

SLATE FALLS NATION
Consolidated Financial Statements
Year Ended March 31, 2016

SLATE FALLS NATION
Index to Consolidated Financial Statements
Year Ended March 31, 2016

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Revenues and Expenditures and Changes in Net Assets	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 20
Consolidated Segmented Information (<i>Schedule 1</i>)	21 - 22
Consolidated Segmented Comparative Information (<i>Schedule 2</i>)	23 - 24
Consolidated Statement of Expenditure by Object (<i>Schedule 3</i>)	25

Management's Responsibility for Financial Reporting

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

The consolidated financial statements of Slate Falls Nation have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board and as such include amounts that are the best estimates and judgements of management.

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

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

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

The external auditors, Stefanson Lee Romaniuk Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Slate Falls Nation and meet when required.



Chief

Councillor

Councillor

Slate Falls, Ontario
July 27, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Slate Falls Nation

We have audited the accompanying consolidated financial statements of Slate Falls Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of revenues and expenditures and changes in net assets, comprehensive income and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Slate Falls Nation as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Stefanson Lee Romaniuk

Licensed Public Accountants
Chartered Professional Accountants

Winnipeg, Manitoba
July 27, 2016

SLATE FALLS NATION
Consolidated Statement of Financial Position
March 31, 2016

	2016	2015
Financial Assets		
Cash (Note 3)	\$ 304,812	\$ 197,873
Restricted cash- Slate Falls Nation Trust (Notes 3, 4)	76,552	137,071
Short term investments	72,856	142,719
Deposits from Settlement in trust with lawyer (Note 4)	2,130,399	2,266,806
Interest receivable (Note 4)	8,090	8,440
Band Trust Funds (Note 5)	7,486	7,331
CMHC Replacement Reserve Investment	52,951	50,136
CMHC Operating Reserve Investment	5,709	5,914
Accounts receivable, net of allowance for doubtful accounts \$29,485 (2015 - \$35,420) (Note 6)	555,500	554,962
CMHC Subsidy receivable	3,890	3,890
Investment in subsidiaries (Note 7)	3,766,258	6,273,081
Due from related parties (Note 12)	1,091,908	868,511
	8,076,411	10,516,734
Liabilities and Net Assets		
Accounts payable	218,128	870,339
Slate Falls Nation Trust payable to members (Note 4)	413,280	468,620
Employee deductions payable	3,767	10,452
Deferred income (Note 10)	-	984
Incomplete Projects (Note 11)	125,664	59,672
Capital asset reserves (Note 13)	163,645	160,830
Mortgage payable (Note 14)	1,393,541	1,214,274
Due to related parties (Note 12)	2,343,407	2,126,705
Note Payable (Note 15)	-	2,234,375
	4,661,432	7,146,251
Net financial assets	3,414,979	3,370,483
Non-financial assets		
Tangible capital assets (Note 8)	8,091,621	8,248,787
	\$ 11,506,600	\$ 11,619,270

APPROVED BY:


 CHIEF


 COUNCILLOR


 COUNCILLOR

See notes to financial statements

SLATE FALLS NATION
**Consolidated Statement of Revenues and Expenditures and Changes in Net Assets
For the Year Ended March 31, 2016**

	Budget (unaudited)	2016	2015
Revenue			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ -	\$ 1,476,197	\$ 1,445,128
AANDC Set Contribution Funding	-	289,704	262,661
AANDC Flexible Contribution Funding	-	-	405,000
Total AANDC	-	1,765,901	2,112,789
Health Canada	-	1,251,673	1,472,405
Other program funding and revenue	-	2,067,945	2,269,475
Transfer from (to) Incomplete	-	(65,992)	(14,943)
Transfer from (to) deferred revenue	-	984	205,076
	-	3,254,610	3,932,013
Income (loss) of subsidiary corporations	-	(2,462,926)	(200,851)
Ontario First Nations Limited Partnership	-	739,747	735,611
Interest on trust account	-	23,425	29,337
Gain on forgiveness of note payable (Note 15)	-	2,234,375	-
	-	5,555,132	6,608,899
Expenses			
Public Works & Housing	-	1,314,893	3,372,610
Social Development	-	702,496	775,564
Finance & Administration	-	359,592	485,872
Health	-	1,368,139	1,640,590
Education	-	862,652	828,366
Land Use Planning	-	180,000	-
Disbursement of settlement proceeds	-	8,940	4,574
	-	4,796,712	7,107,576
Ontario First Nations Limited Partnership income allocated	-	739,747	735,611
Amortization	-	449,781	419,276
	-	5,986,240	8,262,463
Excess (deficiency) of revenue over expenses	-	(431,108)	(1,653,564)
Transfer to Tangible Capital	-	318,438	2,457,741
Net excess (deficiency) of revenue over expenses	-	(112,670)	804,177
Accumulated surplus, beginning of year	-	11,649,270	10,845,093
Prior period adjustment (Note 20)	-	(30,000)	(30,000)
Net assets - end of year	\$ -	\$ 11,506,600	\$ 11,619,270

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2016**

	Budget (unaudited)	2016	2015
Surplus (deficiency) of revenues over expenditures for the year	\$ -	\$ (112,670)	\$ 804,177
Acquisition of tangible capital assets	-	(318,438)	(2,457,741)
Amortization of tangible capital assets	-	475,604	444,457
Change in net financial assets	-	44,496	(1,209,107)
Net financial assets, beginning of year	-	3,370,483	4,579,590
Net financial assets, end of year	\$ -	\$ 3,414,979	\$ 3,370,483

See notes to financial statements

SLATE FALLS NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (112,670)	\$ 804,177
Items not affecting cash:		
Amortization of tangible capital assets	449,781	419,276
Amortization of CMHC financed property	25,823	25,181
Income (loss) of subsidiary corporations	2,462,926	200,851
Gain on forgiveness of note payable	(2,234,375)	-
	591,485	1,449,485
Changes in non-cash working capital:		
Accounts receivable	(538)	275,919
Interest receivable	350	(8,440)
Short term investments	69,863	(71,658)
CMHC reserve investments	(2,610)	(2,786)
Accounts payable	(652,209)	264,237
Deferred income	(984)	(205,077)
Employee deductions payable	(6,685)	(5,387)
Slate Falls Nation Trust payable to members	(55,340)	(150,380)
Incomplete Projects	65,991	14,943
	(582,162)	111,371
Cash flow from operating activities	9,323	1,560,856
Capital activities		
Purchase of tangible capital assets	(318,438)	(2,457,741)
Cash flow used by capital activities	(318,438)	(2,457,741)
Investing activities		
Band Trust Funds	(156)	(202)
Investment in 1902070 Ontario Inc.	43,897	(494)
	43,741	(696)
Financing activities		
Advances from related parties	(6,695)	152,369
Capital asset reserves	2,815	6,028
Deposits from Settlement in trust with lawyer	136,407	277,364
Deposits in trust with lawyer	-	10,952
Proceeds from long term financing	271,762	706,588
Repayment of long term debt	(92,495)	(25,181)
Cash flow from financing activities	311,794	1,128,120
Increase in cash flow	46,420	230,539
Cash - beginning of year	334,944	104,405
Cash - end of year (Note 3)	\$ 381,364	\$ 334,944

See notes to financial statements

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

1. Nature of entity

Slate Falls Nation is a First Nation located in the Province of Ontario. The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of First Nation citizens of Slate Falls Nation. The First Nation provides services such as fire, health, public works, community planning, recreation, education and other general government operations.

2. Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Fully consolidated entities have all inter-organizational balances and transactions eliminated upon consolidation. The following are fully consolidated in the financial statements of the First Nation.

- CMHC
- Land Use Planning
- Ontario First Nations Limited Partnership
- Slate Falls Nation Trust

For business enterprises and business partnerships the investment in the acquired companies is initially recorded at its cost. The results of operations of the acquired companies are included in the investment from the dates of acquisition. Under this method, government business enterprises' accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

The following subsidiaries' results of operations are included in these financial statements under the modified equity method:

	Percentage Ownership
2159256 Ontario Ltd.	100%
Bamaji Lake Economic Development Corporation	100%
Bamaji Air Inc.	75%
Knobby's Fly-In Camps Limited	100%
1902070 Ontario Inc.	100%

(continues)

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

2. Significant accounting policies (*continued*)

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments include cash and short term investments, accounts receivable, accounts payable, and long term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments, and that unless otherwise noted, the book value of the First Nation's financial assets and liabilities approximates their fair value.

Short term investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

(continues)

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

2. Significant accounting policies (*continued*)

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

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

Amortization of tangible capital assets

Tangible capital assets is amortized over its estimated useful life at the following rates and methods:

Buildings	5%	straight-line method
Heavy Equipment	15%	straight-line method
Automotive Equipment	30%	straight-line method
Fuel Tanks	10%	straight-line method
Small Equipment	30%	straight-line method
Office Equipment	30%	straight-line method

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

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Budget

Annual budget figures are not included as they are not available.

3. Cash

	2016	2015
Slate Falls Nation operating accounts	\$ 304,812	\$ 197,873
Slate Falls Nation Trust- restricted cash	76,552	137,071
	\$ 381,364	\$ 334,944

The First Nation has an operating line of credit with CIBC with interest payable monthly at prime plus 2%. The balance of the line of credit at March 31, 2016 was \$nil (2015 - \$nil).

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

4. Trust Funds

The First Nation, the governments of Canada and Ontario, and Ontario Power Generation entered into settlement agreements relating to flooding of Lake St. Joseph and surrounding area. The First Nation ratified the settlement agreement by vote on November 14, 2012 and established the Slate Falls Nation Trust with an effective date of December 10, 2013. Monetary compensation of \$5,400,000 was directed to the Slate Falls Nation Trust to be held as a long term asset for the benefit of the First Nation. The Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement.

The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to section 104 of the Income Tax Act (Canada), subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The year end of the Trust is December 31, 2015 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2016 to March 31, 2016.

At March 31, 2016, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2016	2015
Restricted cash- Slate Falls Nation Trust	\$ 76,552	\$ 137,071
Settlement funds in trust with lawyer	2,130,399	2,266,806
Accrued interest receivable on funds in trust with lawyer	8,090	8,440
	2,215,041	2,412,317
Less: Slate Falls Nation Trust payable to members	(413,280)	(468,620)
	\$ 1,801,761	\$ 1,943,697

5. Band Trust Funds

The trust balance is monies held in trust for Slate Falls Nation by the Department of Aboriginal Affairs and Northern Development Canada. The change in the trust balance during the year was as follows:

	Capital	Revenue	2016	2015
Balance, beginning of year	\$ 1,056	\$ 6,275	\$ 7,331	\$ 7,129
Add: Government of Canada Interest	-	155	155	202
Balance, end of year	\$ 1,056	\$ 6,430	\$ 7,486	\$ 7,331

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****6. Accounts receivable**

	2016	2015
AANDC Receivable	\$ 84,869	\$ 28,242
Health Canada	233,136	433,611
Other receivables	266,980	128,529
Subtotal	584,985	590,382
Allowance for Doubtful Accounts	(29,485)	(35,420)
	\$ 555,500	\$ 554,962

7. Investment in subsidiaries

The investment balance reported represents the modified equity (deficit) balance of the following band businesses:

	2016	2015
Bamaji Lake Economic Development Corporation	\$ 1,854,004	\$ 3,980,807
Knobby's Fly-In Camps Limited	2,700,484	2,835,809
Bamaji Air Ltd.	(725,290)	(591,658)
2159256 Ontario Ltd.	(386,874)	(372,505)
1902070 Ontario Inc.	323,934	420,628
	\$ 3,766,258	\$ 6,273,081

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****7. Investment in subsidiaries (continued)**

Bamaji Lake Economic Development Corporation
March 31, 2016

	2016	2015
Financial Assets	\$ 2,459,768	\$ 4,313,213
Liabilities	731,899	509,754
Net financial assets	1,727,869	3,803,459
Non-financial assets	126,135	177,348
	\$ 1,854,004	\$ 3,980,807
Investment Comprised of:		
Acquisition costs:	\$ -	\$ -
Cumulative income (loss):	1,854,004	3,980,807
	\$ 1,854,004	\$ 3,980,807

Knobby's Fly-In Camps Limited
October 31, 2015

	2015	2014
Assets	\$ 4,676,479	\$ 4,060,469
Liabilities	\$ 1,948,903	\$ 1,197,569
Surplus	2,727,576	2,862,900
	\$ 4,676,479	\$ 4,060,469
Revenue	\$ 707,551	\$ 682,184
Expense	693,583	698,323
Surplus (deficit) before extraordinary item	13,968	(16,139)
Loss on disposal of assets due to fire	149,292	-
Current Surplus (deficit)	\$ (135,324)	\$ (16,139)
Investment Comprised of:		
Acquisition costs:	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss)	835,484	970,809
	\$ 2,700,484	\$ 2,835,809

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****7. Investment in subsidiaries (continued)****2159256 Ontario Ltd.
October 31, 2015**

	2015	2014
Assets	\$ 315,255	\$ 331,925
Liabilities	844,515	846,816
Surplus	(529,260)	(514,891)
	\$ 315,255	\$ 331,925
Revenue	\$ 159,317	\$ 209,827
Expense	173,687	218,819
	\$ (14,370)	\$ (8,992)
	2015	2014
Investment Comprised of:		
Acquisition costs:	\$ 142,486	\$ 142,486
Cumulative income (loss):	(529,360)	(514,991)
	\$ (386,874)	\$ (372,505)

**1902070 Ontario Inc.
January 31, 2016**

	2016	2015
Assets	\$ 1,312,979	\$ 1,250,366
Liabilities	1,417,745	1,302,333
Surplus (deficit)	(104,767)	(51,967)
	\$ 1,312,978	\$ 1,250,366
Revenue	\$ 121,208	\$ 76,208
Expenses	174,006	113,213
	\$ (52,798)	\$ (37,005)
Investment Comprised of:		
Acquisition costs:	\$ 413,737	\$ 457,633
Cumulative income (loss)	(89,803)	(37,005)
	\$ 323,934	\$ 420,628

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****7. Investment in subsidiaries (continued)****Bamaji Air Ltd.
October 31, 2015**

	2015	2014
Assets	\$ 1,349,410	\$ 1,570,402
Liabilities	1,869,508	\$ 1,912,325
Surplus	(520,098)	(341,923)
	1,349,410	\$ 1,570,402
Revenue	996,855	\$ 1,185,938
Expenses	1,175,030	1,468,447
Current Surplus (deficit)	(178,175)	\$ (282,509)
Slate Falls Nation share of current surplus (deficit)	\$ (133,631)	\$ (211,882)
Investment Comprised of:		
Acquisition costs:	\$ 2,101,624	\$ 2,101,624
Cumulative income (loss):	(2,826,914)	(2,693,282)
	\$ (725,290)	\$ (591,658)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****8. Tangible capital assets**

	Cost	Accumulated amortization	2016 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	12,187,232	5,974,842	6,212,390
Equipment	439,761	424,706	15,055
Automotive	486,580	469,436	17,144
CMHC Buildings	869,622	208,466	661,156
Fuel Tanks	547,922	82,188	465,734
	14,657,324	7,159,638	7,497,679
Construction in progress	593,940	-	593,940
	\$ 15,251,257	\$ 7,159,638	\$ 8,091,619

	Cost	Accumulated amortization	2015 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	9,194,089	5,607,078	3,587,011
Equipment	423,466	422,816	650
Automotive	486,580	444,100	42,480
CMHC Buildings	869,622	182,642	686,980
Fuel Tanks	547,922	27,396	520,526
	11,647,879	6,684,032	4,963,847
Construction in progress	3,284,940	-	3,284,940
	\$ 14,932,819	\$ 6,684,032	\$ 8,248,787

9. Construction in progress

	2016	2015
Water plant	\$ 593,940	\$ 554,016
Community Centre	-	2,730,924
	\$ 593,940	\$ 3,284,940

Tangible capital projects which are not complete at March 31 are included as Construction in progress.

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****10. Deferred income**

	2016	2015
Water Plant	\$ -	\$ 984

Revenues received relating to capital projects that are unspent as at March 31 are deferred until the fiscal year the funds are disbursed.

11. Incomplete Projects

The incomplete projects represent deferred funding from advances provided to Slate Falls Nation by the Department of Aboriginal Affairs and Northern Development Canada and the Government of Canada and other sources.

	2016	2015
Deferred revenue, beginning of year	\$ 59,672	\$ 194,730
Add: AANDC current deferral	114,697	40,562
Other program current deferral	10,967	19,110
Less: Deferred revenue recognized	(59,672)	(194,730)
	125,664	59,672

The balance of deferred revenue consists of the following:

	2016	2015
Aboriginal Affairs and Northern Development Canada		
Water and Sewer	\$ 61,239	\$ -
Fire Prevention	7,587	-
Electrical Systems	18,738	13,429
Education Management & Government Capacity	4,833	4,833
Parental & Community Engagement	12,300	12,300
School Effectiveness	10,000	10,000
	114,697	40,562
Other deferred program funding		
School Data Management Administrator	1,250	1,250
Student council	9,717	17,860
	10,967	19,110
	\$ 125,664	\$ 59,672

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****12. Due to (from) related parties**

	2016	2015
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation (Wholly owned subsidiary)		
Services Provided	\$ 908,222	\$ 846,202
Transfer of Casino Rama funding	739,747	735,611
	\$ 1,647,969	\$ 1,581,813
 Bamaji Air Inc. Flying services	 \$ 71,983	 \$ 90,508

These transactions are in the normal course of operations and are measured at the exchange amount, (the value of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product or provision of services.

Due to (from) related parties

The First Nation had the following balances owing to (from) related parties:

	2016	2015
Due from related parties:		
Bamaji Air Inc.	\$ 689,522	\$ 466,125
2159256 Ontario Ltd.	402,386	402,386
	\$ 1,091,908	\$ 868,511
 Due to related parties:		
Bamaji Lake Economic Development Corporation	\$ 2,203,407	\$ 1,986,705
Knobby's Fly-In Camps Limited	140,000	140,000
	\$ 2,343,407	\$ 2,126,705

Advances from a related organization are non-interest bearing and have no set repayment terms.

13. Capital Asset Reserves

The capital asset reserves are comprised of the following:

	2016	2015
Administration capital replacement reserve	\$ 27,230	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	52,951	50,136
	\$ 163,645	\$ 160,830

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2016****14. Mortgage payable**

	2016	2015
Canada Mortgage and Housing Corporation (CMHC) loan bearing interest at 2.65% per annum, repayable in monthly blended payments of \$3,244. The loan matures on March 1, 2031 and is secured by a first mortgage on the property. The mortgage was renewed on April 1, 2011 with the next renewal on April 1, 2016.	\$ 481,863	\$ 507,686
CIBC demand loan bearing interest at prime plus 2% per annum. Repayable in monthly principal payments of \$8,334 plus interest. The loan matures April 13, 2025 and is secured by a first charge on all property, assignment of property insurance, and direction of Ontario First Nations Limited Partnership revenues to CIBC.	911,678	706,588
	\$ 1,393,541	\$ 1,214,274

Principal repayment terms are approximately:

2017	\$ 126,508
2018	127,508
2019	128,508
2020	130,008
2021	131,008
Thereafter	750,001
	<u>\$ 1,393,541</u>

15. Note Payable

The note payable to Bamaji Lake Economic Development Corporation has been forgiven as it has been agreed between Slate Falls Nation and Bamaji Lake Economic Development Corporation that the amount will not be repaid. Accordingly, this amount has been written off at March 31, 2016.

	2016	2015
Note payable	\$ -	\$ 1,765,000
Accrued interest	-	469,375
	\$ -	\$ 2,234,375

16. Economic dependence

Slate Falls Nation receives a significant portion of its revenues pursuant to funding agreements with the federal government.

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2016

17. Contingent liability

The First Nation has provided a guarantee in the amount of \$320,000 to support a loan of a subsidiary company.

In addition, the First Nation has received a forgivable loan from CMHC. This loan is forgivable over five years should the First Nation comply with the terms and conditions of the RRAP loan. The loan becomes payable with interest at 6.5% should the First Nation fail to comply.

18. Commitments

Water Supply and Distribution System

The First Nation has entered into an agreement with AANDC for a new water supply and distribution system with a total estimated cost of \$11,600,000 which will be fully funded by AANDC. The project commenced July 2016 with an expected completion date of December 2017.

19. Segmented Information

Slate Falls Nations is a diversified community that provides a wide range of services to its members. For management reporting purposes Slate Falls Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

These activities can be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works and Housing

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Finance & Administration

Finance & Administration contains activities that are needed to run Slate Falls Nation.

Health Services

Health Services contains activities that provide medical services to band members.

(continues)

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

19. Segmented Information (*continued*)

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Land Use Planning

Land Use Planning contains the funds received and disbursed by Slate Falls Nation on behalf of Slate Falls Nation and Cat Lake First Nation for the Core Consultation agreement.

Ontario First Nations Limited Partnership

Ontario First Nations Limited Partnership (ONFLP) contains the funds received from ONFLP and the disbursement of these funds to eligible programs.

Flood Claim Settlement

Proceeds received and the disbursement thereof relating to the settlement of the Lake St. Joseph flood claim, including the establishment of the Slate Falls Nation Trust.

20. Prior period adjustment

The prior year comparative figures have been restated to account for additional payments identified as payable to members from the settlement funds received for the flooding of Lake St Joseph and surrounding areas. As a result, at March 31, 2015, Accounts Payable to members increased by \$30,000, and the surplus decreased by \$30,000.

21. Comparative figures

Certain prior year comparative figures have been reclassified to conform to the presentation in the current year.

SLATE FALLS NATION
Consolidated Segmented Information
Year Ended March 31, 2016

(Schedule 1)

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2016 Current Year
Revenue									
AANDC Funding	\$ 683,003	\$ 267,151	\$ 12,419	\$ -	\$ 513,624	\$ -	\$ -	\$ -	\$ 1,476,197
AANDC Set Contribution Funding	54,007	-	44,290	-	191,407	-	-	-	289,704
	737,010	267,151	56,709	-	705,031	-	-	-	1,765,901
Health Canada	-	-	-	1,251,673	-	-	-	-	1,251,673
Other program funding and revenue	832,166	435,352	302,796	133,057	180,841	180,000	-	3,733	2,067,945
Ontario First Nations Limited Partnership	-	-	-	-	-	-	739,747	-	739,747
Interest on trust account	-	156	-	-	-	-	-	23,269	23,425
Income (loss) of subsidiary corporations	-	-	(2,462,926)	-	-	-	-	-	(2,462,926)
Gain on forgiveness of note payable	-	-	2,234,375	-	-	-	-	-	2,234,375
Transfer from (to) Incomplete	(74,135)	-	-	-	8,144	-	-	-	(65,992)
Transfer from (to) deferred revenue	984	-	-	-	-	-	-	-	984
	1,496,025	702,659	130,954	1,384,730	894,016	180,000	739,747	27,002	5,555,132
Expenses									
Advertising and promotion	-	-	1,390	100	-	-	-	-	1,490
Administration	15,000	3,500	-	130,890	-	-	-	-	149,390
Bad debts	-	-	13,400	909	375	-	-	-	14,684
Insurance	30,882	-	13,696	12,076	20,929	-	-	-	77,583
Interest and bank charges	1,300	42	8,694	204	1,170	-	-	279	11,688
Interest on long term debt	55,042	-	-	-	-	-	-	-	55,042
Office	43	421	6,505	1,388	1,746	-	-	-	10,103
Professional fees	5,950	-	72,353	800	-	-	-	-	79,103
Professional services	301,685	30,112	4,594	410,135	78,620	-	-	-	825,146
Program Operations	24,330	78,018	28,875	94,469	76,391	180,000	-	-	482,083
Rent	225	1,001	-	4,800	5,164	-	-	-	11,190

(continues)

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Information *(continued)*
(Schedule 1)
Year Ended March 31, 2016

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2016 Current Year
Equipment and Rentals	238,831	-	6,418	15,410	14,967	-	-	1,598	277,224
Repairs and maintenance	2,934	750	2,727	7,674	7,898	-	-	-	21,983
Salaries and benefits	310,114	538,946	18,875	525,903	184,569	-	-	-	1,578,407
Freight	3,701	2,082	1,922	5,929	6,410	-	-	-	20,044
Grants and Sponsorships	-	1,800	-	-	500	-	-	-	2,300
Materials and Supplies	127,411	-	8,910	12,781	34,661	-	-	-	183,763
Travel	84,723	42,886	52,346	96,409	12,067	-	-	5,193	293,624
Gas/Oil	9,720	2,218	2,373	20,237	23,115	-	-	-	57,663
Utilities and telephone	72,679	720	23,351	28,025	68,719	-	-	-	193,494
Insurance Plan	-	-	31,626	-	-	-	-	-	31,626
Registered Pension Plan	-	-	60,550	-	-	-	-	-	60,550
Plan Fees	-	-	530	-	-	-	-	-	530
Wages - WEA Administered Services	-	-	-	-	325,351	-	-	-	325,351
CMHC Loan Payment	25,823	-	-	-	-	-	-	-	25,823
Replacement Reserve	4,500	-	-	-	-	-	-	-	4,500
Payments to members	-	-	-	-	-	-	-	1,870	1,870
Health Canada Recovery	-	-	457	-	-	-	-	-	457
	1,314,893	702,496	359,592	1,368,139	862,652	180,000	-	8,940	4,796,712
Amortization	-	-	449,781	-	-	-	-	-	449,781
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	739,747	-	739,747
	-	-	449,781	-	-	-	739,747	-	1,189,528
Transfer to Tangible Capital	(302,143)	-	-	(5,248)	(11,047)	-	-	-	(318,438)
	1,012,750	702,496	809,373	1,362,891	851,605	180,000	739,747	8,940	5,667,802
Surplus (deficit) for the year	\$ 483,275	\$ 163	\$ (678,419)	\$ 21,839	\$ 42,411	\$ -	\$ -	\$ 18,062	\$ (112,670)

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information
(Schedule 2)
Year Ended March 31, 2015

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2015 Prior Year
Revenue									
AANDC Revenue	\$ 688,561	\$ 232,838	\$ 11,203	\$ -	\$ 512,526	\$ -	\$ -	\$ -	\$ 1,445,128
AANDC Set Contribution Funding	35,622	-	49,200	-	177,839	-	-	-	262,661
AANDC Flexible Contribution Funding	405,000	-	-	-	-	-	-	-	405,000
	1,129,183	232,838	60,403	-	690,365	-	-	-	2,112,789
Health Canada	-	-	-	1,472,405	-	-	-	-	1,472,405
Other program funding and revenue	946,491	521,554	450,430	147,102	203,898	-	-	-	2,269,475
Ontario First Nations Limited Partnership	-	-	-	-	-	-	735,611	-	735,611
Interest on trust account	-	202	-	-	-	-	-	29,135	29,337
Income (loss) of subsidiary corporations	-	-	(200,851)	-	-	-	-	-	(200,851)
Transfer from (to) Incomplete	(6,170)	23,240	-	-	(32,012)	-	-	-	(14,943)
Transfer from (to) deferred revenue	205,076	-	-	-	-	-	-	-	205,076
	2,274,580	777,834	309,982	1,619,507	862,251	-	735,611	29,135	6,608,899
Expenses									
Advertising and promotion	-	-	-	1,450	-	-	-	-	1,450
Administration	15,000	-	-	55,423	-	-	-	-	70,423
Bad debts	29,485	-	18,425	-	-	-	-	-	47,910
Insurance	18,834	-	13,166	9,081	20,735	-	-	-	61,816
Interest and bank charges	3,524	10	21,033	160	546	-	-	198	25,471
Interest on long term debt	13,687	-	-	-	-	-	-	-	13,687
Office	-	877	4,670	4,035	181	-	-	1,332	11,095
Professional fees	2,900	-	64,271	1,730	2,608	-	-	-	71,509
Professional services	1,035,957	22,103	2,141	704,813	56,047	-	-	-	1,821,061
Program Operations	14,015	67,552	48,434	164,962	42,506	-	-	-	337,469
Rent	-	3,642	10,010	6,000	3,600	-	-	-	23,252

(continues)

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information *(continued)*
(Schedule 2)
Year Ended March 31, 2015

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2015 Prior Year
Equipment and Rentals	356,282	257	21,000	41,712	20,427	-	-	-	439,678
Repairs and maintenance	266	-	3,122	1,805	35,248	-	-	-	40,441
Salaries and benefits	294,159	611,467	67,927	465,669	187,971	-	-	-	1,627,193
Freight	2,667	891	3,916	5,781	6,110	-	-	-	19,365
Training and Workshops	1,000	-	-	-	-	-	-	-	1,000
Materials and Supplies	1,446,676	15,093	5,567	10,876	32,450	-	-	-	1,510,662
Travel	18,047	51,581	49,439	122,781	9,630	-	-	1,304	252,782
Gas/Oil	31,185	2,091	2,729	22,131	15,976	-	-	-	74,112
Utilities and telephone	58,870	-	30,027	22,181	49,547	-	-	-	160,625
Insurance Plan	-	-	48,052	-	-	-	-	-	48,052
Registered Pension Plan	-	-	71,443	-	-	-	-	-	71,443
Plan Fees	-	-	500	-	-	-	-	-	500
Wages - WEA Administered Services	-	-	-	-	344,784	-	-	-	344,784
CMHC Loan Payment	25,181	-	-	-	-	-	-	-	25,181
Replacement Reserve	4,875	-	-	-	-	-	-	-	4,875
Payments to members	-	-	-	-	-	-	-	1,740	1,740
	3,372,610	775,564	485,872	1,640,590	828,366	-	-	4,574	7,107,576
Amortization	-	-	419,276	-	-	-	-	-	419,276
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	735,611	-	735,611
	-	-	419,276	-	-	-	735,611	-	1,154,887
Transfer to Tangible Capital	(2,426,569)	-	-	(31,172)	-	-	-	-	(2,457,741)
	946,041	775,564	905,148	1,609,418	828,366	-	735,611	4,574	5,804,722
Surplus (deficit) for the year	\$ 1,328,539	\$ 2,270	\$ (595,166)	\$ 10,089	\$ 33,885	\$ -	\$ -	\$ 24,561	\$ 804,177

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Expenditure by Object****(Schedule 3)****Year Ended March 31, 2016**

	2016	2015
Expenses		
Advertising and promotion	\$ 1,490	\$ 1,450
Administration	149,390	70,423
Bad debts	14,684	47,910
Amortization	449,781	419,276
Insurance	77,582	61,816
Interest and bank charges	11,691	25,471
Interest on long term debt	55,042	13,687
Interest on note payable	-	-
Office	10,103	11,095
Negotiation fees on settlement	-	-
Professional fees	79,103	71,509
Professional services	825,147	1,821,060
Program Operations	482,082	337,466
Rent	11,190	23,252
Equipment and Rentals	277,223	439,679
Repairs and maintenance	21,983	40,441
Salaries and benefits	1,578,406	1,627,194
Freight	20,044	19,366
Training and Workshops	-	1,000
Materials and Supplies	183,763	1,510,663
Travel	293,624	252,782
Gas/Oil	57,664	74,112
Utilities and telephone	193,494	160,625
Ontario First Nations Limited Partnership income allocated	739,747	735,611
Insurance Plan	31,626	48,052
Registered Pension Plan	60,550	71,443
Plan Fees	530	500
Wages - WEA Administered Services	325,351	344,784
CMHC Loan Payment	25,823	25,181
Replacement Reserve	4,500	4,875
Payments to members	1,870	1,740
Grants and Sponsorships	2,300	-
Health Canada Recovery	457	-
Transfer to Tangible Capital	(318,438)	(2,457,741)
	\$ 5,667,802	\$ 5,804,722