

SLATE FALLS NATION
Consolidated Financial Statements
Year Ended March 31, 2017

SLATE FALLS NATION**Index to Consolidated Financial Statements****Year Ended March 31, 2017**

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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.

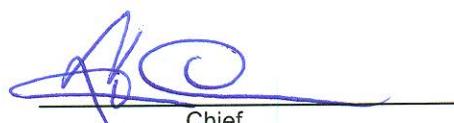
The consolidated financial statements of Slate Falls Nation have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board and as such include amounts that are the best estimates and judgements of management.

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 Professional 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
September 08, 2017

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, 2017 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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Licensed Public Accountants
Chartered Professional Accountants

Winnipeg, Manitoba
September 8, 2017

SLATE FALLS NATION

Consolidated Statement of Financial Position

March 31, 2017

	2017	2016
Financial Assets		
Cash (Note 3)	\$ 3,510,486	\$ 304,812
Restricted cash- Slate Falls Nation Trust (Notes 3, 4)	27,476	76,552
Short term investments	73,518	72,856
Deposits from Settlement in trust with lawyer (Note 4)	-	2,130,399
Restricted short term investments (Note 4)	2,190,000	-
Interest receivable (Note 4)	15,447	8,090
Band Trust Funds (Note 5)	7,625	7,486
CMHC Replacement Reserve Investment	63,347	52,951
CMHC Operating Reserve Investment	6,322	5,709
Accounts receivable, net of allowance for doubtful accounts		
\$37,996 (2016 - \$29,485) (Note 6)	755,682	555,500
CMHC Subsidy receivable	3,555	3,890
Investment in subsidiaries (Note 7)	3,834,820	3,766,258
Due from related parties (Note 11)	1,266,102	1,091,908
	11,754,380	8,076,411
Liabilities and Net Assets		
Accounts payable	1,385,532	218,127
Slate Falls Nation Trust payable to members (Note 4)	400,970	413,280
Holdbacks payable	637,402	-
Wages payable	86,749	-
Employee deductions payable	1,873	3,767
Deferred income (Note 9)	857,148	-
Incomplete Projects (Note 10)	765,193	125,664
Capital asset reserves (Note 12)	174,041	163,645
Mortgage payable (Note 13)	1,264,096	1,393,541
Due to related parties (Note 11)	2,530,491	2,343,407
	8,103,495	4,661,431
Net financial assets	3,650,885	3,414,980
Non-financial assets		
Tangible capital assets (Note 8)	14,234,475	8,091,620
	\$ 17,885,360	\$ 11,506,600

APPROVED BY:



CHIEF



COUNCILLOR

Cecilia Spence
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, 2017

	Budget (unaudited)	2017	2016
Revenue			
Aboriginal Affairs and Northern Development			
Canada (AANDC)	\$ -	\$ 1,802,804	\$ 1,476,197
AANDC Set Contribution Funding	-	482,386	289,704
AANDC Flexible Contribution Funding	-	7,572,230	-
Total AANDC	-	9,857,420	1,765,901
Health Canada	-	1,314,953	1,251,673
Other program funding and revenue	-	2,020,746	2,067,945
Transfer from (to) Incomplete	-	(639,529)	(65,992)
Transfer from (to) deferred revenue	-	(857,148)	984
	-	1,839,022	3,254,610
Income (loss) of subsidiary corporations	-	68,561	(2,462,926)
Ontario First Nations Limited Partnership	-	836,903	739,747
Interest on trust account	-	19,665	23,425
Gain on forgiveness of note payable	-	-	2,234,375
	-	12,621,571	5,555,132
Expenses			
Public Works & Housing	-	7,757,766	1,314,892
Social Development	-	844,289	702,496
Finance & Administration	-	491,424	359,592
Health	-	1,466,249	1,368,139
Education	-	822,414	862,652
Land Use Planning	-	190,000	180,000
Disbursement of settlement proceeds	-	6,057	8,940
	-	11,578,199	4,796,711
Ontario First Nations Limited Partnership			
income allocated	-	836,903	739,747
Amortization	-	556,525	449,781
	-	12,971,627	5,986,239
Excess (deficiency) of revenue over expenses	-	(350,056)	(431,107)
Transfer to Tangible Capital	-	6,728,816	318,438
Net excess (deficiency) of revenue over expenses	-	6,378,760	(112,669)
Accumulated surplus, beginning of year	-	11,506,600	11,619,269
Net assets - end of year	\$ -	\$ 17,885,360	\$ 11,506,600

SLATE FALLS NATION**Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2017**

	Budget (unaudited)	2017	2016
Surplus (deficiency) of revenues over expenditures for the year	\$ -	\$ 6,378,760	\$ (112,669)
Acquisition of tangible capital assets	-	(6,728,816)	(318,438)
Amortization of tangible capital assets	-	585,961	475,604
Change in net financial assets	-	235,905	44,497
Net financial assets, beginning of year	-	3,414,980	3,370,483
Net financial assets, end of year	\$ -	\$ 3,650,885	\$ 3,414,980

SLATE FALLS NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2017

	2017	2016
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 6,378,760	\$ (112,670)
Items not affecting cash:		
Amortization of tangible capital assets	556,525	449,781
Amortization of CMHC financed property	29,436	25,823
Income (loss) of subsidiary corporations	(68,561)	2,462,926
Gain on forgiveness of note payable	-	(2,234,375)
	6,896,160	591,485
Changes in non-cash working capital:		
Accounts receivable	(200,182)	(538)
Interest receivable	(7,357)	350
Short term investments	(662)	69,863
CMHC reserve investments	(11,010)	(2,610)
Accounts payable	1,167,403	(652,209)
Deferred income	857,148	(984)
Employee deductions payable	(1,894)	(6,685)
CMHC Subsidy receivable	335	-
Wages payable	86,749	-
Slate Falls Nation Trust payable to members	(12,310)	(55,340)
Holdbacks payable	637,402	-
Incomplete Projects	639,529	65,991
	3,155,151	(582,162)
Cash flow from operating activities	10,051,311	9,323
Capital activities		
Purchase of tangible capital assets	(6,728,816)	(318,438)
Cash flow used by capital activities	(6,728,816)	(318,438)
Investing activities		
Band Trust Funds	(139)	(156)
Investment in 1902070 Ontario Inc.	-	43,897
	(139)	43,741
Financing activities		
Advances from related parties	12,890	(6,695)
Capital asset reserves	10,397	2,815
Deposits from Settlement in trust with lawyer	2,130,399	136,407
Restricted short term investments	(2,190,000)	-
Proceeds from long term financing	-	271,762
Repayment of long term debt	(129,444)	(92,495)
Cash flow from (used by) financing activities	(165,758)	311,794
Increase in cash flow	3,156,598	46,420
Cash - beginning of year	381,364	334,944
Cash - end of year (Note 3)	\$ 3,537,962	\$ 381,364

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

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, 2017

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, 2017

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

	2017	2016
Slate Falls Nation operating accounts	\$ 3,510,486	\$ 304,812
Slate Falls Nation Trust- restricted cash	27,476	76,552
	\$ 3,537,962	\$ 381,364

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, 2017 was \$nil (2016 - \$nil).

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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, 2016 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2017 to March 31, 2017.

At March 31, 2017, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2017	2016
Restricted cash- Slate Falls Nation Trust	\$ 27,476	\$ 76,552
Restricted short term GIC	2,190,000	-
Accrued interest receivable on funds in GIC	15,447	-
Settlement funds in trust with lawyer	-	2,130,399
Accrued interest receivable on funds in trust with lawyer	-	8,090
	2,232,923	2,215,041
Less: Slate Falls Nation Trust payable to members	(400,970)	(413,280)
	\$ 1,831,953	\$ 1,801,761

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	2017	2016
Balance, beginning of year	\$ 1,056	\$ 6,430	\$ 7,486	\$ 7,331
Add: Government of Canada Interest	-	139	139	155
Balance, end of year	\$ 1,056	\$ 6,569	\$ 7,625	\$ 7,486

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****6. Accounts receivable**

	2017	2016
AANDC Receivable	\$ 228,159	\$ 84,869
Health Canada	43,006	233,136
Other receivables	<u>522,513</u>	266,980
Subtotal	793,678	584,985
Allowance for Doubtful Accounts	(37,996)	(29,485)
	\$ 755,682	\$ 555,500

7. Investment in subsidiaries

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

	2017	2016
Bamaji Lake Economic Development Corporation	\$ 1,963,373	\$ 1,854,004
Knobby's Fly-In Camps Limited	2,777,590	2,700,484
Bamaji Air Ltd.	(819,049)	(725,290)
2159256 Ontario Ltd.	(416,000)	(386,874)
1902070 Ontario Inc.	<u>328,906</u>	323,934
	\$ 3,834,820	\$ 3,766,258

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****7. Investment in subsidiaries (continued)****Bamaji Lake Economic Development Corporation**
March 31, 2017

	2017	2016
Financial Assets	\$ 3,115,276	\$ 2,459,768
Liabilities	1,241,927	731,899
Net financial assets	1,873,349	1,727,869
Non-financial assets	90,024	126,135
	\$ 1,963,373	\$ 1,854,004

Investment Comprised of:

Acquisition costs:	\$ -	\$ -
Cumulative income (loss):	1,963,373	1,854,004
	\$ 1,963,373	\$ 1,854,004

Knobby's Fly-In Camps Limited
October 31, 2016

	2016	2015
Assets	\$ 4,739,664	\$ 4,676,479
Liabilities	\$ 1,934,982	\$ 1,948,903
Surplus	2,804,682	2,727,576
	\$ 4,739,664	\$ 4,676,479
Revenue	\$ 946,709	\$ 707,551
Expense	869,603	693,583
Surplus (deficit) before extraordinary item	77,106	13,968
Loss on disposal of assets due to fire	-	149,292
Current Surplus (deficit)	\$ 77,106	\$ (135,324)

Investment Comprised of:

Acquisition costs:	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss):	912,590	835,484
	\$ 2,777,590	\$ 2,700,484

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****7. Investment in subsidiaries (continued)****2159256 Ontario Ltd.
October 31, 2016**

	2016	2015
Assets	\$ 320,977	\$ 315,255
Liabilities	879,364	844,515
Surplus	(558,387)	(529,260)
	\$ 320,977	\$ 315,255

Revenue	\$ 141,673	\$ 159,317
Expense	170,800	173,687
	\$ (29,127)	\$ (14,370)

	2016	2015
Investment Comprised of:		
Acquisition costs:	\$ 142,486	\$ 142,486
Cumulative income (loss):	(558,486)	(529,360)
	\$ (416,000)	\$ (386,874)

**1902070 Ontario Inc.
January 31, 2017**

	2017	2016
Assets	\$ 1,206,322	\$ 1,259,043
Liabilities	1,314,133	1,371,826
Surplus (deficit)	(107,811)	(104,767)
	\$ 1,206,322	\$ 1,267,059
Revenue	\$ 148,208	\$ 121,208
Expenses	143,236	174,006
	\$ 4,972	\$ (52,798)

Investment Comprised of:	
Acquisition costs:	\$ 413,737
Cumulative income (loss)	(84,831)
	\$ 328,906
	\$ 323,934

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****7. Investment in subsidiaries (continued)**

Bamaji Air Ltd.
October 31, 2016

	2016	2015
Assets	\$ 1,732,435	\$ 1,349,410
Liabilities	2,377,545	\$ 1,869,508
Surplus	(645,110)	(520,098)
	1,732,435	\$ 1,349,410
Revenue	1,062,661	\$ 996,855
Expenses	1,187,673	1,175,030
Current Surplus (deficit)	(125,012)	\$ (178,175)
Slate Falls Nation share of current surplus (deficit)	\$ (93,759)	\$ (133,631)
Investment Comprised of:		
Acquisition costs:	\$ 2,101,624	\$ 2,101,624
Cumulative income (loss):	(2,920,673)	(2,826,914)
	\$ (819,049)	\$ (725,290)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****8. Tangible capital assets**

	Cost	Accumulated amortization	2017 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	12,187,232	6,462,331	5,724,901
Equipment	453,495	429,598	23,897
Automotive	486,580	478,787	7,793
CMHC Buildings	869,622	237,902	631,720
Fuel Tanks	547,922	136,980	410,942
	14,671,058	7,745,598	6,925,453
Construction in progress	7,309,022	-	7,309,022
	\$ 21,980,073	\$ 7,745,598	\$ 14,234,475
	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	424,705	15,056
Automotive	486,580	469,436	17,144
CMHC Buildings	869,622	208,466	661,156
Fuel Tanks	547,922	82,188	465,734
	14,657,317	7,159,637	7,497,680
Construction in progress	593,940	-	593,940
	\$ 15,251,257	\$ 7,159,637	\$ 8,091,620

9. Deferred income

	2017	2016
Water Plant	\$ 857,148	\$ -

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

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****10. 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.

	2017	2016
Deferred revenue, beginning of year	\$ 125,664	\$ 59,672
Add: AANDC current deferral	722,696	114,697
Other program current deferral	42,497	10,967
Less: Deferred revenue recognized	(125,664)	(59,672)
	765,193	125,664

The balance of deferred revenue consists of the following:

	2017	2016
Aboriginal Affairs and Northern Development Canada		
Water and Sewer	\$ 138,497	\$ 61,239
Fire Prevention	6,506	7,587
Planning, Design & Construction	55,037	-
Electrical Systems	23,188	18,738
Governance Capacity Development	100,000	-
ECDEV Capacity Development	77,334	-
Instructional Services	121,055	-
Guidance and Counselling	87,500	-
Education Management & Government Capacity	2,274	4,833
Parental & Community Engagement	35,403	12,300
School Effectiveness	60,902	10,000
Teachers Recruitment & Retention	15,000	-
	722,696	114,697
Other deferred program funding		
School Data Management Administrator	-	1,250
Student council	6,255	9,717
NAN MCYS Child Welfare Prevention	36,242	-
	42,497	10,967
	\$ 765,193	\$ 125,664

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****11. Due to (from) related parties**

	2017	2016
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation (Wholly owned subsidiary)		
Services Provided	\$ 893,556	\$ 908,222
Transfer of Casino Rama funding	836,903	739,747
	\$ 1,730,459	\$ 1,647,969
Bamaji Air Inc.		
Flying services	\$ 69,077	\$ 71,983

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:

	2017	2016
<u>Due from related parties:</u>		
Bamaji Air Inc.	\$ 863,716	\$ 689,522
2159256 Ontario Ltd.	402,386	402,386
	\$ 1,266,102	\$ 1,091,908
<u>Due to related parties:</u>		
Bamaji Lake Economic Development Corporation	\$ 2,390,491	\$ 2,203,407
Knobby's Fly-In Camps Limited	140,000	140,000
	\$ 2,530,491	\$ 2,343,407

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

12. Capital Asset Reserves

The capital asset reserves are comprised of the following:

	2017	2016
Administration capital replacement reserve	\$ 27,230	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	63,347	52,951
	\$ 174,041	\$ 163,645

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017****13. Mortgage payable**

	2017	2016
Canada Mortgage and Housing Corporation (CMHC) loan bearing interest at 1.110% per annum, repayable in monthly blended payments of \$2,909. The loan matures on March 1, 2031 and is secured by a first mortgage on the property. The mortgage was renewed on April 1, 2016 with the next renewal on April 1, 2021.	\$ 452,426	\$ 481,863
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.	811,670	911,678
	\$ 1,264,096	\$ 1,393,541

Principal repayment terms are approximately:

2018	\$ 131,008
2019	132,508
2020	134,008
2021	136,008
2022	138,008
Thereafter	592,556
	\$ 1,264,096

14. Economic dependence

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

15. 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.

16. CommitmentsWater 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. Total cost disbursed to March 31, 2017 are \$7,309,022 (2016 - \$593,940) and are included in tangible capital assets as construction in progress.

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

17. 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.

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.

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2017**

17. Segmented Information (*continued*)**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.

18. 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, 2017

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama
Revenue							
AANDC Funding	\$ 700,025	\$ 473,765	\$ 9,133	\$ -	\$ 619,881	\$ -	\$ -
AANDC Set Contribution							
Funding		8,624	36,783	-	436,979	-	-
AANDC Flexible Contribution							
Funding	7,572,230	-	-	-	-	-	-
	8,272,255	482,389	45,916	-	1,056,860	-	-
Health Canada	-	-	-	1,314,953	-	-	-
Other program funding and revenue	576,603	531,445	439,716	185,571	86,211	190,000	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-	836,903
Interest on trust account	-	139	-	-	-	-	-
Income (loss) of subsidiary corporations	-	-	68,561	-	-	-	-
Transfer from (to) Incomplete	(135,663)	(177,334)	-	(36,242)	(290,289)	-	-
Transfer from (to) deferred revenue	(857,148)	-	-	-	-	-	-
	7,856,047	836,639	554,193	1,464,282	852,782	190,000	836,903
Expenses							
Administration	15,151	84	-	139,757	1,000	-	-
Bad debts	-	-	73,384	-	19,406	-	-
Insurance	28,491	-	14,168	9,240	19,075	-	-
Interest and bank charges	284	8	4,683	54	631	-	-
Interest on long term debt	45,741	-	-	-	-	-	-
Office	-	220	8,548	4,297	2,530	-	-
Professional fees	3,000	-	34,140	500	-	-	-
Professional services	6,775,102	25,935	6,331	426,021	73,162	-	-
Program Operations	61,500	91,787	83,855	101,067	82,043	190,000	-
Rent	-	858	-	3,590	3,600	-	-

(continues)

See notes to financial statements

SLATE FALLS NATION

Consolidated Segmented Information (continued)

Year Ended March 31, 2017

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama
Equipment and Rentals	246,447	880	11,883	26,772	8,249	-	-
Repairs and maintenance	14,717	-	3,480	1,151	42,774	-	-
Salaries and benefits	343,253	664,856	29,919	579,491	191,817	-	-
Freight	5,082	85	3,976	4,936	6,545	-	-
Grants and Sponsorships	-	-	-	-	3,000	-	-
Materials and Supplies	76,825	140	4,120	14,746	8,661	-	-
Travel	10,672	54,834	51,230	109,786	11,643	-	-
Gas/Oil	10,140	4,602	4,841	17,242	28,579	-	-
Utilities and telephone	87,425	-	80,685	27,299	57,100	-	-
Insurance Plan	-	-	37,644	-	-	-	-
Registered Pension Plan	-	-	38,087	-	-	-	-
Training and Workshops	-	-	-	300	2,559	-	-
Plan Fees	-	-	450	-	-	-	-
Wages - WEA Administered Services	-	-	-	-	260,040	-	-
CMHC Loan Payment	29,436	-	-	-	-	-	-
Replacement Reserve	4,500	-	-	-	-	-	-
Payments to members	-	-	-	-	-	-	-
	7,757,766	844,289	491,424	1,466,249	822,414	190,000	-
Amortization	-	-	556,525	-	-	-	-
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	836,903
	-	-	556,525	-	-	-	836,903
Transfer to Tangible Capital	(6,715,082)	-	-	(13,734)	-	-	-
	1,042,684	844,289	1,047,949	1,452,515	822,414	190,000	836,903
Surplus (deficit) for the year	\$ 6,813,363	\$ (7,650)	\$ (493,756)	\$ 11,767	\$ 30,368	\$ -	\$ -

See notes to financial statements

SLATE FALLS NATION

Consolidated Segmented Comparative Information

Year Ended March 31, 2016

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama
Revenue							
AANDC Revenue	\$ 683,003	\$ 267,151	\$ 12,419	\$ -	\$ 513,624	\$ -	\$ -
AANDC Set Contribution Funding	54,007	-	44,290	-	191,407	-	-
	737,010	267,151	56,709	-	705,031	-	-
Health Canada	-	-	-	1,251,673	-	-	-
Other program funding and revenue	832,166	435,352	302,796	133,057	180,841	180,000	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-	739,747
Interest on trust account	-	156	-	-	-	-	-
Income (loss) of subsidiary corporations	-	-	(2,462,926)	-	-	-	-
Gain on forgiveness of note payable	-	-	2,234,375	-	-	-	-
Transfer from (to) Incomplete	(74,135)	-	-	-	8,144	-	-
Transfer from (to) deferred revenue	984	-	-	-	-	-	-
	1,496,025	702,659	130,954	1,384,730	894,016	180,000	739,747
Expenses							
Advertising and promotion	-	-	1,390	100	-	-	-
Administration	15,000	3,500	-	130,890	-	-	-
Bad debts	-	-	13,400	909	375	-	-
Insurance	30,882	-	13,696	12,076	20,929	-	-
Interest and bank charges	1,299	42	8,694	204	1,170	-	-
Interest on long term debt	55,042	-	-	-	-	-	-
Office	43	421	6,505	1,388	1,746	-	-
Professional fees	5,950	-	72,353	800	-	-	-
Professional services	301,685	30,112	4,594	410,135	78,620	-	-
Program Operations	24,330	78,018	28,875	94,469	76,391	180,000	-

(continues)

See notes to financial statements

SLATE FALLS NATION

Consolidated Segmented Comparative Information (continued)

Year Ended March 31, 2016

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama
Rent	225	1,001	-	4,800	5,164	-	-
Equipment and Rentals	238,831	-	6,418	15,410	14,967	-	-
Repairs and maintenance	2,934	750	2,727	7,674	7,898	-	-
Salaries and benefits	310,114	538,946	18,875	525,903	184,569	-	-
Freight	3,701	2,082	1,922	5,929	6,410	-	-
Grants and Sponsorships	-	1,800	-	-	500	-	-
Materials and Supplies	127,411	-	8,910	12,781	34,661	-	-
Travel	84,723	42,886	52,346	96,409	12,067	-	-
Gas/Oil	9,720	2,218	2,373	20,237	23,115	-	-
Utilities and telephone	72,679	720	23,351	28,025	68,719	-	-
Insurance Plan	-	-	31,626	-	-	-	-
Registered Pension Plan	-	-	60,550	-	-	-	-
Plan Fees	-	-	530	-	-	-	-
Wages - WEA Administered Services	-	-	-	-	325,351	-	-
CMHC Loan Payment	25,823	-	-	-	-	-	-
Replacement Reserve	4,500	-	-	-	-	-	-
Payments to members	-	-	-	-	-	-	-
Health Canada Recovery	-	-	457	-	-	-	-
	1,314,892	702,496	359,592	1,368,139	862,652	180,000	-
Amortization	-	-	449,781	-	-	-	-
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	739,747
	-	-	449,781	-	-	-	739,747
Transfer to Tangible Capital	(302,143)	-	-	(5,248)	(11,047)	-	-
	1,012,749	702,496	809,373	1,362,891	851,605	180,000	739,747
Surplus (deficit) for the year	\$ 483,276	\$ 163	\$ (678,419)	\$ 21,839	\$ 42,411	\$ -	\$ -

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Expenditure by Object****(Schedule 3)****Year Ended March 31, 2017**

	2017	2016
Expenses		
Advertising and promotion	\$ -	\$ 1,490
Administration	155,992	149,390
Bad debts	92,790	14,684
Amortization	556,525	449,781
Insurance	70,974	77,582
Interest and bank charges	5,777	11,691
Interest on long term debt	45,741	55,042
Interest on note payable	-	-
Office	15,874	10,103
Negotiation fees on settlement	-	-
Professional fees	40,140	79,103
Professional services	7,306,551	825,147
Program Operations	610,252	482,081
Rent	8,048	11,190
Equipment and Rentals	294,231	277,223
Repairs and maintenance	62,122	21,983
Salaries and benefits	1,809,336	1,578,406
Freight	20,623	20,044
Training and Workshops	2,859	-
Materials and Supplies	104,492	183,763
Travel	238,366	293,624
Gas/Oil	65,405	57,664
Utilities and telephone	252,509	193,494
Ontario First Nations Limited Partnership income allocated	836,903	739,747
Insurance Plan	37,644	31,626
Registered Pension Plan	38,087	60,550
Plan Fees	450	530
Wages - WEA Administered Services	260,040	325,351
CMHC Loan Payment	29,436	25,823
Replacement Reserve	4,500	4,500
Payments to members	2,960	1,870
Grants and Sponsorships	3,000	2,300
Health Canada Recovery	-	457
Transfer to Tangible Capital	(6,728,816)	(318,438)
	\$ 6,242,811	\$ 5,667,801