

Pic Mobert First Nation
Consolidated Financial Statements
March 31, 2017

Pic Mobert First Nation Contents

For the year ended March 31, 2017

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Management's Responsibility

To the Chief and Council and Members of Pic Mobert First Nation:

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

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

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

The 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 consolidated financial statements and the external auditors' report.

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 Pic Mobert First Nation and meet when required.

November 3, 2017



Director of Operations

Independent Auditors' Report

To the Chief and Council and Members of Pic Mobert First Nation:

We have audited the accompanying consolidated financial statements of Pic Mobert First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations and 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.

Auditors' 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 auditors' 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 possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Pic Mobert First Nation as at March 31, 2017 and the results of its operations and surplus, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Thunder Bay, Ontario
November 3, 2017

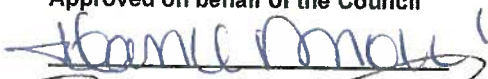


MNP LLP

Chartered Professional Accountants
Licensed Public Accountants



Pic Mobert First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Cash resources (Note 3)		
Short-term investments (Note 4)	2,352,855	3,298,196
Accounts receivable (Note 5), (Note 19)	371,997	422,654
Inventory	601,552	547,963
Due from government and other government organizations (Note 6)	1,075,523	455,913
Trust funds held by federal government (Note 8)	748,113	404,678
Investment in Pic Mobert Hydro Inc. (Note 7)	73,558	72,219
Investment in White Lake Limited Partnership (Note 7)	70,977,621	70,977,621
Investment in Bamkushwada Limited Partnership (Note 7)	1,722,710	1,307,023
Investment in White River Forest Products Limited Partnership (Note 7)	13,199	22,188
Investment in AETS Property LP (Note 7)	1	1
Investment in AETS Property GP Inc.	10	-
	10	-
Total financial assets	77,937,149	77,508,456
Liabilities		
Accounts payable and accruals (Note 9), (Note 19)	4,061,023	4,318,944
Deferred revenue (Note 10)	2,739,449	1,988,896
Due to government and other government organizations (Note 11)	72,908	41,054
Due to Regional Power Inc. (Note 12)	79,143,116	76,470,338
Long-term debt (Note 13)	2,769,702	2,062,993
Total liabilities	88,786,198	84,882,225
Net debt	(10,849,049)	(7,373,769)
Contingent liabilities (Note 14)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,987,468	21,282,420
Intangible capital assets	1,986	1,986
Prepaid expenses	474,377	84,714
Total non-financial assets	24,463,831	21,369,120
Accumulated surplus	13,614,782	13,995,351

Approved on behalf of the Council

Chief
Councillor
Councillor

Councillor
Councillor

The accompanying notes are an integral part of these financial statements

Pic Mobert First Nation
Consolidated Statement of Operations and Surplus
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada (Note 15), (Note 17)	6,328,011	10,879,353
Dilico Ojibway Child and Family Services	205,559	214,295
Ontario First Nations Limited Partnership	734,358	647,241
Ministry of Health and Long-Term Care	56,033	43,947
Health Canada (Note 17)	477,416	480,087
Ministry of Community, Family and Children's Services	937,019	874,703
Union of Ontario Indians	260,289	67,029
Anishinabek Employment and Training Services	154,640	75,409
Canada Mortgage and Housing Corporation (Note 17)	342,981	170,763
Ministry of Indigenous Relations and Reconciliation	295,122	206,473
Ministry of Northern Development, Mines and Forestry	15,804	1,850
Ministry of Transportation	30,804	30,804
Ministry of Tourism, Culture and Sport	46,715	14,669
Ministry of Environment	440,000	55,000
Ministry of Education	6,275	2,541
Regional Power Inc.	72,307	82,389
Canadian Environmental Assessment	16,000	-
Rent revenue (Note 19)	448,444	349,013
Contract revenue - Barrick Gold	2,398,824	2,251,059
Administration fees	650,189	367,540
Miscellaneous revenue (Note 19)	400,684	157,310
Northern Ontario Heritage Fund	7,277	23,512
NextEra Energy Canada	-	30,000
Nextbridge Infrastructure	-	110,236
Independent Electricity System Operator	26,847	-
Industry Canada	-	48,025
Fundraising revenue (Note 19)	64,450	11,600
Income from investment in government business partnerships	406,698	1,095,649
Natural Resources Canada	-	75,000
Forestry Services	2,811,924	2,372,118
Inter-department cost recoveries	319,835	288,117
Total revenue	17,954,505	21,025,732
Expenses		
Administration and Chief and Council	1,157,156	1,129,186
Infrastructure Programs	1,342,075	697,780
Social, Cultural, Spiritual and Recreational Programs	586,196	494,325
Education Programs	2,016,982	2,043,676
Health Programs	1,960,045	1,949,043
Capital Programs	1,810,421	1,172,443
Economic Development Programs	2,864,535	3,036,625
Business Enterprise Projects	6,583,763	5,956,524
Casino Rama Fund	110	108
Total expenses (Schedule 2)	18,321,283	16,479,710
Surplus (deficit)	(366,778)	4,546,022

Continued on next page

Pic Mobert First Nation
Consolidated Statement of Operations and Surplus
For the year ended March 31, 2017

	2017	2016
Surplus (deficit) <i>(Continued from previous page)</i>	(366,778)	4,546,022
Accumulated surplus, beginning of year	13,995,351	9,459,697
Prior year surplus recoveries	(13,791)	(10,368)
Accumulated operating surplus, end of year	13,614,782	13,995,351

The accompanying notes are an integral part of these financial statements

Pic Mobert First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2017

	2017	2016
Annual surplus (deficit)	(366,778)	4,546,022
Purchases of tangible capital assets	(3,605,027)	(7,806,458)
Amortization of tangible capital assets	897,429	505,450
Prior year surplus recoveries	(13,791)	(10,368)
Proceeds of disposal of tangible capital assets	2,550	-
Acquisition of prepaid expenses	(389,663)	-
Use of prepaid expenses	-	4,475
Acquisition of intangible capital assets	-	(1,000)
Increase in net debt	(3,475,280)	(2,761,879)
Net debt, beginning of year	(7,373,769)	(4,611,890)
Net debt, end of year	(10,849,049)	(7,373,769)

The accompanying notes are an integral part of these financial statements

Pic Mobert First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(366,778)	4,546,022
Prior year surplus recoveries	(13,791)	(10,368)
Non-cash items		
Amortization	897,429	505,450
Net income from government business partnerships	(406,698)	(1,089,179)
Changes in working capital accounts		
Accounts receivable	(53,589)	93,086
Inventory	(619,610)	(455,913)
Due from government and other government organizations	(343,435)	(174,733)
Trust funds held by federal government	(1,339)	(1,500)
Due from White Lake Limited Partnership	-	100
Prepaid expenses	(389,663)	4,475
Deferred revenue	750,553	863,569
Accounts payable and accruals	(257,921)	726,905
Due to government and other government organizations	31,854	(4,247)
Due to White River Forest Products Limited Partnership	-	238,014
	(772,988)	5,241,681
Financing activities		
Advances of current portion of long-term debt	1,020,534	-
Repayment of current portion of long-term debt	(313,825)	(308,834)
	706,709	(308,834)
Capital activities		
Purchases of tangible capital assets	(3,605,027)	(7,806,458)
Purchase of intangible capital assets	-	(1,000)
Proceeds of disposal of tangible capital assets	2,550	-
	(3,602,477)	(7,807,458)
Investing activities		
Proceeds on disposal of temporary investments	422,654	595,251
Increase in investment in Pic Mobert Hydro Inc.	-	(35,476,137)
Increase in due to Regional Power Inc.	2,672,778	38,916,295
Purchase of temporary investments	(371,997)	(422,654)
Repayment of loans receivable	-	50,000
Investment in AETS Property LP	(10)	-
Investment in AETS Property GP Inc.	(10)	-
	2,723,415	3,662,755
Increase (decrease) in cash resources	(945,341)	788,144
Cash resources, beginning of year	3,298,196	2,510,052
Cash resources, end of year	2,352,855	3,298,196
Supplementary cash flow information		
Interest paid	83,199	71,519

The accompanying notes are an integral part of these financial statements

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

1. Operations

The Pic Mobert First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Pic Mobert First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Pic Mobert First Nation reporting entity includes the Pic Mobert First Nation 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 government business enterprise, which are included in the consolidated financial statements on a modified equity basis.

Government partnerships are proportionately consolidated on a line-by-line basis except for the partnerships which meet the definition of government business partnership, which are included in the consolidated financial statements on a modified equity basis.

Under the modified equity method of accounting, only the Pic Mobert 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 Pic Mobert First Nation.

Organizations consolidated in Pic Mobert First Nation's consolidated financial statements include:

- White Lake Resources Corporation
- Pic Mobert Sawmill Corporation
- Gitchi Animki Energy Corporation
- Maygwayyawk Forestry Services Corp.
- Giizis Power GP Corp.

Organizations proportionately consolidated in Pic Mobert First Nation's consolidated financial statements include:

- Gitchi Animki Energy Limited Partnership
- Maygwayyawk Forestry Services Limited Partnership
- Giizis Power LP

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Organizations accounted for on a modified equity basis include:

- White Lake Limited Partnership
- Bamkushwada Limited Partnership
- AETS Property LP

Organizations accounted for using the cost method include:

- Pic Mobert Hydro Inc.
- AETS Property GP Inc.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Inventory

Inventory of goods available for resale are recorded at the lower of cost and net realizable value.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Tangible capital assets

Tangible capital assets 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. 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.

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

Contributed capital assets are recorded into 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.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Amortization

Tangible capital assets are amortized annually using the declining balance and straight-line methods at rates intended to amortize the cost of the assets over their estimated useful lives as follows:

	Method	Rate
Office equipment	declining balance	20 %
General equipment	declining balance	20 %
Police office trailer	declining balance	30 %
Computer hardware	declining balance	30 %
Computer software	declining balance	100 %
Automotive	declining balance	30 %
Assets under capital lease	declining balance	20 %
Housing - Section 10	straight-line	35 years
Infrastructure	straight-line	35 years
Gymnasium/Auditorium	straight-line	35 years
CMHC Housing - Section 95	straight-line	35 years
Administration office	straight-line	35 years
Housing renovations	straight-line	35 years
Skating rink	straight-line	35 years
Health clinic	straight-line	35 years
CMHC Housing - Section 95 (2008/2010)	straight-line	35 years
School building	straight-line	35 years
Dilico building	straight-line	35 years
Elder's residences	straight-line	35 years
Water treatment facility	straight-line	35 years
OW building	straight-line	35 years
Pow-wow Arbour	straight-line	35 years
Cultural Centre	straight-line	35 years
Dilico Building - 2017	straight-line	35 years
Maywayyawk Forestry	declining balance	20-30 %
Services Limited Partnership Assets		

Long-term debt and capital lease obligations

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt or capital lease obligation.

Repayments of long-term financing are recognized as a decrease in long-term debt.

Capital lease repayments are recognized as a decrease in capital lease obligations.

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 value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value.

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

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. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets (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 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 surplus (deficit).

Revenue recognition

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 impractical.

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 the transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulations 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.

Measurement uncertainty

In preparing the consolidated financial statements for the First Nation in conformity with Canadian public sector accounting standards, management is required 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. Items requiring the use of significant estimates include accounts receivable, inventory, accounts payable and accruals and the estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

Segments

The First Nation conducts its business through nine reportable segments: Administration and Chief and Council, Infrastructure Programs, Social, Cultural, Spiritual and Recreational Programs, Education Programs, Health Programs, Capital Programs, Economic Development Programs, Business Enterprise Projects, and Casino Rama Fund. 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*.

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

Funds held by federal government

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in revenue on the consolidated statement of operations and surplus (deficit). Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Investments in equity instruments not quoted in an active market are subsequently measured at cost. 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 operating 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 are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. 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 statement of remeasurement gains and losses.

Loans receivable

Loans are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

Administration fees

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

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

3. Cash resources

	2017	2016
HST account	20,537	20,651
Petty cash	500	500
General account	(146,382)	(395,048)
Water Treatment account	563,620	2,488,111
Welfare account	108,664	14,414
Equity Trust account	1,493,017	902,327
Casino Rama account	174,195	106,054
CMHC Replacement Reserve account (restricted)	261,028	225,904
Gitchi Animki Energy Limited Partnership	1,291	22,482
Maygwayyawk Forestry Services Limited Partnership	(123,615)	(87,199)
	2,352,855	3,298,196

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.

The general account has an overdraft available of up to \$300,000 with interest at bank prime plus 2% (4.7% - March 31, 2017) (2016 - 4.7%) which is secured by a general security agreement (\$Nil outstanding at March 31, 2017 and \$173,307 at March 31, 2016).

The Welfare bank account has overdraft available up to \$10,000 with interest at bank prime plus 2% (4.7% - March 31, 2017) (2016 - 4.7%). Which is secured by a general security agreement (\$Nil outstanding at March 31, 2017 and March 31, 2016).

The Maygwayyawk Forestry Services Limited Partnership account has an overdraft available of up to \$250,000 with interest at bank prime plus 3% and a general security guarantee by Pic Mobert First Nation (\$Nil outstanding at March 31, 2017 and \$9,302 outstanding at March 31, 2016).

4. Short-term investments

	2017	2016
Bank of Montreal 1 year GIC, redeemed in 2016	-	146,764
Bank of Montreal 1 year GIC, redeemed in 2016	-	25,249
Bank of Montreal 1 year GIC, redeemed in 2016	-	85,997
Bank of Montreal 1 year GIC, redeemed in 2016	-	20,000
Bank of Montreal 1 year GIC, redeemed in 2017	-	10,045
Bank of Montreal 1 year GIC, redeemed in 2017	-	22,901
Bank of Montreal 1 year GIC, redeemed in 2017	-	89,228
Bank of Montreal 1 year GIC, redeemed in 2016	-	22,470
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing May 2017	147,939	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing June 2017	25,413	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing July 2017	40,011	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing December 2017	20,129	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing January 2018	18,665	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing January 2018	10,165	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing February 2018	19,959	-
Bank of Montreal 1 year GIC, bearing interest at 0.55% maturing February 2018	89,716	-
	371,997	422,654

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Accounts receivable

	2017	2016
CMHC	31,177	-
Members rent	100,565	198,341
Members advances	15,844	11,750
Barrick Gold	252,239	147,834
Dilico Ojibway Child and Family Services	30,426	35,583
Anishinabek Employment and Training Services	40,655	9,077
Union of Ontario Indians	1,696	-
Other miscellaneous receivables	229,515	307,405
Less: allowance for doubtful accounts	(100,565)	(162,027)
	601,552	547,963

6. Due from government and other government organizations

	2017	2016
Federal government		
Indigenous and Northern Affairs Canada	213,538	83,831
Health Canada	38,985	65,766
Natural Resources Canada	-	75,134
HST recoverable	80,768	79,323
Industry Canada	-	35,567
Canadian Environmental Assessment Agency	18,080	-
Maywayyawk Forestry Services Limited Partnership - HST recoverable	151,229	12,622
Provincial government		
Ministry of Community and Social Services	14,866	12,944
Ministry of Health and Long-Term Care	21,587	17,919
Ministry of Natural Resources	7,500	1,572
Ministry of Northern Development and Mines	3,922	-
Ministry of Indigenous Relations and Reconciliation	182,772	20,000
Ministry of Education	14,866	-
	748,113	404,678

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities

A summary of financial information for Gitchi Animki Energy Limited Partnership for the years ended March 31, 2017 and March 31, 2016 is shown below.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Cash	1,291	22,482
Accounts receivable	17,064	24,644
Due from related parties	11,997	11,537
Investment in Pic Mobert Hydro Inc.	70,977,621	70,977,621
Total financial assets	71,007,973	71,036,284
Liabilities		
Accounts payable and accruals	4,002	2,002
Due to Regional Power Inc.	79,143,116	76,470,338
Due to related parties	2,151,739	2,151,539
Total liabilities	81,298,857	78,623,879
Net debt	(10,290,884)	(7,587,595)
Accumulated deficit	(10,290,884)	(7,587,595)
	Year ending March 31, 2017 (Unaudited)	Year ending March 31, 2016 (Unaudited)
Revenue		
Pic Mobert First Nation/Ontario Power Authority	440,000	55,000
Miscellaneous	-	24,644
Total revenue	440,000	79,644
Expenses		
Accounting and legal fees	5,928	6,367
Honoraria - Directors	13,850	20,750
Honoraria - Pic Mobert First Nation Representative	8,100	10,500
Insurance	11,610	10,968
Interest and bank charges	527	126
Interest on joint venture loan	2,672,778	3,440,159
Management fees	6,045	5,041
Meetings	4,000	-
Miscellaneous	9	262
Project costs	405,000	-
Travel	15,442	26,512
Total expenses	3,143,289	3,520,685
Deficit	(2,703,289)	(3,441,041)

Pic Mobert First Nation/Ontario Power Authority revenue of \$440,000 (2016 - \$55,000) was eliminated in the consolidated statement of operations. The due from related parties of \$11,997 (2016 - \$11,537) and the due to Pic Mobert First Nation balance of \$2,151,539 (2016 - \$2,151,539) was eliminated in the consolidated statement of financial position.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for White Lake Resources Corporation for the years ended March 31, 2017 and March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Due from Pic Mobert First Nation	100	100
Investment in White Lake Limited Partnership	272	230
Total financial assets	372	330
Liabilities		
Accounts payable and accruals	1,000	1,000
Due to White Lake Limited Partnership	2,512	1,409
Total liabilities	3,512	2,409
Accumulated deficit	(3,140)	(2,079)
	Year ending March 31, 2017 (Unaudited)	Year ending March 31, 2016 (Unaudited)
Revenue		
Share of partnership income	42	107
Total revenue	42	107
Expenses		
Professional fees	1,103	1,559
Deficit	(1,061)	(1,452)

The due from Pic Mobert First Nation balance of \$100 (2016 - \$100) was eliminated in the consolidated statement of financial position.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation owns 99.99% of the units of White Lake Limited Partnership and has been included in the consolidated financial statements using the modified equity method. A condensed summary of financial information for White Lake Limited Partnership for the years ended March 31, 2017 and March 31, 2016 is shown below.

	As at March 31, 2017	As at March 31, 2016
Assets		
Current		
Cash	745,144	417,237
Accounts receivable	1,165,271	1,084,318
Government remittances receivable	1,931	-
Prepaid expenses	8,162	9,686
	1,920,508	1,511,241
Equipment	229,337	65,341
Investment in Pic Mobert Sawmill Corporation	100	100
	2,149,945	1,576,682
Liabilities		
Current		
Accounts payable	182,655	108,348
Government remittances payable	-	117,311
Short-term debt	34,000	44,000
Term loan due on demand	77,705	-
Due to Pic Mobert Sawmill Corporation	100	100
	294,460	269,759
Long-term debt	132,875	-
Partners' Capital	1,722,610	1,306,923
	2,149,945	1,576,682
	Year ending	Year ending
	March 31, 2017	March 31, 2016
Revenue	2,963,699	2,924,768
Expenses	2,548,012	1,851,730
Net earnings	415,687	1,073,038

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for Pic Mobert Sawmill Corporation for the years ended March 31, 2017 and March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Investment in White River Forest Products Limited Partnership	238,014	238,014
Total financial assets	238,014	238,014
Liabilities		
Due to White River Forest Products Limited Partnership	14	14
Due to White Lake Limited Partnership	7,441	6,163
Total liabilities	7,455	6,177
Net financial assets	230,559	231,837
Accumulated surplus	230,559	231,837
	Year ending March 31, 2017 (Unaudited)	Year ending March 31, 2016 (Unaudited)
Expenses		
Professional fees	1,278	1,068
Net loss	(1,278)	(1,068)

The investment in White River Forest Products Inc. was reduced to a nominal amount (\$1) in order to recognize Pic Mobert Sawmill Corporation's share of losses from the investment using the cost method. The investment will continue to be shown at a nominal amount until such time where it is apparent that White River Forest Products Inc.'s operations return to profitability. The due to White Lake Limited Partnership balance of \$7,441 (2016 - \$6,163) was eliminated in the consolidated statement of financial position.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for Gitchi Animki Energy Corporation for the years ended March 31, 2017 and March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Investment in Gitchi Animki Energy Limited Partnership	1	1
Total financial assets	1	1
Liabilities		
Accounts payable and accruals	2,550	1,186
Due to Gitchi Animki Energy Limited Partnership	2,037	2,037
Note payable to Gitchi Animki Energy Limited Partnership	1,029	759
Total liabilities	5,616	3,982
Net debt	(5,615)	(3,981)
Accumulated deficit	(5,615)	(3,981)

	Year ending March 31, 2017 (Unaudited)	Year ending March 31, 2016 (Unaudited)
Revenue		
Share of partnership loss	(270)	(414)
Total loss	(270)	(414)
Expenses		
Professional fees	1,364	1,523
Total expenses	1,634	1,523
Deficit	(1,634)	(1,937)

The investment in Gitchi Animki Energy Limited Partnership balance of \$1 (2016 - \$1), the due to Gitchi Animki Energy Limited Partnership of \$2,037 (2016 - \$2,037) and the note payable to Gitchi Animki Energy Limited Partnership of \$1,029 (2016 - \$759) has been eliminated in the consolidated statement of financial position. The share of partnership loss of (\$270) (2016 - (\$414)) has been eliminated in the consolidated statement of operations and surplus.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation owns 50.99% of the units of Maygwayyawk Forestry Services Limited Partnership and has been consolidated in the financial statements of the First Nation. A summary of financial information for Maygwayyawk Forestry Services Limited Partnership for the year ended March 31, 2017 and March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017	As at March 31, 2016
Financial assets		
Cash	-	-
Accounts receivable	152,628	100,084
Government remittances receivable	296,557	24,751
Inventory	2,109,080	894,037
Total financial assets	2,558,265	1,018,872
Liabilities		
Bank indebtedness	242,407	170,995
Accounts payable and accruals	1,331,382	1,193,068
Deferred revenue	2,941,546	-
Total liabilities	4,515,335	1,364,063
Net debt	(1,957,070)	(345,191)
Non-financial assets		
Tangible capital assets	58,656	97,553
Prepaid expenses	497,228	61,889
Partners' deficit	(1,401,186)	(185,749)

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

	Year ending March 31, 2017	Year ending March 31, 2016
Revenue	5,514,127	4,651,677
Cost of sales		
Forestry	4,252,273	3,007,456
Logging road	994,183	819,851
Subcontracts	-	24,561
Purchases	38,096	806
	5,284,552	3,852,674
Gross profit	229,575	799,003
Expenses		
Amortization	33,897	16,699
Business fees and licences	2,162	-
Equipment rental	5,083	3,048
Freight	5,683	-
Fuel	218,941	76,998
Insurance	14,972	5,484
Interest and bank charges	10,867	7,689
Mileage	32,599	13,641
Office	15,367	6,985
Professional fees	44,218	26,350
Rent	12,825	9,975
Repairs and maintenance	347,942	225,206
Telephone	650	5,282
Travel and entertainment	3,562	6,412
Utilities	131	863
Vehicle expenses	29,968	16,600
Wages and employee benefits	666,145	414,457
	1,445,012	835,689
Net loss	(1,215,437)	(36,686)

A portion of the accounts payable and accruals balance of \$24,362 (2016 - \$29,362) was eliminated in the consolidated statement of financial position.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for Maygwayyawk Forestry Services Corp. for the year ended March 31, 2017 and March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Investment in Maygwayyawk Forestry Services Limited Partnership	1	1
Total financial assets	1	1
Liabilities		
Accounts payable and accruals	2,551	1,000
Due to shareholders	886	886
Note payable to Maygwayyawk Forestry Services Limited Partnership	141	20
Total liabilities	3,578	1,906
Net debt	(3,577)	(1,905)
Non-financial assets		
Intangible capital assets	986	986
Accumulated deficit	(2,591)	(919)
	Year ended March 31, 2017 (Unaudited)	Year ended March 31, 2016 (Unaudited)
Revenue		
Share of partnership loss	(121)	(4)
Expenses		
Professional fees	1,551	1,000
Net loss	(1,672)	(1,004)

The share of partnership loss of (\$121) (2016 - (\$4)) has been eliminated in the consolidated statement of operations and surplus.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation owns 16.66% of the units of Bamkushwada Limited Partnership and has been included in the consolidated financial statements using the modified equity method. A condensed summary of the financial information for Bamkushwada Limited Partnership for the years ended December 31, 2016 and December 31, 2015 is shown below.

	As at December 31, 2016 (Unaudited)	As at December 31, 2015 (Unaudited)
Financial assets		
Cash	140,187	126,422
Accounts receivable	38,976	19,960
HST receivable	62,688	23,914
Total financial assets	241,851	170,296
Liabilities		
Accounts payable and accruals	162,650	37,156
Partners' capital	79,201	133,140
Total liabilities and equity	241,851	170,296
	Year ending December 31, 2016 (Unaudited)	Year ending December 31, 2015 (Unaudited)
Revenue	322,553	334,522
Expenses	376,492	237,665
Net income (loss)	(53,939)	96,857

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for Giizis Power LP for the year ended March 31, 2017 and for the period ended March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information.

Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Due from related parties	1,101	1,101
Total financial assets	1,101	1,101
Liabilities		
Accounts payable and accruals	2,610	1,000
Due to Gitchi Animki Energy Limited Partnership	9,960	9,500
Total liabilities	12,570	10,500
Net debt	(11,469)	(9,399)
Accumulated deficit	(11,469)	(9,399)
	Year ending March 31, 2017 (Unaudited)	Period ending March 31, 2016 (Unaudited)
Expenses		
Honoraria	-	2,000
Professional fees	1,610	7,500
Travel	460	-
Total expenses	2,070	9,500
Net loss	(2,070)	(9,500)

The due from related parties of \$1,101 (2016 - \$1,101) and due to Gitchi Animki Energy Limited Partnership of \$9,960 (2016 - \$9,500) have been eliminated in the consolidated statement of financial position.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

A summary of financial information for Giizis Power GP Corp. for the year ended March 31, 2017 and for the period ended March 31, 2016 is shown below. Summary cash flow information has not been included as cash flow activities are readily apparent from the other financial information. Inter-company balances and transactions which were eliminated during consolidation have been included.

	As at March 31, 2017 (Unaudited)	As at March 31, 2016 (Unaudited)
Financial assets		
Due from Pic Mobert First Nation	100	100
Investment in Giizis Power LP	1	1
Total financial assets	101	101
Liabilities		
Accounts payable and accruals	2,373	1,000
Due to Giizis Power LP	1,001	1,001
Note payable to Giizis Power LP	116	95
Total liabilities	3,490	2,096
Net debt	(3,389)	(1,995)
Non-financial assets		
Intangible capital assets	1,000	1,000
Accumulated deficit	(2,389)	(995)
	Year ending March 31, 2017 (Unaudited)	Period ending March 31, 2016 (Unaudited)
Revenue		
Share of partnership loss	(21)	(95)
Expenses		
Professional fees	1,373	1,000
Net loss	(1,394)	(1,095)

The due from Pic Mobert First Nation of \$100 (2016 - \$100), investment in Giizis Power LP of \$1 (2016 - \$1), due to Giizis Power LP of \$1,001 (2016 - \$1,001) and the note payable to Giizis Power LP of \$116 (2016 - \$95) have been eliminated in the consolidated statement of financial position. The share of partnership loss of \$21 (2016 - \$95) has been eliminated in the consolidated statement of operations and surplus.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Investments in First Nation partnerships and business entities *(Continued from previous page)*

The First Nation owns 14.26% of the units of AETS Property LP and has been included in the consolidated financial statements using the modified equity method. A condensed summary of the financial information for AETS Property LP for the period ended March 31, 2017 is shown below.

	As at March 31, 2017 (Unaudited)
Financial assets	
Cash	70
Partner's capital	70

8. Trust funds held by federal government

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

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2017	2016
Capital Trust		
Balance, beginning of year	4,619	4,619
Balance, end of year	4,619	4,619
Revenue Trust		
Balance, beginning of year	67,600	66,100
Interest	1,339	1,500
Balance, end of year	68,939	67,600
	73,558	72,219

9. Accounts payable and accruals

	2017	2016
Trade payables	3,975,643	4,098,864
Accrued salaries and benefits payable	53,302	188,002
Other accruals	32,078	32,078
	4,061,023	4,318,944

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
INAC - Water Treatment Facility	602,143	971,375	1,573,518	-
INAC - Band Operated School	-	385,577	224,274	161,303
INAC - Comprehensive Planning	-	110,000	51,657	58,343
INAC - Capital Planning	-	25,000	-	25,000
Barrick Gold - Administration	825,310	341,202	300,304	866,208
PGM Stillwater Palladium Mine - Environmental Assessments	27,644	-	3,950	23,694
PGM Stillwater Palladium Mine - Administration	25,000	-	-	25,000
Ontario Power Authority - Hydro Project	453,468	25,000	465,000	13,468
Westdome Gold Mine - Administration	20,000	-	-	20,000
Rio Tinto Exploration Canada Inc. - Administration	5,000	-	-	5,000
Ministry of Tourism - Ontario Sport and Recreation Communities Fund	20,331	45,000	46,715	18,616
Dilico - Church renovation	10,000	-	-	10,000
Prepaid rent	-	12,779	-	12,779
Maywayyawk Forestry Services Limited Partnership	-	1,500,038	-	1,500,038
	1,988,896	3,415,971	2,665,418	2,739,449

11. Due to government and other government organizations

	2017	2016
Federal government		
Receiver General	72,908	41,054

12. Due to Regional Power Inc.

The balance due to Regional Power Inc. represents development costs incurred on behalf of Gitchi Animiki Energy Limited Partnership ("GAELP") by White River Hydro Limited Partnership ("WRHLP"), the other joint venture partner. Under the joint venture agreement, Regional Power Inc. has a commitment to loan GAELP amounts equal to its share of qualifying projects costs. Interest on the loan is accrued monthly and bears interest at varying interest rates of up to 3.45% per annum. The balance owing at March 31, 2017 includes \$9,380,722 (March 31, 2016 - \$6,707,944) in cumulative accrued interest.

The loan is collateralized by GAELP's interest in the Pic Mobert Hydro Power Joint Venture ("PMHPJV"). GAELP is under no obligation to repay the loan and interest. However, GAELP will forfeit its interest in the joint venture, and any potential future profits thereof, if the loan is not repaid. Per the loan agreement, loan repayments are to be financed through the use of future project revenue. The project officially commenced in May 2016.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

13. Long-term debt

	2017	2016
Mortgage #0041501821 payable to Bank of Montreal with payments of \$11,497 per month including interest at 2.7% per annum maturing April 2018, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 26 housing units.	147,725	279,823
Mortgage #19151315001 payable to CMHC with payments of \$2,075 per month including interest at 1.08% per annum maturing May 2025, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 6 housing units.	194,774	217,473
Mortgage #19151315002 payable to CMHC with payments of \$5,016 per month including interest at 1.62% per annum maturing January 2028, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 8 housing units.	598,721	648,909
Mortgage #19151315003 payable to CMHC with payments of \$5,032 per month including interest at 2.35% per annum maturing August 2023, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 10 housing units.	360,169	411,615
Mortgage #19151315004 payable to CMHC with payments of \$4,680 per month including interest at 1.08% per annum maturing August 2025, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 9 housing units.	447,779	498,872
Ford credit loan paid in January 2017.	-	6,301
Mortgage payable to Bank of Montreal with interest-only payments at prime plus 1% (3.7%) during the construction phase of the Dilico building. A fixed term loan contract will be negotiated at the completion of the project. Loan is secured by an assignment of lease revenue.	1,020,534	-
	2,769,702	2,062,993

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

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2018	313,630	25,971	339,601
2019	192,651	20,823	213,474
2020	183,774	17,868	201,642
2021	186,755	14,887	201,642
2022	189,790	11,852	201,642
	1,066,600	91,401	1,158,001
Thereafter	1,703,102	20,388	1,723,490

Interest on long-term debt amounted to \$32,076 (2016 - \$42,494).

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

14. Contingent liabilities

The First Nation has been named as a defendant in a lawsuit by a former employee. The lawsuit is seeking to recover damages allegedly sustained by them as a result of Pic Mobert First Nation cancelling the plaintiff's short-term and long-term disability benefits, life insurance benefits and health benefits without the consent of the plaintiff. The lawsuit remains at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. Any amount awarded as a result of this action will be recorded when reasonably estimable. Total damages being claimed by the plaintiff is \$1,050,000.

White River Forest Products Inc. ("WRFPI"), a partner of Maywayyaw Forestry Services Limited Partnership ("MFSLP") which has been proportionately consolidated in these consolidated financial statements, has been named as a defendant in a lawsuit for which it was acting as agent for the partnership and the partnership had indemnified WRFPI. The lawsuit is seeking to recover damages allegedly sustained by them as a result of unutilized equipment standby charges. The lawsuit remains at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. Any amount awarded as a result of this action will be recorded when reasonably estimable. Legal counsel defending WRFPI and MFSLP in this claim does not foresee the claim to exceed \$200,000.

The First Nation has entered into contribution agreements with various federal government departments and other entities. 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 its 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, 2017, no contingent liabilities have been recorded in the consolidated financial statements.

15. INAC funding reconciliation

	2017	2016
INAC revenue per consolidated financial statements	6,328,011	10,879,353
Change in deferred revenue	(357,496)	363,346
Funding clawed back	-	2,091
Natural Resources Canada Funding - NTE2 - Forestry	-	75,000
INAC revenue per confirmation	5,970,515	11,319,790

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

16. Segments

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

Administration and Chief and Council - includes administration and governance activities.

Infrastructure Programs - includes Band programs and maintenance.

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

Education Programs - includes the operations of education programs.

Health Programs - includes the operations of health programs.

Capital Programs - includes the operations of capital programs.

Economic Development Programs - includes the operations of economic programs.

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

Casino Rama Fund - 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 2.

17. Government transfers

Pic Mobert First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada ("INAC"). Under the terms of the agreement, funding from the agreement can be suspended if the First Nation does not comply with the terms of the agreement.

	<i>Operating</i>	<i>Capital</i>	<i>2017</i>	<i>2016</i>
Federal government transfers				
Aboriginal Affairs and Northern Development Canada	3,922,863	2,405,148	6,328,011	10,879,353
Health Canada	477,416	-	477,416	480,087
Canada Mortgage and Housing Corporation	217,981	125,000	342,981	170,763
	4,618,260	2,530,148	7,148,408	11,530,203
Provincial government transfers				
Other provincial government	1,835,049	-	1,835,049	1,229,987
	6,453,309	2,530,148	8,983,457	12,760,190

18. Defined contribution plans

Defined contribution pension plan

The First Nation has a defined contribution pension plan covering substantially all full-time employees. Members are required to contribute 5.5% of their basic salary. The First Nation contributes 5.5% which is directed to the members' 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 members' withdrawal from the plan. The First Nation contributions and corresponding expense totalled \$109,045 in 2017 (2016 - \$117,741). INAC provides funding to the First Nation for its share of pension contributions for full-time employees.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

19. Related party transactions

White Lake Limited Partnership is a partnership controlled by Pic Mobert First Nation, and therefore is related to the First Nation. At March 31, 2017, \$50,784 (2016 - \$75,013) was receivable from White Lake Limited Partnership and \$390,390 (2016 - \$75,000) was payable to White Lake Limited Partnership.

Transactions occurring during the year between related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration agreed to by the parties. Miscellaneous revenue from White Lake Limited Partnership amounted to \$106,639 (2016 - \$86,877). Rent revenue from White Lake Limited Partnership amounted to \$3,600 (2016 - \$3,600). Fundraising revenue from White Lake Limited Partnership amounted to \$60,000 (2016 - \$Nil). Professional fees expenses to White Lake Limited Partnership amounted to \$30,397 (2016 - \$75,000). Program expenses to White Lake Limited Partnership amounted to \$4,750 (2016 - \$1,575). Repairs and maintenance expenses to White Lake Limited Partnership amounted to \$10,596 (2016 - \$Nil). Travel expenses to White Lake Limited Partnership amounted to \$1,755 (2016 - \$Nil).

20. Financial instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency, credit or liquidity risks arising from these financial instruments except as otherwise disclosed.

Fair value of financial instruments

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

Risk management

The First Nation manages its credit risk by providing allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation enters into transactions to purchase goods and services on credit for which repayment is required at various maturity dates.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate risk with respect to its long-term debt as they are at fixed rates. The First Nation has loans with fixed rates ranging from 1.08% to 7.29% and maturities of one to eleven years.

Pic Mobert First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

21. 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 surplus have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

22. Economic dependence

Pic Mobert First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Pic Mobert First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Housing - Section 10	CMHC Housing - Section 95	CMHC Housing - Section 95 (2008/2010)	Infrastructure	Water Treatment Facility	Housing renovations	Subtotal
Cost							
Balance, beginning of year	2,654,332	853,499	2,739,628	2,676,489	10,914,300	763,684	20,601,932
Acquisition of tangible capital assets	-	-	-	-	1,551,168	-	1,551,168
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	2,654,332	853,499	2,739,628	2,676,489	12,465,468	763,684	22,153,100
Accumulated amortization							
Balance, beginning of year	1,375,851	682,814	680,787	886,473	3,204	163,596	3,792,725
Annual amortization	75,838	24,386	78,275	76,471	356,156	21,820	632,946
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	1,451,689	707,200	759,062	962,944	359,360	185,416	4,425,671
Net book value of tangible capital assets	1,202,643	146,299	1,980,566	1,713,545	12,106,108	578,268	17,727,429
2016 Net book value of tangible capital assets	1,278,481	170,685	2,058,841	1,790,016	10,911,096	600,088	16,809,207

Pic Mobergt First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Subtotal	OW Building	Dilico Building	School Building	Gymnasium / Auditorium	Police office trailer	Subtotal
Cost							
Balance, beginning of year	20,601,932	296,911	201,300	1,773,911	156,174	5,670	23,035,898
Acquisition of tangible capital assets	1,551,168	-	-	-	-	-	1,551,168
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	22,153,100	296,911	201,300	1,773,911	156,174	5,670	24,587,066
Accumulated amortization							
Balance, beginning of year	3,792,725	33,932	106,400	763,636	78,086	5,668	4,780,447
Annual amortization	632,946	8,483	5,751	50,683	4,462	1	702,326
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	4,425,671	42,415	112,151	814,319	82,548	5,669	5,482,773
Net book value of tangible capital assets	17,727,429	254,496	89,149	959,592	73,626	1	19,104,293
2016 Net book value of tangible capital assets	16,809,207	262,979	94,900	1,010,275	78,088	2	18,255,451

Pic Mobert First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Subtotal	Office equipment	Computer hardware	Computer software	General equipment	Administration office	Subtotal
Cost							
Balance, beginning of year	23,035,898	59,315	109,893	28,355	54,650	715,423	24,003,534
Acquisition of tangible capital assets	1,551,168	-	-	-	-	-	1,551,168
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	24,587,066	59,315	109,893	28,355	54,650	715,423	25,554,702
Accumulated amortization							
Balance, beginning of year	4,780,447	54,462	107,125	28,355	37,808	327,055	5,335,252
Annual amortization	702,326	970	830	-	3,368	20,441	727,935
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	5,482,773	55,432	107,955	28,355	41,176	347,496	6,063,187
Net book value of tangible capital assets	19,104,293	3,883	1,938	-	13,474	367,927	19,491,515
2016 Net book value of tangible capital assets	18,255,451	4,853	2,768	-	16,842	388,368	18,668,282

Pic Moberg First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Subtotal	Elder's residences	Automotive	Skating rink	Assets under capital lease	Health Clinic	Subtotal
Cost							
Balance, beginning of year	24,003,534	803,665	339,686	229,596	21,706	2,009,202	27,407,389
Acquisition of tangible capital assets	1,551,168	-	54,344	-	-	-	1,605,512
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	25,554,702	803,665	394,030	229,596	21,706	2,009,202	29,012,901
Accumulated amortization							
Balance, beginning of year	5,335,252	367,391	268,196	71,980	18,937	344,436	6,406,192
Annual amortization	727,935	22,962	29,599	6,560	554	57,406	845,016
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	6,063,187	390,353	297,795	78,540	19,491	401,842	7,251,208
Net book value of tangible capital assets	19,491,515	413,312	96,235	151,056	2,215	1,607,360	21,761,693
2016 Net book value of tangible capital assets	18,668,282	436,274	71,490	157,616	2,769	1,664,766	21,001,197

Pic Mobert First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Subtotal	Pow-Wow Arbour	Mining claims	Other fully amortized assets	Cultural Centre	Dilco Building - 2017	Subtotal
Cost							
Balance, beginning of year	27,407,389	25,714	30,000	1	183,200	-	27,646,304
Acquisition of tangible capital assets	1,605,512	-	-	-	-	1,020,534	2,626,046
Construction-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	29,012,901	25,714	30,000	1	183,200	1,020,534	30,272,350
Accumulated amortization							
Balance, beginning of year	6,406,192	2,205	-	-	5,234	-	6,413,631
Annual amortization	845,016	735	-	-	5,234	29,158	880,143
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	7,251,208	2,940	-	-	10,468	29,158	7,293,774
Net book value of tangible capital assets	21,761,693	22,774	30,000	1	172,732	991,376	22,978,576
2016 Net book value of tangible capital assets	21,001,197	23,509	30,000	1	177,966	-	21,232,673

Pic Moberg First Nation

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	Subtotal	CMHC Housing - Section 95 (2017) - In-Progress	INAC Housing - (2017) - In-Progress	Maywayyawk Forestry Services Limited Partnership	2017	2016
Cost						
Balance, beginning of year	27,646,304	-	-	58,263	27,704,567	19,898,109
Acquisition of tangible capital assets	2,626,046	-	-	-	2,626,046	99,998
Construction-in-progress	-	125,000	853,980	-	978,980	7,706,460
Disposal of tangible capital assets	-	-	-	(5,100)	(5,100)	-
Balance, end of year	30,272,350	125,000	853,980	53,163	31,304,493	27,704,567
Accumulated amortization						
Balance, beginning of year	6,413,631	-	-	8,516	6,422,147	5,916,697
Annual amortization	880,143	-	-	17,286	897,429	505,450
Accumulated amortization on disposals	-	-	-	(2,551)	(2,551)	-
Balance, end of year	7,293,774	-	-	23,251	7,317,025	6,422,147
Net book value of tangible capital assets	22,978,576	125,000	853,980	29,912	23,987,468	21,282,420
2016 Net book value of tangible capital assets	21,232,673	-	-	49,747	21,282,420	

Pic Mobert First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2017

	2017	2016
Consolidated expenses by object		
Administration	647,540	367,541
Amortization	897,429	505,450
Bad debts	134,533	61,542
Bank charges and interest	51,123	29,025
Breakfast program	3,000	6,000
Business fees and licenses	1,103	-
Community donations	-	473
Equipment rental	2,592	1,554
Food bank	12,000	12,000
Forestry and logging	2,694,852	1,994,029
Fuel	111,649	39,265
Funeral expense	13,611	17,673
Garbage disposal fees	45,550	63,426
General welfare assistance	640,608	579,468
Honoraria	211,415	186,605
Insurance	238,944	242,382
Interest on Regional Power Inc.	2,672,778	3,440,159
Interest on long-term debt	32,076	42,494
Management fees	6,045	5,041
Materials and supplies	533,551	407,838
Medical travel	135,642	116,149
Meeting expenses	4,000	-
Miscellaneous	9	262
Office expenses	117,323	113,830
Freight	2,898	-
Post-secondary allowances	281,698	340,024
Professional fees (Note 19)	814,840	1,139,472
Project costs	405,000	-
Program expense (Note 19)	1,188,590	1,018,873
Rent	6,540	5,087
Repairs and maintenance (Note 19)	834,608	274,366
Salaries and benefits	4,191,366	4,198,401
Stay in school	9,222	16,121
Student transportation	167,887	169,904
Telephone	11,437	15,358
Training	71,191	39,846
Travel (Note 19)	297,886	221,109
Tuition - special education	27,737	11,979
Tuition fees	466,257	512,641
Utilities	259,337	223,827
Vehicle expenses	15,282	8,465
Vehicle fuel	57,038	50,951
Youth culture and recreation	5,096	1,080
	18,321,283	16,479,710

Pic Moberg First Nation

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	INAC Revenue	Other Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)
Administration and Chief and Council	476,825	1,161,810	1,638,635	1,157,156	134,239	615,718
Infrastructure Programs	1,811,321	114,795	1,926,116	1,342,075	59,339	643,380
Social, Cultural, Spiritual and Recreational Programs	35,000	369,067	404,067	586,196	213,210	31,081
Education Programs	2,174,743	187,672	2,362,415	2,016,982	9,000	354,433
Health Programs	162,195	1,710,006	1,872,201	1,960,045	-	(87,844)
Capital Programs	1,429,127	1,003,273	2,432,400	1,810,421	171,208	793,187
Economic Development Programs	238,800	3,126,202	3,365,002	2,864,535	79,800	580,267
Business Enterprise Projects	-	3,218,622	3,218,622	6,583,763	-	(3,365,141)
Casino Rama Fund	-	735,047	735,047	110	(666,796)	68,141
Total	6,328,011	11,626,494	17,954,505	18,321,283	-	(366,778)