous Affairs	17,581	10,849
Ministry of Community and Social Services	13,082	-
Ministry of Health and Long-Term Care	-	993
Chiefs of Ontario	1,204	1,204
Infrastructure Ontario	11,025	-
	42,892	13,046
	448,151	124,682

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Portfolio investments

	2018	2017
HomeEquity Bank GIC - cashable		
-Compound interest GIC (2.30% interest - maturing Nov. 14, 2018)		
-Market value \$97,180 (2017 - \$95,001)	90,000	90,000
Montreal Trust CDA GIC - cashable		
-Compound interest GIC (2.57% interest - maturing Dec. 23, 2019)		
-Market value \$103,215 (2017 - \$100,636)	95,000	95,000
Bank of Nova Scotia GIC - cashable		
-Compound interest GIC (2.10% interest - maturing Dec. 14, 2019)		
-Market value \$80,758 (2017 - \$79,102)	77,000	77,000
Montreal Trust CDA GIC - cashable		
-Compound interest GIC (2.1% interest - maturing Dec. 14, 2019)		
-Market value \$80,758 (2017 - \$79,102)	77,000	77,000
Bank of Nova Scotia GIC - cashable		
-Compound interest GIC (2.32% interest - maturing Dec. 14, 2020)		
-Market value \$81,158 (2017 - \$79,323)	77,000	77,000
Montreal Trust CDA GIC - cashable		
-Compound interest GIC (2.32% interest - maturing Dec. 14, 2020)		
-Market value \$81,158 (2017 - \$79,323)	77,000	77,000
Home Trust Company GIC - cashable		
-Compound interest GIC (2.25% interest - maturing June 14, 2021)		
-Market value \$98,864 (2017 - \$96,698)	95,000	95,000
ICICI Bank Canada GIC - cashable		
-Compound interest GIC (2.23% interest - maturing June 14, 2021)		
-Market value \$67,620 (2017 - \$66,152)	65,000	65,000
General Bank of Canada GIC - cashable		
-Compound interest GIC (2.01% interest - maturing Feb. 22, 2022)		
-Market value \$65,163 (2017 - \$63,883)	63,750	63,750
Laurentian Bank GIC - cashable		
-Compound interest GIC (2.01% interest - maturing Feb. 22, 2022)		
-Market value \$62,163 (2017 - \$63,883)	63,750	63,750
Investment in AETS Property LP and GP Inc.	20	20
Investment in OFN Sovereign Wealth LP	1	-
Investment in OFN Asset Management GP Corporation	1	-
Investment in Supercom Industries LP	1	-
Investment in Supercom Industries Ltd.	100	-
Bamkushwada Limited Partnership	1	13,199
Bamkushwada General Partner Inc.	1	-
Ne-Daa-Kii-Me-Naan Inc.	10	-
 Total portfolio investments	780,635	793,719

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Bank indebtedness

The First Nation has available to it the following overdraft facilities:

A \$220,000 Royal Bank of Canada overdraft facility on the First Nation's general bank account incurring interest at the bank's prime rate plus 2%. The bank's prime rate at March 31, 2018 was 3.45% (2017 - 2.70%). The balance of the line of credit was \$174,695 at March 31, 2018 (2017 - \$218,574). Interest only payments are made monthly. Secured by a first ranking security interest in the guaranteed investment certificates of the First Nation (carrying value of \$780,500) and an assignment of Ontario First Nation Limited Partnership funds.

A \$15,000 Royal Bank of Canada overdraft facility on the First Nation's payroll bank account incurring interest at the bank's prime rate plus 2%. The bank's prime rate at March 31, 2018 was 3.45% (2017 - 2.70%). The balance of the line of credit was \$14,896 at March 31, 2018 (2017 - \$14,971). Interest only payments are made monthly. Secured by a first ranking security interest in the guaranteed investment certificates of the First Nation (carrying value of \$780,500) and an assignment of Ontario First Nation Limited Partnership funds.

A \$65,000 Royal Bank of Canada overdraft facility on the First Nation's Smoke Signals Firewood Inc. bank account incurring interest at the bank's prime rate plus 2%. The bank's prime rate at March 31, 2018 was 3.45% (2017 - 2.70%). The balance of the line of credit was \$61,219 at March 31, 2018 (2017 - \$59,920). Interest only payments are made monthly. Secured by a first ranking security interest in the guaranteed investment certificates of the First Nation (carrying value of \$780,500) and an assignment of Ontario First Nation Limited Partnership funds.

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the 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. The capital improvements bank balance is externally restricted under the terms of this agreement.

Bank indebtedness is comprised of the following:

	2018	2017
General (Unrestricted)	(203,958)	(265,482)
Payroll (Unrestricted)	(17,369)	(17,444)
Housing (Unrestricted)	104	53
Capital improvements (Externally restricted)	6,146	7,946
Loan payment (Unrestricted)	80,007	65,007
Pays Plat Economic Development Trust (Unrestricted)	82	154
Smoke Signals Firewood Inc. (Unrestricted)	(54,719)	(56,256)
Ontario First Nation Limited Partnership (Unrestricted)	6	10
Ontario First Nation Limited Partnership GIC Investment Account (Unrestricted)	78	78
 Total bank overdraft	 (189,623)	 (265,934)

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Accounts payable and accruals

	2018	2017
Trade payables	1,236,873	1,169,284
Accrued wages and benefits payable	11,939	11,939
Other accrued liabilities	15,123	15,227
	1,263,935	1,196,450

9. Due to government and other government organizations

	2018	2017
Federal government		
Receiver General	14,601	24,836
Indigenous Services Canada	173,379	173,379
	187,980	198,215
Provincial government		
Workplace Safety and Insurance Board	17,361	7,402
	205,341	205,617

10. Employee benefit obligations

	2018	2017
Vacation and overtime	21,437	10,816

Vacation and overtime

The vacation and overtime liability is comprised of the vacation that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% of their salary. The First Nation contributes 5.5% which are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year \$28,400 (2017 - \$23,391) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2018.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. Long-term debt

	2018	2017
CMHC mortgage payable with payments of \$1,778 per month including interest at 1.83% per annum, maturing December 1, 2034, with a renewal date of December 1, 2019. Secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on three housing units with a net book value of \$308,617.	308,226	323,820
CMHC mortgage payable with payments of \$1,576 per month including interest at 1.14% per annum, maturing May 1, 2036, with a renewal date of June 1, 2021. Secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on three housing units with a net book value of \$350,418.	311,770	327,055
CMHC mortgage payable with payments of \$2,102 per month including interest at 1.85% per annum, maturing August 1, 2039, with a renewal date of August 1, 2019. Secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on four housing units with a net book value of \$497,842.	446,761	463,621
CMHC mortgage payable with payments of \$1,987 per month including interest at 1.31% per annum, maturing December 1, 2041, with a renewal date of December 1, 2021. Secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on three housing units with a net book value of \$455,313.	487,121	495,000
RBC construction loan with monthly payments of \$21,991 including interest at a fixed rate of 4.30% per annum, maturing June 11, 2018. Secured by a first ranking security interest in the guaranteed investment certificates (carrying value of \$780,500) of the First Nation and an assignment of Ontario First Nation Limited Partnership funds.	1,022,708	606,160
	2,576,586	2,215,656

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing, are estimated as follows:

	Principal	Interest	Total
2019	290,350	62,853	353,203
2020	301,208	51,994	353,202
2021	312,515	40,688	353,203
2022	324,288	28,915	353,203
2023	134,964	19,465	154,429
	<hr/>	<hr/>	<hr/>
	1,363,325	203,915	1,567,240
	<hr/>	<hr/>	<hr/>
Thereafter	1,213,261	149,641	1,362,902

Interest on long-term debt amounted to \$65,824 (2017 - \$43,527).

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Contingencies

The First Nation has entered into contribution agreements with various federal 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.

In addition, in the normal course of operations, the First Nation becomes 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 the First Nation's consolidated financial statements. As of March 31, 2018, no contingent liabilities have been recorded in the consolidated financial statements.

13. Tangible capital assets

The consolidated schedule of tangible capital assets (Schedule 1) presents all balances and changes in the year relating to the tangible capital assets owned by the First Nation. Tangible capital assets acquired after March 31, 1997 are recorded at acquisition cost less amortization on the consolidated statement of financial position. Tangible capital assets acquired prior to April 1, 1997 are deemed to have been fully amortized and are recorded at a nominal value.

Tangible capital assets with a carrying value of \$2,439,848 (2017 - \$2,439,848) are not being amortized because the assets are currently under construction.

14. Prepaid expenses

	2018	2017
Program supplies and services	-	4,293
Honoraria	-	5,000
	<hr/>	<hr/>
	-	9,293

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year-end presentation.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

16. Segments

The First Nation has ten reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Administration - includes administration, governance activities and Band operations.

Education - includes the operations of education programs.

Health - activities include delivering health programs.

Economic Development - includes activities for the maintenance of the community and its infrastructure.

Community Operations - activities include delivering community service programs.

Social, Cultural, Spiritual and Recreational - activities include delivering social programs.

Special Projects - includes the operations of special programs.

Capital Projects - includes the operations of capital programs.

Business Enterprise Projects - includes the operations of significantly influenced business enterprises for consolidation.

OFNLP2008 - reports on the First Nation's Ontario First Nations Limited Partnership funding.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 1.

17. Government transfers

	<i>Operating</i>	<i>Capital</i>	2018	2017
Federal government transfers				
Indigenous Services Canada	1,647,362	155,950	1,803,312	1,508,254
Health Canada	208,850	-	208,850	149,719
Canada Mortgage and Housing Corporation	-	219,712	219,712	90,917
Nature Conservancy of Canada	27,000	-	27,000	37,750
Total Federal	1,883,212	375,662	2,258,874	1,786,640
Provincial government transfers				
Ministry of Indigenous Affairs	263,893	-	263,893	90,000
Ministry of Community and Social Services	96,523	-	96,523	61,465
Ministry of Health and Long-Term Care	-	-	-	2,220
Ministry of the Environment and Climate Change	21,250	-	21,250	20,823
Total Provincial	381,666	-	381,666	174,508
	2,264,878	375,662	2,640,540	1,961,148

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Consolidated entities

The First Nation controls the operations of Pays Plat Economic Development Trust and Smoke Signals Firewood Inc. which are fully consolidated in the consolidated financial statements. Financial information for these entities included in the consolidated statement of financial position is shown below. Inter-company balances which were eliminated upon consolidation have been included.

Pays Plat Economic Development Trust

	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
As at December 31		
Financial assets		
Cash	82	154
Due from related party	50,000	50,000
	50,082	50,154
Liabilities		
Due to related party	249,250	249,250
Net debt	(199,168)	(199,096)
Non-financial assets		
Tangible capital assets	25,967	33,732
Accumulated deficit	(173,201)	(165,364)
Revenue	-	-
Expenses	7,837	10,816
Annual deficit	(7,837)	(10,816)

The due from related party balance of \$50,000 (2017 - \$50,000) and the due to related party balance of \$249,250 (2017 - \$249,250) were eliminated in the consolidated statement of financial position.

Pays Plat First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Consolidated entities *(Continued from previous page)*

Smoke Signals Firewood Inc.

	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
As at December 31		
Financial assets		
Accounts receivable	2,907	1,387
Inventory	6,480	6,480
	9,387	7,867
Liabilities		
Bank indebtedness	54,719	56,256
Accounts payable	6,035	5,380
Due to government and other government organizations	36,296	37,168
Employee benefit obligations	-	911
Due to related party	329,729	255,829
	426,779	355,544
Net debt	(417,392)	(347,677)
Non-financial assets		
Tangible capital assets	64,936	88,792
Accumulated deficit	(352,456)	(258,888)
Revenue	64,664	105,160
Expenses	158,232	228,905
Annual deficit	(93,568)	(123,745)

The due to related party balance of \$329,729 (2017 - \$255,829) was eliminated in the consolidated statement of financial position.

19. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and deficit have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses, and deficit, omission of this information is considered a departure from PSA standards.

Pays Plat First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Buildings</i>	<i>Fire Hall</i>	<i>Housing and renovations</i>	<i>Small tools</i>	<i>Vehicles</i>	<i>Computers and electronic equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	61,231	237,000	4,846,041	1,244	97,909	58,196	5,301,621
Acquisition of tangible capital assets	-	-	92,585	-	-	1,115	93,700
Balance, end of year	61,231	237,000	4,938,626	1,244	97,909	59,311	5,395,321
Accumulated amortization							
Balance, beginning of year	33,107	132,507	1,762,003	1,244	85,560	48,442	2,062,863
Annual amortization	1,125	4,180	156,516	-	3,705	3,094	168,620
Balance, end of year	34,232	136,687	1,918,519	1,244	89,265	51,536	2,231,483
Net book value of tangible capital assets	26,999	100,313	3,020,107	-	8,644	7,775	3,163,838
2017 Net book value of tangible capital assets	28,124	104,493	3,084,038	-	12,349	9,754	3,238,758

Pays Plat First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Machinery and equipment</i>	<i>Signs</i>	<i>Water system and infrastructure</i>	<i>Broadband project</i>	<i>Furniture and equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	5,301,621	361,640	1,678	597,506	22,818	222,786	6,508,049
Acquisition of tangible capital assets	93,700	3,272	-	1,925	-	9,105	108,002
Balance, end of year	5,395,321	364,912	1,678	599,431	22,818	231,891	6,616,051
Accumulated amortization							
Balance, beginning of year	2,062,863	251,091	1,283	300,737	21,688	152,778	2,790,440
Annual amortization	168,620	33,655	79	11,909	226	14,912	229,401
Balance, end of year	2,231,483	284,746	1,362	312,646	21,914	167,690	3,019,841
Net book value of tangible capital assets	3,163,838	80,166	316	286,785	904	64,201	3,596,210
2017 Net book value of tangible capital assets	3,238,758	110,549	395	296,769	1,130	70,008	3,717,609

Pays Plat First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Arena</i>	<i>Land acquisition</i>	<i>Fences</i>	<i>Other fully amortized assets</i>	<i>2018</i>	<i>2017</i>
Cost							
Balance, beginning of year	6,508,049	2,439,848	12,850	22,935	1	8,983,683	8,617,805
Acquisition of tangible capital assets	108,002	-	-	-	-	108,002	365,878
Balance, end of year	6,616,051	2,439,848	12,850	22,935	1	9,091,685	8,983,683
Accumulated amortization							
Balance, beginning of year	2,790,440	-	-	11,357	-	2,801,797	2,585,269
Annual amortization	229,401	-	-	1,158	-	230,559	216,528
Balance, end of year	3,019,841	-	-	12,515	-	3,032,356	2,801,797
Net book value of tangible capital assets	3,596,210	2,439,848	12,850	10,420	1	6,059,329	6,181,886
2017 Net book value of tangible capital assets	3,717,609	2,439,848	12,850	11,578	1	6,181,886	

Pays Plat First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2018

	2018	2017
Consolidated expenses by object		
Administration	52,761	50,144
Advertising	306	210
Amortization	230,559	216,528
Automotive	15,472	15,076
Bad debts (recovery of) expense	(213)	6,053
Bank charges and interest	27,895	28,249
Community events	10,207	36,458
Contracted services	108,576	134,002
Emergency expense	3,247	4,084
IT equipment	3,406	10,305
Funerals and related expenses	23,896	4,881
Honoraria	182,047	91,300
Insurance	62,890	58,032
Interest and penalties	9,469	34,146
Interest on long-term debt	65,824	43,527
Materials	77,037	55,889
Meetings	8,380	4,992
Miscellaneous	1,161	2,670
Non treaty assistance	34	-
Office supplies	5,788	5,639
Professional development	8,069	12,736
Professional fees	653,494	323,056
Program expense	169,845	171,093
Rent	12,600	8,400
Repairs and maintenance	42,095	15,472
Salaries and benefits	1,152,407	971,632
Social assistance	87,724	60,488
Student allowances	87,520	96,728
Student supplies	5,781	11,173
Supplies	2,162	199
Training	27,770	26,667
Transportation	131,245	57,248
Travel	336,662	269,668
Tuition	459,067	557,848
Utilities	84,058	80,847
Workshops	8,568	2,248
	4,157,809	3,467,688

Pays Plat First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>ISC Revenue</i>	<i>Other Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Administration						
Administration - Band Operations	175,524	181,647	357,171	591,010	215,964	(17,875)
Administration - Band Employee Benefits	26,500	-	26,500	26,500	-	-
Administration - Events	56	-	56	56	-	-
Administration - Funerals & Burials	8,991	-	8,991	22,381	-	(13,390)
Administration - Government Capital Development	-	-	-	25,350	-	(25,350)
Administration - Negotiation Preparedness	173,893	173,893	347,786	586,015	-	(238,229)
Section subtotal	384,964	355,540	740,504	1,251,312	215,964	(294,844)
Education						
Education - Elementary Tuition Agreements	462,100	-	462,100	462,100	-	-
Education - Elementary Band Operated School	135,038	-	135,038	32,304	-	102,734
Education - Summer Work Experience	7,167	-	7,167	6,000	-	1,167
Education - Secondary	58,414	-	58,414	1,635	-	56,779
Education - Post Secondary	260,366	2,245	262,611	172,964	-	89,647
Education - Guidance	76,300	4,226	80,526	44,810	-	35,716
Education - School Effectiveness	16,830	-	16,830	16,617	-	213
Education - Parental & Community Engagement	1,100	-	1,100	1,259	-	(159)
Section subtotal	1,017,315	6,471	1,023,786	737,689	-	286,097
Economic Development						
Economic Development	42,000	1,846	43,846	60,339	16,493	-
Community Operations						
Community Operations - Roads and Bridges	13,545	-	13,545	19,492	5,947	-
Community Operations - Water & Sewer	83,667	6,072	89,739	69,185	-	20,554
Community Operations - Band Buildings	7,096	2,400	9,496	85,218	75,722	-
Community Operations - Electrical Systems	4,690	-	4,690	666	-	4,024
Community Operations - Fire Protection	17,708	1,200	18,908	19,143	-	(235)
Section subtotal	126,706	9,672	136,378	193,704	81,669	24,343
Social, Cultural, Spiritual and Recreational						
Social, Cultural, Spiritual and Recreational Programs - Social Assistance	20,400	97,581	117,981	118,601	-	(620)
Social, Cultural, Spiritual and Recreational Programs - Homemakers	300	-	300	300	-	-
Social, Cultural, Spiritual and Recreational Programs - Social Assistance - Basic Needs	900	-	900	900	-	-
Social, Cultural, Spiritual and Recreational Programs - Social Assistance - In-Home Care	100	-	100	100	-	-
Social, Cultural, Spiritual and Recreational Programs - Child & Family Services	32,900	-	32,900	32,948	-	(48)
Section subtotal	54,600	97,581	152,181	152,849	-	(668)

Pays Plat First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Health						
Health Programs - Mental Health Crisis	-	27,683	27,683	27,683	-	-
Health Programs - Solvent Abuse	-	5,313	5,313	5,313	-	-
Health Programs - Early Childhood Development	-	13,164	13,164	13,164	-	-
Health Programs - Aboriginal Diabetes Initiative	-	9,002	9,002	9,002	-	-
Health Programs - Brighter Futures	-	43,154	43,154	43,836	-	(682)
Health Programs - NIHB Transportation	-	31,312	31,312	31,312	-	-
Health Programs - NIHB Non-Scheduled	-	7,273	7,273	10,527	-	(3,254)
Health Programs - Community Health Representative	-	53,444	53,444	55,965	-	(2,521)
Health Programs - Family Support Worker	-	51,971	51,971	57,585	-	(5,614)
Health Programs - Aboriginal Healing and Wellness	-	70,228	70,228	69,287	-	941
Health Programs - Health Consultation	-	9,421	9,421	11,678	-	(2,257)
Health Programs - CPNP	-	3,120	3,120	3,120	-	-
Health Programs - EPH/Drinking Water Safety	-	24,991	24,991	24,991	-	-
Health Programs - Suicide Prevention	-	2,048	2,048	2,048	-	-
Health Programs - Family Well Being	-	110,861	110,861	110,861	-	-
Health Programs - Union of Ontario Indians	-	8,034	8,034	8,034	-	-
Health Programs - Youth Regalia Fund	-	-	-	9,851	-	(9,851)
Section subtotal	-	471,019	471,019	494,257	-	(23,238)
Special Projects						
Special Projects - Native Values	-	27,203	27,203	43,606	15,000	(1,403)
Special Projects - AETS	-	39,153	39,153	129,330	90,177	-
Special Projects - Summer Student Employment	-	6,257	6,257	10,134	-	(3,877)
Special Projects - New Relationship Fund	-	90,805	90,805	91,659	-	(854)
Special Projects - Mining Activities	-	3,868	3,868	3,398	-	470
Special Projects - Skills Link	21,777	-	21,777	21,763	-	14
Special Projects - Business Centre	-	9,650	9,650	26,572	16,000	(922)
Special Projects - Nextbridge Project	-	81,417	81,417	91,338	-	(9,921)
Special Projects - Nuclear Waste Management Organization	-	-	-	79,972	-	(79,972)
Special Projects - NEEDAK	-	46,000	46,000	9,035	(36,965)	-
Special Projects - Ministry of Indigenous Relations and Reconciliation - LLLB	-	-	-	11,100	-	(11,100)
Special Projects - AANDC - LLLB	-	-	-	15,838	-	(15,838)
Special Projects - MECC Great Lakes Guardian	-	24,960	24,960	24,960	-	-
Special Projects - ACEP - IESO	-	36,592	36,592	22,891	-	13,701
Special Projects - Climate Change Health Adapt	-	42,481	42,481	42,399	-	82
Special Projects - AV Birla	-	72,908	72,908	72,908	-	-
Special Projects - Clean Water/Wastewater Fund	-	11,025	11,025	13,200	-	(2,175)
Section subtotal	21,777	492,319	514,096	710,103	84,212	(111,795)

Pays Plat First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Capital Projects						
Capital Projects - CMHC #1	-	84,843	84,843	27,212	-	57,631
Capital Projects - CMHC #2	-	26,978	26,978	6,591	-	20,387
Capital Projects - CMHC #3	-	58,337	58,337	16,101	-	42,236
Capital Projects - CMHC #4	-	31,325	31,325	13,291	-	18,034
Capital Projects - INAC - FNIIP	155,950	-	155,950	262,955	106,086	(919)
Capital Projects - CMHC Sec 95 Housing Officer	-	48,272	48,272	55,131	-	(6,859)
Section subtotal	155,950	249,755	405,705	381,281	106,086	130,510
Business Enterprises						
Business Enterprises Projects - Pays Plat Economic Development Trust	-	-	-	7,836	-	(7,836)
Business Enterprises Projects - Smoke Signals Firewood Inc.	-	64,664	64,664	158,232	-	(93,568)
Business Enterprise Projects - Bamkushwada LP	-	(13,197)	(13,197)	-	-	(13,197)
Section subtotal	-	51,467	51,467	166,068	-	(114,601)
OFNLP2008						
OFNLP2008	-	519,128	519,128	10,207	(504,424)	4,497
Total	1,803,312	2,254,798	4,058,110	4,157,809	-	(99,699)