

**Lac Seul First Nation  
Consolidated Financial Statements**  
*March 31, 2017*

## **Management's Responsibility**

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To the Members of Lac Seul First Nation:

The accompanying consolidated financial statements of Lac Seul First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council.

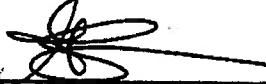
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies 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 Lac Seul First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

April 20, 2018



Executive Director

## Independent Auditors' Report

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To the Members and Chief and Council of Lac Seul First Nation:

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

*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 audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lac Seul First Nation as at March 31, 2017 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.

*Other Matter*

The consolidated financial statements of Lac Seul First Nation for the year ended March 31, 2016 were audited by Holukoff Chiarella Chartered Professional Accountants of Winnipeg, Canada, prior to its merger with MNP LLP. Holukoff Chiarella Chartered Professional Accountants expressed an unmodified opinion on those statements on August 22, 2016.

Winnipeg, Manitoba

April 20, 2018

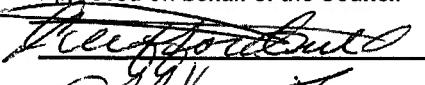
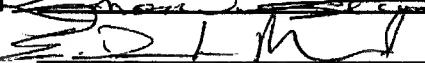
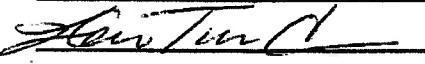
**MNP LLP**

Chartered Professional Accountants  
Lincesed Public Accountant

**Lac Seul First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	<b>2017</b>	<b>2016</b>
	(Restated)	
<b>Financial assets</b>		
Cash and cash equivalents	5,253,402	5,655,190
Accounts receivable (Note 3)	3,354,745	1,759,995
Restricted cash and funds held in trust (Note 4)	558,065	555,118
Investments (Note 5)	189,957	214,790
Investments in business partnerships (Note 6)	4,682,126	4,630,358
	<b>14,038,295</b>	12,815,451
<b>Liabilities</b>		
Accounts payable and accruals (Note 7)	3,768,172	3,539,359
Deferred revenue (Note 8)	1,879,951	676,098
Long-term debt (Note 9)	21,238,884	19,364,068
	<b>26,887,007</b>	23,579,525
<b>Net debt</b>	<b>(12,848,712)</b>	(10,764,074)
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	55,239,928	56,334,541
Inventories of supplies	5,841	18,763
Prepaid expenses	144,827	51,600
	<b>55,390,596</b>	56,404,904
<b>Accumulated surplus (Note 11)</b>	<b>42,541,884</b>	45,640,830

**Approved on behalf of the Council**

  
**Chief**  
  
**Councillor**  
  
**Councillor**  
  
**Councillor**  
  
**Councillor**

**Lac Seul First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2017*

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016 (Restated)</i>
<b>Revenue</b>				
Indigenous Services Canada (ISC) (Note 12)		<b>6,905,881</b>	<b>9,183,537</b>	6,906,210
Health Canada (Note 13)		<b>1,672,226</b>	<b>1,822,963</b>	1,797,063
Province of Ontario		<b>5,233,560</b>	<b>6,362,011</b>	6,163,857
OFNLP		-	1,775,659	1,573,706
Canada Mortgage and Housing Corporation		<b>566,614</b>	<b>534,805</b>	491,613
Other revenue		<b>5,314,335</b>	<b>16,689,589</b>	14,117,781
Deferred revenue - prior year (Note 8)		<b>104,281</b>	<b>676,098</b>	3,239,772
Deferred revenue - current year (Note 8)		-	(1,879,951)	(676,098)
Basic Needs Surplus Repayment		<b>25,000</b>	-	-
Funding agency recovery		-	(26,537)	(10,470)
		<b>19,821,897</b>	<b>35,138,174</b>	33,603,434
<b>Segment expenses (Schedule 2)</b>				
Band Management	4	<b>1,728,634</b>	<b>5,576,621</b>	5,404,151
Social Services	5	<b>4,505,905</b>	<b>4,485,287</b>	4,311,998
Capital	6	<b>705,001</b>	<b>1,051,468</b>	978,871
Lac Seul Education Authority	7	<b>4,053,636</b>	<b>4,186,837</b>	4,053,575
Economic Development	8	<b>87,693</b>	<b>87,693</b>	89,500
Operations and Maintenance	9	<b>1,832,733</b>	<b>2,310,338</b>	1,960,557
Health Services	10	<b>1,922,660</b>	<b>2,124,171</b>	2,257,482
Operating Programs	11	<b>716,498</b>	<b>1,582,839</b>	506,914
Rentals/Capital Buildings	12	-	<b>21,049</b>	27,136
Ke-Nawind Housing Development Authority	13	-	<b>1,567,307</b>	1,260,736
Obishikokaang Resources Corporation	14	<b>2,019,050</b>	<b>3,750,806</b>	3,886,326
Ontario First Nation Limited Partnership - OFNLP	15	-	<b>511,104</b>	712,554
Settlement	16	<b>1,710,500</b>	<b>4,985,775</b>	3,763,183
Obishikokaang Resources	17	<b>1,444,874</b>	<b>2,518,729</b>	2,321,430
2361701 Ontario Inc	18	-	<b>3,473</b>	2,077
Waaninaawagaang Developments LP	19	-	<b>2,855,903</b>	2,804,241
CMHC Housing Authority	20	<b>686,889</b>	<b>617,720</b>	602,674
		<b>21,414,073</b>	<b>38,237,120</b>	34,943,405
<b>Deficit</b>		<b>(1,364,540)</b>	<b>(3,098,946)</b>	(1,339,971)

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

**Lac Seul First Nation**  
**Consolidated Statement of Accumulated Surplus**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b> (Restated)
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>42,002,293</b>	43,870,495
Correction of an error (Note 16)	3,638,537	3,110,306
<b>Accumulated surplus, beginning of year, as restated</b>	<b>45,640,830</b>	46,980,801
<b>Deficit</b>	<b>(3,098,946)</b>	(1,339,971)
<b>Accumulated surplus, end of year</b>	<b>42,541,884</b>	45,640,830

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

**Lac Seul First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016 (Restated)</b>
<b>Annual deficit</b>	<b>(1,364,540)</b>	<b>(3,098,946)</b>	<b>(1,339,971)</b>
Purchases of tangible capital assets	-	(3,010,811)	(3,472,596)
Amortization of tangible capital assets	388,389	4,105,424	4,220,850
Change in prepaid expenses	-	(93,227)	-
Change in inventories of supplies	-	12,922	(1,500)
<b>Change in net debt</b>	<b>(976,151)</b>	<b>(2,084,638)</b>	<b>(593,217)</b>
<b>Net debt, beginning of year</b>	<b>(10,764,074)</b>	<b>(10,764,074)</b>	<b>(10,170,857)</b>
<b>Net debt, end of year</b>	<b>(11,740,225)</b>	<b>(12,848,712)</b>	<b>(10,764,074)</b>

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

**Lac Seul First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
	<i>(Restated)</i>	
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Deficit	(3,098,946)	(1,339,971)
Non-cash items		
Amortization	4,105,424	4,220,850
	1,006,478	2,880,879
Changes in working capital accounts		
Accounts receivable	(1,594,750)	(296,745)
Prepaid expenses	(93,227)	1,997
Inventories of supplies	12,922	(91,591)
Accounts payable and accruals	228,813	1,266,706
Deferred revenue	1,203,853	(3,368,719)
	764,089	392,527
<b>Financing activities</b>		
Advances of current portion of long-term debt	5,258,981	4,562,125
Repayment of current portion of long-term debt	(3,384,165)	-
	1,874,816	4,562,125
<b>Capital activities</b>		
Purchases of tangible capital assets	(3,010,811)	(3,472,596)
<b>Investing activities</b>		
Change in investments	(26,935)	(24,685)
Restricted cash and funds held in trust	(2,947)	(149,287)
	(29,882)	(173,972)
<b>Increase (decrease) in cash resources</b>	(401,788)	1,308,084
<b>Cash resources, beginning of year</b>	<b>5,655,190</b>	4,347,106
<b>Cash resources, end of year</b>	<b>5,253,402</b>	5,655,190

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

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**1. Operations**

The Lac Seul First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Lac Seul First Nation includes the First Nation 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 financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity consolidated***

The Lac Seul First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Lac Seul First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Lac Seul First Nation
- Lac Seul CMHC Housing
- Ke-Nawind Housing Development Authority
- Lac Seul First Nation OFNLP
- Obishikokaang Resources Corporation
- Waaninaawagaang Developments LP
- 2361701 Ontario Inc.

All inter-entity balances and transaction have been eliminated on consolidation.

Lac Seul First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Landmark Inn Limited Partnership
- Lac Seul GS Limited Partnership

***Cash resources***

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purpose is included in restricted cash.

***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, inventory and prepaid expense.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

***Tangible capital assets***

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The First Nation does not capitalize computer software.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

***Amortization***

Tangible capital assets are amortized annually using the straight-line method at the following rates which are intended to amortize the cost of the assets over their estimated useful lives.

Buildings	20 years
Infrastructure	25 years
Band housing	20 years
Social housing	20 years
Roads and bridges	25 years
Equipment and vehicles	5 years
Land improvements	25 years

***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, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the asset's carrying value exceeds the residual value of the asset's service potential to the First Nation. Any impairment is included in the consolidated statement of operations during the year in which the asset becomes impaired.

***Deferred revenue***

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding agreement. Note 8 contains a summary of deferred revenue by project.

***Revenue recognition***

***Funding***

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

***Government transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

*Other*

Rent and resident fees is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

***Measurement uncertainty***

The preparation of 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. Amortization is based on the estimated useful lives of tangible capital assets. Provisions are made for slow moving and obsolete inventory. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

***Liability for contaminated site***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

***Segments***

The First Nation conducts its business through seventeen reportable segments as identified below. 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. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

**Band Management** - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes. The planning, managing and delivery of large scale infrastructure and capital projects to the community.

**Lac Seul Education Authority** - activities include overseeing many aspects of educational opportunities for its members at all levels of learning both within the community and externally.

**Social Services** - activities include satisfying the economic, social or health related needs of members of the community who require assistance.

**CMHC Housing Authority** - activities include the management and maintenance of CMHC houses for community members.

**Health Services** - deliver health services to the First Nation.

**Operations and Maintenance** - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community service.

**Ontario First Nation Limited Partnership** - includes the funding received from Ontario First Nation Limited Partnership and its distribution to other programs.

**Capital** - activities include the planning, managing and delivery of infrastructure and capital projects to the community.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

**Ke-Nawind Housing Development Authority** - activities include the provision of residential housing opportunities for community members.

**Economic Development** - activities include the planning, managing and delivery of various business projects.

**Obishikokaang Resources Corporation** - activities include managing Forestry operations.

**Obishikokaang Resources** - activities include managing and delivery of various program related to real estate owned by the First Nation.

**Settlement** - activities include managing and delivery of various initiatives from previous flood claim settlements.

**Rentals / Capital Buildings** - separate segment to track First Nation Band Housing projects financed by RBC.

**Operating Programs** - activities include managing and delivery of various First Nation programs.

**2361701 Ontario Inc.** - General partners of Tim Hortons franchise operations.

**Waaninaawagaang Development LP** - Tim Hortons operations.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 the Significant accounting policies.

***Funds held in Ottawa Trust Fund***

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 accumulated surplus. Trust moneys consist of:

- Capital trust moneys 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.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average cost method.

***Financial instruments***

Financial instruments include cash, accounts receivable, restricted cash and funds held in trust, investments, investments in business partnerships, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

***Investments in business partnerships***

Investments in business partnerships are accounted for in accordance with the modified equity method.

Under the modified equity method, the equity method of accounting is modified only to the extent that the First Nation Partnership's accounting policies are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in the First Nation partnerships is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and withdrawals.

***Net debt***

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

***Investments***

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

Investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. Investments in securities are recorded at the lower of cost and market value. Investments are recorded at cost, less any provision for other than temporary impairment.

**3. Accounts receivable**

	<b>2017</b>	<b>2016</b>
Indigenous Services Canada (ISC)	584,826	243,322
CMHC subsidy assistance receivable	105,603	40,968
Province of Ontario	73,224	83,715
Band members	20,884	13,405
Trade	2,640,591	1,411,125
Allowance for doubtful accounts	(70,383)	(32,540)
	<b>3,354,745</b>	<b>1,759,995</b>

**4. Restricted cash and funds held in trust**

	<b>2017</b>	<b>2016</b>
Replacement reserve	294,609	294,609
Ottawa Trust Funds	165,837	162,890
Operating surplus reserve	97,619	97,619
	<b>558,065</b>	<b>555,118</b>

*Ottawa Trust Fund*

The Ottawa Trust Fund arises 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council.

Trust fund                    \$165,837 (2016 - \$162,818); Interest revenue - \$3,019 (2016 - \$2,964)

*CMHC replacement reserve*

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2017, the replacement reserve bank account was under funded by \$264,996 (2016 - \$169,954).

*CMHC operating reserve*

In accordance with the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC), the First Nation established an operating surplus reserve. The operating surplus reserve is a component of accumulated surplus and is increased by interest revenue and increased or decreased by the annual surplus (deficit) from operations. The operating surplus reserve must be held or invested only in accounts or instruments guaranteed by Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. The operating reserve account was under funded by \$709,170 (2016 - \$560,584) as at March 31, 2017.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**5. Investments**

	<i>2017</i>	<i>2016</i>
RBC Dominion Securities - 4,202,204 Shares Aurcrest Gold Inc. (cost \$ 500,025)	105,068	84,054
RBC Dominion Securities - Cash account	291	291
RBC Dominion Securities - 566,778 Shares Rubicon Minerals Corp. (cost \$ 119,872)	9,598	55,445
Advance Aurcrest Gold Inc - common shares	75,000	75,000
	<b>189,957</b>	<b>214,790</b>

**6. Investments in business partnerships**

	<i>2017</i>				
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Share of income (loss)</i>	<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>					
Landmark Inn Limited Partnership -					
11.11%	246,358	-	123,768	(9,000)	361,126
Lac Seul GS LP - 25.43%	4,384,000	-	411,000	(474,000)	4,321,000
	<b>4,630,358</b>	<b>-</b>	<b>534,768</b>	<b>(483,000)</b>	<b>4,682,126</b>
	<i>2016</i>				
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Share of income (loss)</i>	<i>Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>					
Landmark Inn Limited Partnership -					
11.11%	229,864	25,494	(9,000)	-	246,358
Lac Seul GS LP - 25.43%	4,454,000	549,000	(619,000)	-	4,384,000
	<b>4,683,864</b>	<b>574,494</b>	<b>(628,000)</b>	<b>-</b>	<b>4,630,358</b>

Summary financial information for each Investment, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Landmark Inn Limited Partnership As at June 30, 2016</i>	<i>Lac Seul GS Limited Partnership As at December 31, 2016</i>
<b>Assets</b>		
Cash	319,465	868,000
Accounts receivable	813,379	-
Inventory	92,901	-
Due from related parties	1,176,080	-
Prepaid expenses	14,337	-
Promissory note	1,160,000	-
Tangible capital assets	-	48,544,000
<b>Total assets</b>	<b>3,576,162</b>	<b>49,412,000</b>
<b>Liabilities</b>		
Accounts payable and accruals	254,315	135,000
Due to limited partners	71,490	715,000

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**6. Investments in business partnerships** *(Continued from previous page)*

Long-term debt	-	31,567,000
<b>Total liabilities</b>	<b>325,805</b>	<b>32,417,000</b>
	<b>3,250,357</b>	<b>16,995,000</b>
<b>Total revenue</b>	<b>4,235,969</b>	<b>6,718,000</b>
<b>Total expenses</b>	<b>3,901,018</b>	<b>5,073,000</b>
	<b>334,951</b>	<b>1,645,000</b>

The First Nation has guaranteed the following debt on behalf of its First Nation partnerships:

Landmark Inn Partnership has the following long-term debt which the First Nation has issued a guarantee for repayment:

- Landmark Leasing has a long-term debt due to Nexus Community Credit Union of \$4,501,478 (June 30, 2015 – \$4,655,019), payable in monthly installments of \$39,235 (June 30, 2015 – \$39,235) at an interest rate of 7% (June 30, 2015 – 7%), maturing February, 2017. The First Nation has provided a general security agreement and a general postponement of claim as collateral.

**7. Accounts payable and accruals**

	2017	2016
Indigenous Services Canada	990,118	929,506
Health Canada	279,685	279,562
Canada Revenue Agency - source deductions	49,380	17,941
Canada Revenue Agency - HST	288,539	528,241
Trade	2,160,450	1,784,109
	<b>3,768,172</b>	<b>3,539,359</b>

**8. Deferred revenue**

	<i>Opening Balance - Mar 31, 2016 (Restated)</i>	<i>Funding Received</i>	<i>Revenue Recognized</i>	<i>Closing Balance - Mar 31, 2017</i>
ISC - Environment Protection	-	27,800	-	27,800
ISC - Frenchman's Head School	71,220	-	71,220	-
ISC - Special Education	-	655,326	315,396	339,930
ISC - Student Transportation	-	331,766	241,918	89,848
ISC - Student Accommodations	-	189,600	54,175	135,425
ISC - Counselling	-	175,000	45,570	129,430
ISC - Multi unit construction	-	1,203,120	842,161	360,959
ISC - Outdoor Skills	40,000	-	40,000	-
ISC - Frenchman's Head Soccer Field	111,507	-	111,507	-
ISC - Instructional Services	453,371	1,369,000	1,123,722	698,649
Health Canada - Brighter Future	-	151,763	134,704	17,059
Health Canada - Capital Investment	-	19,667	-	19,667
Health Canada - Suicide Prevention	-	53,156	31,769	21,387
Health Canada - Prevention / Promotion	-	429,727	394,929	34,798
Health Canada - Promotion and Education	-	4,999	-	4,999
	<b>676,098</b>	<b>4,610,924</b>	<b>3,407,071</b>	<b>1,879,951</b>

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**9. Long-term debt**

	<b>2017</b>	<b>2016</b>
Mortgage repayable in monthly payments of \$2,138 including interest at 2.04%, renewal date of March 1, 2019, maturity date September 1, 2023, secured by a Ministerial guarantee and assignment of fire insurance.	156,152	178,405
Mortgage repayable in monthly payments of \$5,140 including interest at 1.65%, renewal date of June 1, 2017, maturity date May 1, 2023, secured by a Ministerial guarantee and assignment of fire insurance.	827,425	875,105
Mortgage repayable in monthly payments of \$3,157 including interest at 1.71%, renewal date September 1, 2017, maturity date September 1, 2023, secured by a Ministerial guarantee and assignment of fire insurance.	515,470	544,324
Mortgage repayable in monthly payments of \$3,828 including interest at 2.04%, renewal date of March 1, 2019, maturity date March 1, 2034, secured by a Ministerial guarantee and assignment of fire insurance.	660,016	692,227
Mortgage repayable in monthly payments of \$5,370 including interest at 1.05%, renewal date of April 1, 2020, maturity date April 1, 2035, secured by a Ministerial guarantee and assignment of fire insurance.	1,061,169	1,114,217
Mortgage repayable in monthly payments of \$3,240 including interest at 1.11%, renewal date of April 1, 2021, maturity date March 1, 2036, secured by a Ministerial guarantee and assignment of fire insurance.	666,026	696,887
Mortgage repayable in monthly payments of \$6,498 including interest at 1.62%, renewal date of March 1, 2018, maturity March 1, 2038, secured by a Ministerial guarantee and assignment of fire insurance.	1,388,093	1,443,228
Mortgage repayable in monthly payments of \$7,013 including interest at 2.35%, renewal date of September 1, 2018, maturity date September 1, 2038, secured by a Ministerial guarantee and assignment of fire insurance.	1,420,571	1,470,941
Mortgage repayable in monthly payments of \$2,953 including interest at 2.01%, renewal date of October 1, 2019, maturity date October 1, 2039, secured by a Ministerial guarantee and assignment of fire insurance.	643,387	665,732
The First Nation entered into a loan agreement with ISC for funds to pursue its flood claim against the Federal Government. The loan is secured by a promissory note made by the First Nation payable to the Receiver General for Canada in the amount of the loan. The loan is repayable on the date on which the claim is settled. Once the claim is settled, the proceeds received to repay the loan will be recognized as revenue and will be applied to the cumulative balance of the expenditures incurred to the time of settlement.	3,975,898	3,975,898
Construction term loan - 2004/05 Housing and Safehouse Royal Bank repayable in monthly installments of \$9,967 including interest at 4.45% (prime plus 1.45%), secured by Band Council Resolution, assignment of minor capital funds and rents, due June 8, 2017.	308,702	413,118
Construction term loan - 2005/06 Log Cabins Royal Bank repayable in monthly installments of \$3,100 including interest at 4.5% (prime plus 1.5%), secured by Band Council Resolution and assignment of Tikinagan rents, due February 12, 2018.	122,741	154,084
Installment loan - Royal Bank repayable \$7,027 monthly including interest at 3.30%, secured by Band Council Resolution, due May 3, 2017.	469,798	537,406

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**9. Long-term debt** *(Continued from previous page)*

	<b>2017</b>	<b>2016</b>
Installment loan - Royal Bank repayable \$37,456 monthly including interest at 3.48%, secured by Band Council Resolution and assignment of OFNLP funds, due November 1, 2017.	2,672,064	3,021,848
Installment loan - Royal Bank for investment in Lac Seul GS LP, repayable \$23,840 monthly including interest at 3.18%, secured by Band Council Resolution and an irrevocable assignment of return on equity and/or revenue distributions from Lac Seul GS LP and a general security interest in all personal property of the First Nation, due June 2, 2017.	620,983	881,190
Royal Bank Installment loan - for various projects, repayable \$6,045 monthly including interest at 3.15%, secured by Band Council Resolution, due February 2019.	266,914	329,808
Advances from CMHC for a 4 unit project to be converted to CMHC loan once project is completed.	-	636,840
Advances from CMHC for a 10 unit project to be converted to CMHC loan once project is completed.	-	1,467,874
Royal Bank Installment loan - repayable \$5,676 monthly including interest at 3.29%, secured by Band Council Resolution, due May 16, 2017.	204,494	264,936
Mortgage repayable in monthly payments of \$6,579 including interest at 1.03%, renewal date of November 1, 2021, maturity date of November 1, 2041, secured by a Ministerial guarantee and assignment of fire insurance.	1,719,528	-
Mortgage repayable in monthly payments of \$2,767 including interest at 1.03%, renewal date of November 1, 2021, maturity date of November 1, 2041, secured by a Ministerial guarantee and assignment of fire insurance.	723,388	-
Installment loan - Royal Bank for various projects, repayable \$1,140,000 within one year, interest at 4.40%, secured by Band Council Resolution.	1,140,000	-
Installment loan - Royal Bank for various projects, repayable \$60,000 annually including interest at 4.70%, (prime plus 1.7%) secured by Band Council Resolution, due October 27, 2017.	1,676,065	-
	<b>21,238,884</b>	<b>19,364,068</b>

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:

2018	7,163,015
2019	2,133,230
2020	1,590,472
2021	1,033,348
2022	959,580
	<hr/>
	12,879,645

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**10. Contingent liabilities**

The First Nation is subject to funding recoveries according to their agreement with federal agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2017 might be recovered.

**11. Accumulated surplus**

	<b>2017</b>	<b>2016</b>
		<i>(Restated)</i>
Equity in Ottawa Trust Funds	165,837	162,818
Investment in tangible capital assets	34,001,044	36,970,473
CMHC operating reserve	806,789	658,203
CMHC replacement reserve	559,605	464,563
Investments in business partnerships	4,682,126	4,630,358
Operating surplus	2,326,483	2,754,415
	<b>42,541,884</b>	45,640,830

**12. Indigenous Services Canada funding**

	<b>2017</b>	<b>2016</b>
Indigenous Services Canada confirmation balance	9,183,537	6,906,210
Indigenous Services Canada per consolidated financial statements	9,183,537	6,906,210

**13. Health Canada funding**

	<b>2017</b>	<b>2016</b>
Health Canada confirmation balance	1,822,963	1,797,063
Health Canada revenue per consolidated financial statements	1,822,963	1,797,063

**14. Economic dependence**

Lac Seul First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) and First Nations and Inuit Health as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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.

**15. First Nations Financial Transparency and Accountability Act**

The First Nation is required by the First Nations Financial Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2017. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

**Lac Seul First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**16. Correction of an error**

	<i>As previously stated</i>	<i>Adjustment</i>	<i>As restated</i>
<b>Consolidated Statement of Financial Position</b>			
Replacement reserve	1,294,808	1,294,808	-
Deferred revenue	2,821,494	2,145,396	676,098
Tangible capital assets	56,136,208	198,333	56,334,541
Accumulated surplus, end of year	42,002,293	3,638,537	45,640,830
<b>Consolidated Statements of Operations and Accumulated Surplus</b>			
Accumulated surplus, begining of year	43,870,495	3,110,306	46,980,801
Annual deficit	(1,868,202)	528,231	(1,339,971)
Accumulated surplus, end of year	42,002,293	3,638,537	45,640,830

- Management determined that it had previously understated tangible capital assets in its previously issued financial statements for the year ended March 31, 2016. To correct this matter, management has restated the figures for the year ended March 31, 2016 by increasing tangible capital assets and increasing opening accumulated surplus by \$198,333.
- The First Nation determined that deferred revenue that were deferred as at March 31, 2016 were not eligible for deferral. This resulted in a decrease in deferred revenue on the consolidated statement of financial position by \$2,145,396, an increase in revenue by \$282,408 and a increase in accumulated surplus, beginning of year by \$1,862,988.
- The First Nation determined that their CMHC replacement reserves was incorrectly recorded as liabilities as at March 31, 2016 and should have been presented as a component of accumulated surplus. This resulted in a decrease in liabilities of the consolidated statement of financial position by \$1,294,808, decrease in expenses by \$245,823 and increase in accumulated surplus, beginning of year by \$1,048,985.

**17. Pension liabilities**

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

**18. Subsequent event**

Subsequent to year, the Federal Court of Canada awarded a settlement on the flood claim. The First Nation is appealing the amount awarded.

**19. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**20. Budget information**

The disclosed budget information was approved by the Chief and Council of the Lac Seul First Nation on March 28, 2017.

**Lac Seul First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Band Housing</i>	<i>Social Housing</i>	<i>Road and bridges</i>	<i>Equipment and vehicles</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	32,628,134	13,575,316	15,399,386	14,019,394	11,561,063	5,763,409	92,946,702
Acquisition of tangible capital assets	20,691	38,111	-	19,710	-	232,342	310,854
Construction-in-progress	2,699,957	-	-	-	-	-	2,699,957
Transfers	-	-	-	2,905,945	-	-	2,905,945
Balance, end of year	<b>35,348,782</b>	<b>13,613,427</b>	<b>15,399,386</b>	<b>16,945,049</b>	<b>11,561,063</b>	<b>5,995,751</b>	<b>98,863,458</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	9,750,300	7,723,394	11,064,283	4,234,930	2,822,735	4,400,519	39,996,161
Annual amortization	1,226,859	522,822	504,299	838,030	442,765	541,312	4,076,087
Balance, end of year	<b>10,977,159</b>	<b>8,246,216</b>	<b>11,568,582</b>	<b>5,072,960</b>	<b>3,265,500</b>	<b>4,941,831</b>	<b>44,072,248</b>
<b>Net book value of tangible capital assets</b>	<b>24,371,623</b>	<b>5,367,211</b>	<b>3,830,804</b>	<b>11,872,089</b>	<b>8,295,563</b>	<b>1,053,920</b>	<b>54,791,210</b>
2016 - Net book value of tangible capital assets	25,982,112	5,851,922	4,335,103	6,680,186	8,738,328	1,362,890	52,952,557

**Lac Seul First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

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	<i>Subtotal</i>	<i>Land improvements</i>	<i>Asset under construction</i>	<i>2017</i>	<i>2016</i>
<b>Cost</b>					
Balance, beginning of year	92,946,702	898,159	2,905,945	96,750,806	93,278,210
Acquisition of tangible capital assets	310,854	-	-	310,854	566,651
Construction-in-progress	2,699,957	-	-	2,699,957	2,905,945
Transfers	2,905,945	-	(2,905,945)	-	-
Balance, end of year	<b>98,863,458</b>	<b>898,159</b>	-	<b>99,761,617</b>	96,750,806
<b>Accumulated amortization</b>					
Balance, beginning of year	39,996,161	420,104	-	40,416,265	36,195,415
Annual amortization	4,076,087	29,337	-	4,105,424	4,220,850
Balance, end of year	<b>44,072,248</b>	<b>449,441</b>	-	<b>44,521,689</b>	40,416,265
<b>Net book value of tangible capital assets</b>	<b>54,791,210</b>	<b>448,718</b>	-	<b>55,239,928</b>	56,334,541
2016 - Net book value of tangible capital assets	52,952,557	478,055	2,905,945	56,334,541	

**Lac Seul First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016 (Restated)</b>
<b>Consolidated expenses by object</b>			
Advertising	1,000	133,486	116,640
Amortization	388,389	4,105,424	4,220,850
Arts and crafts	8,500	13,819	7,584
Bad debts	-	161,815	-
Bank charges and interest	29,915	67,352	54,917
Community events	2,500	861,847	975,905
Consulting	122,500	238,507	204,072
Contracted services	1,795,615	2,728,832	3,134,380
Cultural camp	4,000	3,892	-
Firewood	23,000	36,688	65,162
Flood claim litigations	-	2,525,131	271,466
Food hampers	25,000	16,850	23,843
Forest operations	1,207,550	1,350,769	1,088,682
Fuel	204,580	207,781	198,684
Furniture and equipment	3,020	133,788	395,425
Graduation	13,500	11,961	13,298
Honorarium	467,500	480,665	479,165
Improving school effectiveness	17,000	-	17,300
Insurance	228,400	378,186	331,034
Interest on long-term debt	148,695	354,095	378,944
Internet hardware/software	106,432	130,290	119,137
Land compensation	7,500	15,814	23,935
Life skills	5,500	376,193	10,187
Log Building Program	52,000	212,046	-
Management fees	395,000	-	248,640
Materials	411,834	737,274	444,394
Meeting	31,700	43,310	53,585
Non treaty assistance	-	13,963	46,422
Office supplies	256,575	484,201	406,202
Parenting skills	10,000	500	2,500
Pension	455,000	436,199	448,733
Professional fees	208,980	239,516	290,429
Program expense	455,950	539,964	662,748
Property tax	-	29,026	121,674
Provincial school fees	43,400	47,216	66,430
Public relations	38,000	44,496	34,597
Rent	49,058	49,058	47,900
Repairs and maintenance	1,181,082	3,640,068	3,240,956
Salaries and benefits	5,681,097	8,428,502	7,744,116
Silviculture	4,500	276,563	145,059
Social assistance	3,516,835	3,550,417	3,418,063
Student activities	98,105	72,865	260,014
Supplies	142,469	218,953	175,252
Teacher relocation	42,500	8,804	49,216
Telephone	165,700	187,388	176,171
Training	252,850	234,284	310,153
Travel	595,537	515,966	581,913
Tuition	1,341,200	1,081,141	1,055,843
User fees	592,394	561,683	544,129
Utilities	340,958	926,491	881,231
Vehicle	196,753	130,531	236,358
WDLP food purchase	4,500	1,153,645	1,074,390
Workers compensation premiums	-	12,180	9,523
Youth initiatives	40,000	27,685	36,154

**Lac Seul First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2017*

	<b>2017</b> <i>Budget</i>	<b>2017</b>	<b>2016</b> <i>(Restated)</i>
	<b>21,414,073</b>	<b>38,237,120</b>	34,943,405

**Lac Seul First Nation**  
**Schedule 3 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<i>Schedule #</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Transfers From (To)</i>	<i>2017 Surplus (Deficit)</i>	<i>2016 Surplus (Deficit) (Restated)</i>
<b>Segments Summary</b>						
Band Management	4	5,052,189	5,576,621	567,348	42,916	(2,460,878)
Social Services	5	4,815,431	4,485,287	(88,621)	241,523	(22,596)
Capital	6	1,153,439	1,051,468	16,536	118,507	(89,730)
Lac Seul Education Authority	7	4,191,204	4,186,837	29,362	33,729	840,114
Economic Development	8	89,500	87,693	(1,807)	-	-
Operations and Maintenance	9	1,734,909	2,310,338	(1,404)	(576,833)	(161,820)
Health Services	10	2,166,884	2,124,171	(14,806)	27,907	(93,995)
Operating Programs	11	1,353,152	1,582,839	(1,406)	(231,093)	21,522
Rentals/Capital Buildings	12	156,808	21,049	-	135,759	138,474
Ke-Nawind Housing Development Authority	13	1,386,514	1,567,307	-	(180,793)	(12,859)
Obishikokaang Resources Corporation	14	3,743,778	3,750,806	-	(7,028)	(172)
Ontario First Nation Limited Partnership - OFNLP	15	1,775,659	511,104	(1,264,555)	-	-
Settlement	16	1,788,537	4,985,775	(22,785)	(3,220,023)	40,644
Obishikokaang Resources	17	1,636,268	2,518,729	782,138	(100,323)	213,892
2361701 Ontario Inc	18	-	3,473	-	(3,473)	(2,077)
Waaninaawagaang Developments LP	19	2,708,633	2,855,903	-	(147,270)	(207,738)
CMHC Housing Authority	20	1,385,269	617,720	-	767,549	457,248
<b>Total</b>		<b>35,138,174</b>	<b>38,237,120</b>	-	<b>(3,098,946)</b>	<b>(1,339,971)</b>

**Lac Seul First Nation**  
**Band Management**  
**Schedule 4 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	759,293	803,188
Other revenue	4,292,896	2,120,817
	<b>5,052,189</b>	2,924,005
<b>Expenses</b>		
Amortization	3,649,250	3,791,571
Audit fees	69,274	54,190
Bad debts	22,878	-
Bank charges and interest	8,010	7,353
Consulting	95,030	36,357
Honorarium	440,750	365,600
Insurance	80,547	65,280
Meeting	21,478	22,082
Office supplies	60,742	100,433
Pension	436,199	448,733
Professional development	4,706	595
Professional fees	32,747	55,890
Public relations	44,496	34,597
Salaries and benefits	384,173	228,384
Telephone	90,820	78,407
Travel	135,521	114,679
	<b>5,576,621</b>	5,404,151
<b>Deficit before other items</b>	<b>(524,432)</b>	(2,480,146)
<b>Transfers between programs</b>	<b>567,348</b>	19,268
<b>Surplus (deficit)</b>	<b>42,916</b>	(2,460,878)

**Lac Seul First Nation**  
**Social Services**  
**Schedule 5 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	609,898	717,925
Other revenue	30,541	12,741
Province of Ontario	4,187,459	3,708,253
Funding agency recovery	(12,467)	-
	<b>4,815,431</b>	4,438,919
<b>Expenses</b>		
Arts and crafts	13,819	7,584
Audit fees	25,000	25,000
Bad debts	76,769	-
Bank charges and interest	4,182	4,116
Food Hampers	16,850	23,843
Life Skills	7,717	3,033
Log Building Program	28,851	-
Office supplies	63,086	10,869
Overhead	9,150	9,150
Parenting Skills	500	2,500
Purchases	15,778	9,236
SATF expenses	23,773	92,568
Salaries and benefits	390,920	304,421
Social assistance	3,492,381	3,409,719
Supplies	57,093	31,041
Telephone	2,735	8,786
Training	146,803	212,498
Travel	82,195	121,480
Youth initiatives	27,685	36,154
	<b>4,485,287</b>	4,311,998
<b>Surplus before transfers</b>	<b>330,144</b>	126,921
<b>Transfers between programs</b>	<b>(88,621)</b>	(149,517)
<b>Surplus (deficit)</b>	<b>241,523</b>	(22,596)

**Lac Seul First Nation**  
**Capital**  
**Schedule 6 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	1,034,931	859,543
Other revenue	7,001	(135,601)
Deferred revenue - prior year	111,507	209,706
Deferred revenue - current year	-	(111,507)
	<b>1,153,439</b>	822,141
<b>Expenses</b>		
Contracted services	110,324	179,638
Fuel	424	5,004
Honorarium	-	50,000
Insurance	-	50,000
Materials	519,347	323,447
Office supplies	-	875
Salaries and benefits	330,573	282,907
User fees	50,800	47,000
Rent	40,000	40,000
	<b>1,051,468</b>	978,871
<b>Surplus (deficit) before transfers</b>	<b>101,971</b>	(156,730)
<b>Transfers between programs</b>	<b>16,536</b>	67,000
<b>Surplus (deficit)</b>	<b>118,507</b>	(89,730)

**Lac Seul First Nation**  
**Lac Seul Education Authority**  
**Schedule 7 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	4,049,970	3,181,817
Other revenue	906,744	825,981
Province of Ontario	134,400	106,229
Deferred revenue - prior year	493,372	1,060,258
Deferred revenue - current year	(1,393,282)	(493,372)
	<b>4,191,204</b>	<b>4,680,913</b>
<b>Expenses</b>		
Advertising	7,354	992
Community events	-	2,542
Consulting	21,526	5,289
Contracted services	-	32,888
Fuel	32,772	49,456
Graduation	11,961	13,298
Honorarium	32,069	50,065
Improving school effectiveness	-	17,300
Living allowance	250	6,750
Management fees	-	13,140
Materials	173,272	73,512
Meeting	1,453	10,561
Office supplies	145,092	44,809
Professional development	33,656	40,449
Program expense	181,864	248,076
Repairs and maintenance	23,917	6,999
Salaries and benefits	2,022,489	1,710,699
Student activities	72,865	260,014
Supplies	7,112	21,442
Teacher relocation	8,804	49,216
Telephone	22,452	21,469
Training	3,074	3,546
Transportation	3,101	7,375
Travel	17,372	43,962
Tuition	1,081,141	1,037,955
User fees	218,441	164,188
Utilities	4,800	4,800
Vehicle	60,000	112,783
	<b>4,186,837</b>	<b>4,053,575</b>
<b>Surplus before transfers</b>	<b>4,367</b>	627,338
<b>Transfers between programs</b>	<b>29,362</b>	212,776
<b>Surplus</b>	<b>33,729</b>	<b>840,114</b>

**Lac Seul First Nation**  
**Economic Development**  
**Schedule 8 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	<b>89,500</b>	89,500
<b>Expenses</b>		
Office supplies	382	948
Professional development	-	7,500
Program expense	<b>7,516</b>	15,029
Salaries and benefits	<b>56,287</b>	44,588
Travel	5,500	4,585
User fees	8,950	8,950
Rent	9,058	7,900
	<b>87,693</b>	89,500
<b>Surplus before transfers</b>	<b>1,807</b>	-
<b>Transfers between programs</b>	<b>(1,807)</b>	-
<b>Surplus (deficit)</b>	<b>-</b>	-

**Lac Seul First Nation**  
**Operations and Maintenance**  
**Schedule 9 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	1,210,225	1,206,067
Other revenue	524,684	585,170
	<b>1,734,909</b>	<b>1,791,237</b>
<b>Expenses</b>		
Fuel	120,286	95,211
Furniture and equipment	131,610	-
Insurance	119,000	96,806
Materials	-	26,195
Repairs and maintenance	802,863	598,626
Salaries and benefits	582,752	638,574
Telephone	4,092	3,367
Training	1,565	1,877
Travel	16,919	10,463
User fees	127,000	111,158
Utilities	362,293	323,322
Vehicle	41,958	54,958
	<b>2,310,338</b>	<b>1,960,557</b>
<b>Deficit before transfers</b>	<b>(575,429)</b>	<b>(169,320)</b>
<b>Transfers between programs</b>	<b>(1,404)</b>	<b>7,500</b>
<b>Deficit</b>	<b>(576,833)</b>	<b>(161,820)</b>

**Lac Seul First Nation**  
**Health Services**  
**Schedule 10 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Health Canada	1,822,963	1,797,063
Other revenue	441,831	391,541
Deferred revenue - current year	(97,910)	-
	<b>2,166,884</b>	2,188,604
<b>Expenses</b>		
Contracted services	49,418	35,546
Cultural camp	3,892	-
Financial assistance	2,042	404
Fuel	39,083	36,895
Insurance	11,968	5,984
Materials	44,654	21,240
Meeting	9,602	7,012
Office supplies	37,111	14,163
Professional development	28,844	33,403
Professional fees	3,500	3,550
Program expense	89,218	85,988
Repairs and maintenance	25,783	56,466
Salaries and benefits	1,436,396	1,524,948
Supplies	19,642	37,701
Telephone	45,052	42,533
Travel	70,753	83,047
User fees	150,492	206,833
Utilities	25,992	36,560
Vehicle	7,876	9,262
Workshops	22,853	15,947
	<b>2,124,171</b>	2,257,482
<b>Surplus (deficit) before transfers</b>	<b>42,713</b>	(68,878)
<b>Transfers between programs</b>	<b>(14,806)</b>	(25,117)
<b>Surplus (deficit)</b>	<b>27,907</b>	(93,995)

**Lac Seul First Nation**  
**Operating Programs**  
**Schedule 11 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	1,269,720	48,170
Other revenue	472,190	492,387
Deferred revenue - prior year	-	13,175
Deferred revenue - current year	(388,758)	-
Funding agency recovery	-	(10,470)
	<b>1,353,152</b>	<b>543,262</b>
<b>Expenses</b>		
Audit fees	2,500	2,250
Consulting	104,295	-
Contracted services	842,161	-
Program expense	163,740	30,295
Salaries and benefits	362,312	412,922
Supplies	90,389	46,711
Travel	11,442	8,736
User fees	6,000	6,000
	<b>1,582,839</b>	<b>506,914</b>
<b>Surplus (deficit) before transfers</b>	<b>(229,687)</b>	<b>36,348</b>
<b>Transfers between programs</b>	<b>(1,406)</b>	<b>(14,826)</b>
<b>Surplus (deficit)</b>	<b>(231,093)</b>	<b>21,522</b>

**Lac Seul First Nation**  
**Rentals/Capital Buildings**  
**Schedule 12 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Canada post	<b>156,808</b>	165,610
<b>Expenses</b>		
Interest on long-term debt	21,049	27,136
<b>Surplus</b>	<b>135,759</b>	138,474

**Lac Seul First Nation**  
**Ke-Nawind Housing Development Authority**  
**Schedule 13 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Rentals	1,386,514	1,197,877
<b>Expenses</b>		
Amortization	-	2,277
Audit fees	(14,134)	6,000
Bank charges and interest	11,769	9,536
Community donations	25,548	10,520
Consulting	-	3,253
Contributions	331,636	260,420
Fuel	15,216	12,118
Honorarium	4,350	3,900
Insurance	73,445	58,844
Meeting	9,285	2,480
Office supplies	30,125	23,092
Professional fees	1,907	15,305
Repairs and maintenance	178,567	92,377
Salaries and benefits	428,353	342,636
Telephone	8,127	6,993
Training	9,585	3,636
Travel	21,036	33,955
Utilities	425,738	368,135
Vehicle	6,754	5,259
	<b>1,567,307</b>	<b>1,260,736</b>
<b>Deficit before transfers</b>	<b>(180,793)</b>	<b>(62,859)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>50,000</b>
<b>Deficit</b>	<b>(180,793)</b>	<b>(12,859)</b>

**Lac Seul First Nation**  
**Obishikokaang Resources Corporation**  
**Schedule 14 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Other revenue	1,793,626	1,626,779
Province of Ontario	1,950,152	2,259,375
	<b>3,743,778</b>	3,886,154
 <b>Expenses</b>		
Bank charges and interest	2,330	2,905
Firewood	25,380	65,162
Forest operations	1,350,769	1,088,682
Management fees	-	235,500
Office supplies	55,323	58,465
Professional fees	35,224	48,921
Property tax	-	109,627
Roads	2,063,531	2,091,114
Silviculture	159,989	142,982
Travel	58,260	42,968
	<b>3,750,806</b>	3,886,326
 <b>Deficit</b>	<b>(7,028)</b>	<b>(172)</b>

**Lac Seul First Nation**  
**Ontario First Nation Limited Partnership - OFNLP**  
**Schedule 15 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
OFNLP	<b>1,775,659</b>	1,573,706
<b>Expenses</b>		
Audit fees	2,500	10,000
Bank charges and interest	3,941	131
Contributions to community events and activities	504,663	702,423
	<b>511,104</b>	712,554
<b>Surplus before transfers</b>	<b>1,264,555</b>	861,152
<b>Transfers between programs</b>	<b>(1,264,555)</b>	(861,152)
<b>Surplus (deficit)</b>	<b>-</b>	-

**Lac Seul First Nation  
Settlement**  
**Schedule 16 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b> (Restated)
<b>Revenue</b>		
Other revenue	1,717,318	2,068,768
Deferred revenue - prior year	71,219	1,705,126
Deferred revenue - current year	-	(71,219)
	<b>1,788,537</b>	3,702,675
<b>Expenses</b>		
Audit fees	8,000	-
Bad debts	22,167	-
Bank charges and interest	22,077	8,778
Contracted services	1,726,929	2,886,308
Flood claim litigations	2,525,131	271,466
Furniture and equipment	-	385,642
Interest on long-term debt	168,719	178,111
Life skills	338,554	-
Professional fees	397	-
Repairs and maintenance	4,700	32,878
Septic waste hauling	54,000	-
Silviculture	115,101	-
	<b>4,985,775</b>	3,763,183
<b>Deficit before transfers</b>	<b>(3,197,238)</b>	<b>(60,508)</b>
<b>Transfers between programs</b>	<b>(22,785)</b>	<b>101,152</b>
<b>Surplus (deficit)</b>	<b>(3,220,023)</b>	<b>40,644</b>

**Lac Seul First Nation**  
**Obishikokaang Resources**  
**Schedule 17 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada (ISC)	160,000	-
Other revenue	1,400,338	1,600,899
Province of Ontario	90,000	90,000
Deferred revenue - prior year	-	251,507
Funding agency recovery	(14,070)	-
	<b>1,636,268</b>	1,942,406
<b>Expenses</b>		
Audit fees	-	2,000
Bad debts	40,001	-
Bank charges and interest	3,646	9,622
Consulting	17,655	159,174
Firewood	11,308	-
Furniture and equipment	2,178	9,783
Honorarium	3,495	9,600
Insurance	32,000	-
Interest on long-term debt	17,874	16,512
Internet hardware/software	130,290	119,137
Land compensation	15,814	23,935
Life Skills	27,630	-
Log Building Program	183,195	-
Meeting	1,492	11,451
Non treaty assistance	13,963	46,422
Office supplies	24,906	31,252
Professional fees	7,685	2,907
Program expense	44,000	174,844
Property tax	15,514	1,413
Provincial school fees	47,216	66,430
Repairs and maintenance	405,792	264,197
Salaries and benefits	1,252,407	1,073,841
Septic waste hauling	4,845	5,055
Social assistance	58,036	8,344
Supplies	44,717	38,357
Telephone	14,110	14,616
Training	6,051	6,649
Travel	56,803	98,568
Tuition	-	17,888
Utilities	9,983	45,814
Vehicle	13,943	54,096
Workers compensation premiums	12,180	9,523
	<b>2,518,729</b>	2,321,430
<b>Deficit before transfers</b>	<b>(882,461)</b>	(379,024)
<b>Transfers between programs</b>	<b>782,138</b>	592,916
<b>Surplus (deficit)</b>	<b>(100,323)</b>	213,892

**Lac Seul First Nation**  
**2361701 Ontario Inc**  
**Schedule 18 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

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	<b>2017</b>	<b>2016</b>
<b>Expenses</b>		
Professional fees	2,000	-
Silviculture	1,473	2,077
<b>Deficit</b>	<b>(3,473)</b>	<b>(2,077)</b>

**Lac Seul First Nation**  
**Waaninaawagaang Developments LP**  
**Schedule 19 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Other revenue	<b>2,708,633</b>	2,596,503
<b>Expenses</b>		
Advertising	126,132	115,649
Amortization	84,332	94,370
Bank charges and interest	11,220	12,268
Insurance	6,006	-
Interest on long-term debt	7,628	9,453
Office supplies	58,283	112,146
Professional fees	25,033	31,616
Program expense	7,000	-
Property tax	13,512	10,634
Purchases	1,137,867	1,065,154
Repairs and maintenance	62,296	58,061
Salaries and benefits	1,181,840	1,180,195
Travel	37,070	12,096
Utilities	97,684	102,599
	<b>2,855,903</b>	2,804,241
<b>Deficit</b>	<b>(147,270)</b>	(207,738)

**Lac Seul First Nation**  
**CMHC Housing Authority**  
**Schedule 20 - Consolidated Schedule of Segment Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
	<i>(Restated)</i>	
<b>Revenue</b>		
Other revenue	850,464	568,309
Canada Mortgage and Housing Corporation	534,805	491,613
	<b>1,385,269</b>	1,059,922
<b>Expenses</b>		
Amortization	371,841	332,632
Audit fees	37,884	32,800
Bank charges and interest	177	208
Insurance	55,220	54,120
Interest on long-term debt	138,825	147,732
Repairs and maintenance	13,773	35,182
	<b>617,720</b>	602,674
<b>Surplus</b>	<b>767,549</b>	457,248