

Consolidated Financial Statements of

# **HENVEY INLET FIRST NATION**

Year ended March 31, 2018

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Henvey Inlet 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 generally accepted accounting principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the First Nation.

Wayne McTeer

Melvin Paul



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## INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Henvey Inlet First Nation

We have audited the accompanying consolidated financial statements of Henvey Inlet First Nation which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations and accumulated surplus, changes in net assets (debt) and cash flows for the year then ended, and notes, comprising 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 our 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, we consider 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Henvey Inlet First Nation as at March 31, 2018 and its results of consolidated operations and accumulated surplus, its changes in net assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*  
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Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 6, 2018

# **HENVEY INLET FIRST NATION**

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Year ended March 31, 2018

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## **Financial Statements**

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# HENVEY INLET FIRST NATION

#### Exhibit A - Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

		2018	2017
<b>Financial assets</b>			
Cash		\$ 7,702,335	270,177
Restricted cash (note 2)		109,290	84,993
Accounts receivable		1,540,330	590,610
Consolidated revenue fund		90,572	90,572
Investment and advances in Pickerel Contracting Ltd. (note 3)		1	1
Investment in Nigig Power Corporation (note 4)		60,462,612	1
Investment in Shwe Miikaan Partnership (note 5)		547,900	504,643
Investment in HIW Property Holdings Partnership (note 6)		2,597,221	-
Restricted assets - Henvey Inlet First Nation Key Harbour Settlement Trust (note 7)		2,394,641	-
		<b>75,444,902</b>	<b>1,540,997</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities		1,340,901	801,996
Deferred revenue (note 9)		444,693	423,295
Loan payable		-	449,865
Long-term debt (note 10)		1,361,110	1,607,795
		<b>3,146,704</b>	<b>3,282,951</b>
Net assets (debt)		<b>72,298,198</b>	<b>(1,741,954)</b>
<b>Non-financial assets</b>			
Tangible capital assets (note 8)		12,450,055	10,796,827
Prepaid expenses		921,631	32,322
Inventory		20,249	14,113
		<b>13,391,935</b>	<b>10,843,262</b>
Contingent liabilities (note 12)			
Accumulated surplus (note 11)		\$ 85,690,133	9,101,308

See accompanying notes to consolidated financial statements

On behalf of the First Nation:

Ray Solomon Councillor John Barnes Councillor

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### Councillor

# HENVEY INLET FIRST NATION

## Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
	(note 14)		
<b>Revenue:</b>			
Federal funding	\$ 2,829,317	4,635,280	3,453,551
Federal funding - Land Settlement	-	5,563,588	-
Provincial funding	457,886	1,333,281	1,223,482
Grants and other subsidies	-	453,621	403,642
Share of equity gain in Shwee Miikaan partnership	-	66,257	105,917
Share of equity gain in Nigig Power Corporation	-	72,986,843	-
Share of equity gain in HIW Property Holdings partnership	-	10,500	-
Other	1,929,539	2,635,413	3,201,420
	5,216,742	87,684,783	8,388,012
<b>Expenses:</b>			
Band Government	894,989	797,786	957,542
Social Assistance	110,191	489,073	494,131
Education	1,215,912	1,061,383	970,670
Community Infrastructure	709,005	785,882	783,015
Health Services - Patient Transportation	84,860	93,547	85,271
Health Services - Other	646,474	972,340	938,651
Community Services	339,316	650,834	687,352
Employment and Economic Development	665,074	2,115,205	2,128,205
Day Care	374,760	237,513	272,132
Band Housing	17,522	156,577	85,727
Social Housing	349,430	195,116	207,024
Gas Bar	2,417	655,608	747,762
Henvey Inlet First Nation Key Harbour Settlement Trust	-	2,885,095	-
	5,409,950	11,095,959	8,357,482
Excess (deficiency) of revenue over expenses	(193,208)	76,588,824	30,530
Accumulated surplus, beginning of year	9,070,778	9,101,308	9,070,778
Accumulated surplus, end of year	\$ 8,877,570	85,690,132	9,101,308

See accompanying notes to consolidated financial statements.

# HENVEY INLET FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Assets (Debt)

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
	(note 14)		
Excess (deficiency) of revenue over expenses	\$ (193,208)	76,588,824	30,530
Acquisition of tangible capital assets	-	(2,320,245)	(501,870)
Amortization of tangible capital assets	523,609	523,609	434,540
Transfer of CMHC units	-	122,230	-
Loss on disposal of tangible capital assets	-	21,178	-
	330,401	74,935,596	(36,800)
Use (acquisition) of prepaid expenses	-	(889,309)	24,602
Acquisition of inventory	-	(6,136)	(2,118)
	-		
Change in net assets (debt)	330,401	74,040,151	(14,316)
Net debt, beginning of year	(1,741,954)	(1,741,954)	(1,727,638)
Net assets (debt), end of year	\$ (1,411,553)	72,298,197	(1,741,954)

See accompanying notes to consolidated financial statements.

# HENVEY INLET FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 76,588,824	30,530
Adjustment for:		
Amortization of tangible capital assets	523,609	434,540
Transfer of CMHC units	122,230	-
Loss on disposal of assets	21,178	-
Provision for advances from Pickerel Contracting Ltd.	(133,189)	70,361
Equity gain in government business enterprises	<u>(73,063,600)</u>	<u>(105,917)</u>
	4,059,052	429,514
<b>Cash flows from operating activities:</b>		
Decrease (increase) in accounts receivable	(949,720)	79,773
Increase in inventory	(6,136)	(2,118)
Increase (decrease) in accounts payable and accrued liabilities	538,905	(434,573)
Increase in deferred revenue	21,396	198,475
Decrease (increase) in prepaid expenses	<u>(889,309)</u>	<u>24,605</u>
	2,774,188	295,676
<b>Cash flows from capital activities:</b>		
Cash used to acquire tangible capital assets	(2,320,246)	(501,870)
<b>Cash flows from financing activities:</b>		
Long-term debt issued	-	45,806
Principal payments on long-term debt	<u>(696,546)</u>	<u>(175,345)</u>
	(696,546)	(129,539)
<b>Cash flows from investing activities:</b>		
Investment in HIW Property Holdings partnership	(2,586,721)	-
Purchase of investments	(2,394,641)	-
Distributions received from government business enterprises	12,547,231	60,000
Decrease (increase) in advances to Pickerel Contracting Ltd.	<u>133,189</u>	<u>(70,361)</u>
	7,699,058	(10,361)
<b>Net increase (decrease) in cash</b>	<b>7,456,454</b>	<b>(346,094)</b>
<b>Cash, beginning of year</b>	<b>355,170</b>	<b>701,264</b>
<b>Cash, end of year</b>	<b>\$ 7,811,624</b>	<b>355,170</b>
<b>Cash is represented by:</b>		
Cash	\$ 7,702,335	270,177
Restricted cash	109,290	84,993
	<u>\$ 7,811,625</u>	<u>355,170</u>

See accompanying notes to consolidated financial statements.

# **HENVEY INLET FIRST NATION**

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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Henvey Inlet First Nation (the "First Nation") located in the Parry Sound district administers programs and provides services on behalf of its members.

## **1. Significant accounting policies:**

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

### **(a) Basis of consolidation:**

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of all programs under the control of Chief and Council.

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

Organizations consolidated include:

- Henvey Inlet First Nation Key Harbour Settlement Trust

Organizations accounted for on a modified equity basis include:

- Pickerel Contracting Ltd.
- Nigig Power Corporation
- Shwe Miikaan Corp.
- Shwe Miikaan Limited Partnership
- HIW Property Holdings GP Inc
- HIW Property Holdings LP

Under the modified equity basis, the entity's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

### **(b) Revenue recognition:**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position.

### **(c) Prior year funding adjustments:**

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government. These adjustments are charged to operations in the year during which the adjustments become known.

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life in Years
Land improvements	10 - 30
Buildings and building improvements	10 - 40
Vehicles	5
Machinery and equipment	10
Furniture, computers, and fixtures	4 - 10
Water and wastewater infrastructure	10 - 50
Roads infrastructure	75

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### (ii) Inventories:

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined on the first-in and first-out basis.

#### (e) Ottawa Trust Funds:

The Ottawa Trust Funds are held in trust by the Government of Canada and are included on the statement of financial position.

#### (f) Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value

#### (g) Use of estimates:

The preparation of consolidated financial statements 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# HENVEY INLET FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 2. Restricted cash:

In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$109,290 (2017 - \$84,933) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacement reserve bank account. As of fiscal year end, this First Nation is required to have set aside \$96,295 (2017 - \$88,516).

### 3. Investment and advances in Pickerel Contracting Ltd.:

The following table provides condensed supplementary financial information for the year ended March 31, 2018, with comparative information for 2017:

	2018	2017
<b>Financial Position:</b>		
Current assets	\$ 30,092	6,199
Other assets	44,080	59,735
<b>Total assets</b>	<b>74,172</b>	<b>65,934</b>
Liabilities	119,626	226,173
<b>Net position</b>	<b>(45,454)</b>	<b>(160,239)</b>
Equity contributions net of provision for impairment in value	45,455	160,240
<b>Carrying value of investment</b>	<b>\$ 1</b>	<b>1</b>
 <b>Results of operations</b>		
Revenue	\$ 753,876	454,791
Expenses	639,090	461,174
<b>Net income (loss) for the year</b>	<b>114,786</b>	<b>(6,383)</b>
Provision for impairment in value	(114,786)	6,383
<b>Share in operations</b>	<b>\$ -</b>	<b>-</b>
 <hr/> <b>2018</b>		
Advances to Pickerel Contracting Ltd.	\$ 66,459	199,648
Allowance	(66,458)	(199,647)
<b>Carrying value of investment</b>	<b>\$ 1</b>	<b>1</b>

# HENVEY INLET FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 4. Investment in Nigig Power Corporation:

The following table provides condensed supplementary financial information for the year ended March 31, 2018, with comparative information for 2017:

	2018	2017
Financial position:		
Current assets	\$ 16,493,420	79,461
Restricted cash	7,000,000	–
Investments	41,919,501	14,035,645
Capital assets	284,635	4,266,240
<b>Total assets</b>	<b>65,697,556</b>	<b>18,381,346</b>
Liabilities	5,234,944	19,540,393
Net position	60,462,612	(1,159,047)
Provision for impairment in value, net of equity contributions	–	1,159,048
<b>Carrying value of investment</b>	<b>\$ 60,462,612</b>	<b>1</b>

	2018	2017
Results of operations:		
Revenues	\$ 93,618,448	258,487
Expenses	11,957,684	1,426,651
Net income (loss) from operations	81,660,764	(1,168,164)
Equity loss from associates	7,514,877	846,836
Net income (loss) for the year	74,145,887	(2,015,000)
Provision for impairment in value	(1,159,048)	2,015,000
<b>Share in operations</b>	<b>\$ 72,986,839</b>	<b>–</b>

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 5. Investment in Shwe Miikaan Partnership:

The First Nation has a 33.333% equity interest in both Shwe Miikaan Limited Partnership ("SMLP") and its general partner Shwe Miikaan Corp ("SMC") as follows:

	2018	2017
Shwe Miikaan Corp.	\$ 1	1
Shwe Miikaan Limited Partnership	547,899	504,642
	<b>\$ 547,900</b>	<b>504,643</b>

The investment at March 31, 2018 consists of the following:

	SMLP	SMC	2018	2017
Balance, at beginning of year	504,642	1	\$ 504,643	\$ 458,726
Distributions	(23,000)	—	(23,000)	(60,000)
Share of earnings (loss)	66,257	(1,604)	64,653	63,416
Provision for impairment	—	1,604	1,604	42,501
Balance, end of year	<b>547,899</b>	<b>1</b>	<b>\$ 547,900</b>	<b>\$ 504,643</b>

Financial information for the Shwe Miikaan Partnership at March 31, 2018 is as follows:

	2018	2017
Financial position:		
Current assets	\$ 1,492,851	\$ 1,059,376
Non - current assets	66,348	1,518,169
Total assets	1,559,199	2,577,545
Liabilities	47,811	1,191,119
Partners' equity	\$ 1,511,388	\$ 1,386,426

	2018	2017
Results of operations:		
Revenue	\$ 870,386	\$ 540,184
Expenses	676,427	349,936
Net earnings	\$ 193,959	\$ 190,248

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 6. Investment in HIW Property Holdings Partnership:

The First Nation has a 49.99% equity interest in both HIW Property Holdings Limited Partnership ("PHLHP") and its general partner HIW Property Holdings GP Inc ("PHGP") as follows:

	PHLHP	PHGP	2018
Balance, at beginning of year	\$ -	-	\$ -
Capital contributions	2,579,221	7,500	2,586,721
Share of earnings (loss)	13,000	(2,500)	10,500
Balance, end of year	\$ 2,592,221	5,000	\$ 2,597,221

Financial information for the HIW Property Holdings Partnership at March 31, 2018 is as follows:

	2018
Financial position:	
Current assets	\$ 226,000
Non- current assets	5,020,000
Total assets	5,246,000
Liabilities	
	62,000
Partners' equity	\$ 5,184,000
Results of operations:	
Revenue	\$ 26,000
Expenses	-
Net earnings	\$ 26,000

## 7. Restricted assets – Henvey Inlet First Nation Key Harbour Settlement Trust:

Restricted assets – Henvey Inlet First Nation Key Harbour Settlement Trust consists of the following:

2018	Cost	Fair Market Value
Cash	\$ 6,394	6,394
Canadian fixed income	1,037,002	1,044,238
Canadian equities	490,912	499,207
Foreign equities	860,333	861,874
	\$ 2,394,641	2,411,713

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 8. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land improvements	\$ 601,975	-	-	601,975
Buildings	6,905,089	82,038	(345,000)	6,642,127
Roads infrastructure	1,465,066	-	-	1,465,066
Machinery and equipment	1,173,675	775,650	(58,500)	1,890,825
Furniture, computers and fixtures	133,072	109,974	-	243,046
Water infrastructure	5,342,409	-	-	5,342,409
Assets under construction	-	1,352,583	-	1,352,583
<b>Total</b>	<b>\$ 15,621,286</b>	<b>2,320,245</b>	<b>(403,500)</b>	<b>17,538,031</b>

  

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land improvements	\$ 120,539	-	17,979	138,518
Buildings	2,197,437	(222,770)	171,206	2,145,873
Roads infrastructure	470,775	-	21,516	492,291
Machinery and equipment	604,762	(37,322)	162,687	730,127
Furniture, computers and fixtures	96,544	-	18,163	114,707
Water infrastructure	1,334,402	-	132,058	1,466,460
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 4,824,459</b>	<b>(260,092)</b>	<b>523,609</b>	<b>5,087,976</b>

  

	Net book value, March 31, 2017	Net book value, March 31, 2018
Land improvements	\$ 481,436	463,457
Buildings	4,707,652	4,496,254
Roads infrastructure	994,291	972,775
Machinery and equipment	568,913	1,160,698
Furniture, computers and fixtures	36,528	128,339
Water infrastructure	4,008,007	3,875,949
Assets under construction	-	1,352,583
<b>Total</b>	<b>\$ 10,796,827</b>	<b>12,450,055</b>

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 8. Tangible capital assets (continued):

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land improvements	\$ 557,240	44,735	-	601,975
Buildings	6,399,784	505,305	-	6,905,089
Roads infrastructure	1,454,318	10,748	-	1,465,066
Machinery and equipment	1,015,825	157,850	-	1,173,675
Furniture, computers and fixtures	133,072	-	-	133,072
Water infrastructure	5,342,409	-	-	5,342,409
Assets under construction	216,769	-	(216,769)	-
<b>Total</b>	<b>\$ 15,119,417</b>	<b>718,638</b>	<b>(216,769)</b>	<b>15,621,286</b>

  

Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land improvements	\$ 102,678	-	17,861	120,539
Buildings	2,026,761	-	170,676	2,197,437
Roads infrastructure	450,333	-	20,442	470,775
Machinery and equipment	526,902	-	77,860	604,762
Furniture, computers and fixtures	91,075	-	5,469	96,544
Water infrastructure	1,192,174	-	142,228	1,334,402
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 4,389,923</b>	<b>-</b>	<b>434,536</b>	<b>4,824,459</b>

  

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land improvements	\$ 454,562	481,436
Buildings	4,373,023	4,707,652
Roads infrastructure	1,003,985	994,291
Machinery and equipment	488,923	568,913
Furniture, computers and fixtures	41,997	36,528
Water infrastructure	4,150,235	4,008,007
Assets under construction	216,769	-
<b>Total</b>	<b>\$ 10,729,494</b>	<b>10,796,827</b>

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 9. Deferred revenue:

	2018	2017
Henvey Inlet Wind LP Land Lease	\$ —	\$ 125,000
INAC	266,550	206,347
Health Canada	121,428	—
Indigenous legal systems: MAG	—	39,300
Trailer park fees	40,070	39,300
Other	16,645	13,348
	<b>\$ 444,693</b>	<b>\$ 423,295</b>

## 10. Long-term debt:

The details of the long-term debt are as follows:

	2018	2017
Canada Mortgage and Housing Corporation mortgage payable \$2,015 monthly including principal and interest, bearing interest at 1.68% per annum, due March 1, 2018	\$ —	23,972
Canada Mortgage and Housing Corporation mortgage payable \$1,875 monthly including principal and interest, bearing interest at 1.97% per annum, due April 1, 2019	24,097	45,891
Canada Mortgage and Housing Corporation mortgage payable \$1,643 monthly including principal and interest, bearing interest at 1.67 % per annum, due May 1, 2028	184,296	200,797
Canada Mortgage and Housing Corporation mortgage payable \$2,406 monthly including principal and interest, bearing interest at 1.85% per annum, due August 1, 2034	408,729	429,857
Canada Mortgage and Housing Corporation mortgage payable \$1,189 monthly including principal and interest, bearing interest at 1.03% per annum, due October 1, 2036	241,243	252,965
Canada Mortgage and Housing Corporation mortgage payable \$1,519.52 monthly including principal and interest, bearing interest at 2.06% per annum, due November 1, 2041	294,862	307,323
Canada Mortgage and Housing Corporation construction financing, terms and conditions established at the date of substantial completion	123,562	122,220
Royal Bank mortgage payable \$2,377 monthly including principal and interest, bearing interest at 5.47% per annum, maturing June 8, 2017	71,936	87,002
Royal Bank loan \$3,129 monthly including principal and interest, bearing interest at 5.08% per annum, maturing July 2018	12,385	47,768
Royal Bank loan \$1,500 monthly including principal and interest, bearing interest at 1.01% per annum, maturing April 2018	—	90,000
	<b>\$ 1,361,110</b>	<b>\$ 1,607,795</b>

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 10. Long-term debt (continued):

Principal repayments due are estimated as follows:

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2019	\$ 112,832
2020	81,876
2021	81,835
2022	83,449
2023 and thereafter	1,001,118

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## 11. Accumulated surplus:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 11,088,945	9,189,605
Operating	6,345,040	(1,142,657)
Land claim	75,446	(624,420)
Unfinanced CMHC capital	(113,012)	(113,012)
	17,396,419	7,309,516
Reserves:		
Reserve funds set aside for specific purpose by Council	2,498,408	1,078,204
Committed reserves	208,945	208,945
	2,707,353	1,287,149
Government Business Enterprises:		
Nigig Power Corporation	60,462,612	—
HIW Property Holdings Partnership	2,597,221	—
Shwe Miikaan Limited Partnership	547,900	504,643
	63,607,733	504,643
Henvey Inlet First Nation Key Harbour Settlement Trust	1,978,628	—
	\$ 85,690,133	9,101,308

# HENVEY INLET FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 12. Contingent liabilities:

- (a) The First Nation has endorsed CMHC loans made to various members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (b) During the year the First Nation was jointly named, with Nigig Power Corporation ("NPC"), as a defendant in a breach of contract and unjust enrichment legal claim where the plaintiff is seeking damages of \$228,000,000 relating to undertakings by the plaintiff on behalf of NPC. The results of this claim are not determinable.

In addition, the First Nation jointly signed an indemnity agreement (the "Indemnity") with NPC, whereby both parties indemnified the Henvey Wind Partnership (the "Partnership") from all costs, charges, losses, damages, fees and liabilities associated with the legal claim. In consideration of the Indemnity, that Partnership has held \$7,000,000 owing to NPC.

- (c) The First Nation is contingently liable for loan guarantees to various chartered banks in favour of individual Band members. The guarantees total \$249,501 (2017 - \$267,912) and the principle outstanding on the loans as of the consolidated financial statement date is \$249,501 (2017 - \$109,015).

### 13. Comparative information:

Certain 2017 comparative figures have been reclassified to conform to the presentation adopted in 2018.

### 14. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

	2018
Approved revenue budget:	
Total revenues per budget	\$ 5,216,742
Revenue budget per financial statements	<u>\$ 5,216,742</u>
Approved expense budget:	
Total expenses per budget	\$ 4,886,341
Add:	
Amortization of tangible capital assets	523,609
Expense budget per financial statements	<u>\$ 5,409,950</u>

### 15. Members distributions held in trust:

The First Nation has \$269,100 of cash held in trust on behalf of 78 members. These members are entitled to a one-time capital distribution of \$3,450 in accordance with the Henvey Inlet Key Harbour Trust Agreement.

# **HENVEY INLET FIRST NATION**

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### **16. Segmented information:**

Henvey Inlet First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Band Support**

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council, administrating the Henvey Inlet First Nation Key Harbour Settlement Trusts and management and assistance for computer and communications related projects and services.

#### **Health Services**

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of member communities.

#### **Education**

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the communities.

#### **Social Assistance**

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components.

# **HENVEY INLET FIRST NATION**

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## **16. Segmented information (continued):**

### **Community Property**

The community property department provides services for the longevity of the First Nation by the acquisition, development, and maintenance of land resources, equipment, roads and housing.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

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

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 16. Segmented information (continued):

	General/Band Support	Health	Education	Social Assistance	Community Property	2018 Total
Revenue	\$ 83,011,284	1,022,552	1,295,209	487,071	1,868,667	87,684,783
<b>Expenses:</b>						
Salaries and benefits	1,135,149	357,726	93,305	50,023	67,714	1,703,917
Material supplies and subcontracts	1,700,308	255,734	-	39,887	256,276	2,252,205
Professional fees	1,378,389	12,877	-	-	10,510	1,401,776
Interest on long-term debt	3,714	-	2,171	-	19,740	25,625
Provincial Schools tuition	-	-	350,190	-	-	350,190
Other	3,148,261	470,600	582,617	399,163	1,393,346	5,993,987
Investment in tangible capital assets	(336,968)	(73,640)	-	-	(744,742)	(1,155,350)
Amortization of tangible capital assets	107,732	42,588	33,096	-	340,192	523,608
	7,136,585	1,065,885	1,061,379	489,073	1,343,036	11,095,958
Excess (deficiency) of revenue over expenses	\$ 75,874,699	(43,333)	233,830	(2,002)	525,631	76,588,825

# HENVEY INLET FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 16. Segmented information (continued):

	General/Band Support	Health	Education	Social Assistance	Community Property	2017 Total
Revenue	\$ 5,141,521	847,787	1,155,271	489,571	753,862	8,388,012
<b>Expenses:</b>						
Salaries and benefits	1,204,987	369,472	93,670	49,262	71,858	1,789,249
Material supplies and subcontracts	1,382,869	147,284	-	45,775	627,453	2,203,381
Professional fees	1,444,501	11,553	-	-	11,414	1,467,468
Interest on long-term debt	2,706	-	3,300	-	23,715	29,721
Provincial Schools tuition	-	-	316,219	-	-	316,219
Other	879,219	459,451	524,385	399,094	333,075	2,595,224
Investment in tangible capital assets	(181,424)	-	-	-	(296,892)	(478,316)
<u>Amortization of tangible capital assets</u>	<u>60,136</u>	<u>36,162</u>	<u>33,096</u>	<u>-</u>	<u>305,142</u>	<u>434,536</u>
	4,792,994	1,023,922	970,670	494,131	1,075,765	8,357,482
Excess (deficiency) of revenue over expenses	\$ 348,527	(176,135)	184,601	(4,560)	(321,903)	30,530

