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Financial Statement

Slate Falls Nation

Consolidated Financial Statements

March 31, 2018

SLATE FALLS NATION**Index to Consolidated Financial Statements****Year Ended March 31, 2018**

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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. 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.

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

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.

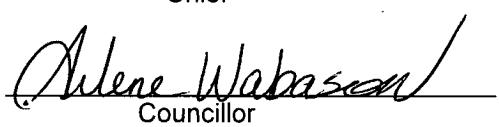
The March 31, 2018 consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.



Chief



Councillor



Councillor

Slate Falls, Ontario
February 21, 2019



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Independent Auditors' Report

To the Members of Slate Falls Nation

We have audited the accompanying consolidated financial statements, which comprise the statement of financial position, revenues and expenditures, changes in net assets, comprehensive income and cash flows for Slate Falls Nation for the year ended March 31, 2018, and a summary of significant accounting policies and other explanatory information.

Management's responsibility

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 the 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 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, 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The consolidated financial statements of Slate Falls Nation for the year ended March 31, 2017 were audited by another firm who expressed an unmodified opinion on those statements on September 8, 2017.

Winnipeg, Manitoba
February 21, 2019

Grant Thornton LLP
Chartered Professional Accountants

SLATE FALLS NATION
Consolidated Statement of Financial Position
March 31, 2018

	2018	2017
Financial Assets		
Cash (Note 3)	\$ 1,771,353	\$ 3,510,486
Restricted cash- Slate Falls Nation Trust (Notes 3, 4)	18,230	27,476
Short term investments	74,023	73,518
Restricted short term investments (Note 4)	2,210,549	2,190,000
Interest receivable (Note 4)	15,592	15,447
Band Trust Funds (Note 5)	7,787	7,625
CMHC Replacement Reserve Investment	69,736	63,347
CMHC Operating Reserve Investment	6,510	6,322
Accounts receivable, net of allowance for doubtful accounts		
\$37,996 (2017 - \$37,996) (Note 6)	479,939	755,682
CMHC Subsidy receivable	3,555	3,555
Investment in subsidiaries (Note 7)	4,975,963	3,834,820
Due from related parties (Note 11)	1,245,103	1,266,102
	10,878,340	11,754,380
Liabilities and Net Assets		
Accounts payable	443,432	1,385,532
Slate Falls Nation Trust payable to members (Note 4)	380,610	400,970
Holdbacks payable	-	637,402
Wages payable	99,442	86,749
Employee deductions payable	3,742	1,873
Deferred income (Note 9)	576,925	857,148
Incomplete Projects (Note 10)	980,612	765,193
Capital asset reserves (Note 12)	180,430	174,041
Mortgage payable (Note 13)	1,134,045	1,264,096
Due to related parties (Note 11)	2,294,460	2,530,491
	6,093,698	8,103,495
Net financial assets	4,784,642	3,650,885
Non-financial assets		
Tangible capital assets (Note 8)	17,429,130	14,234,475
Prepaid expenses	46,100	-
	17,475,230	14,234,475
	\$ 22,259,872	\$ 17,885,360

APPROVED BY:


Chief

COUNCILLOR


John Whisteyack
COUNCILLOR


Adene Wabaseen
COUNCILLOR

SLATE FALLS NATION

Consolidated Statement of Revenues and Expenditures and Changes in Net Assets

For the Year Ended March 31, 2018

	2018	2017
Revenue		
AANDC Fixed Contribution Funding	\$ 1,825,044	\$ 1,825,768
AANDC Grant Funding	318,260	278,365
AANDC Set Contribution Funding	199	181,057
AANDC Flexible Contribution Funding	3,460,459	7,572,230
Total AANDC	5,603,962	9,857,420
Health Canada	1,719,206	1,314,953
Other program funding and revenue	2,264,197	2,009,546
Transfer from (to) Incomplete	(215,419)	(639,529)
Transfer from (to) deferred revenue	280,223	(857,148)
	4,048,207	1,827,822
Income (loss) of subsidiary corporations	1,141,144	68,561
Ontario First Nations Limited Partnership	847,379	836,903
Interest on trust account	32,056	30,865
	11,672,748	12,621,571
Expenses		
Public Works & Housing	5,224,103	7,757,766
Social Development	840,855	844,289
Finance & Administration	627,849	491,424
Health	1,980,251	1,466,249
Education	837,009	822,414
Land Use Planning	165,487	190,000
Disbursement of settlement proceeds	-	6,057
	9,675,554	11,578,199
Ontario First Nations Limited Partnership income allocated	847,379	836,903
Amortization	667,658	556,525
	11,190,591	12,971,627
Excess (deficiency) of revenue over expenses	482,157	(350,056)
Transfer to Tangible Capital	3,892,355	6,728,816
Net excess of revenue over expenses	4,374,512	6,378,760
Accumulated surplus, beginning of year	17,885,360	11,506,600
Net assets - end of year	\$ 22,259,872	\$ 17,885,360

SLATE FALLS NATION**Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2018**

	2018	2017
Surplus (deficiency) of revenues over expenditures for the year	\$ 4,374,512	\$ 6,378,760
Acquisition of tangible capital assets	(3,892,355)	(6,728,816)
Amortization of tangible capital assets	697,700	585,961
Acquisition of prepaid expenses	(46,100)	-
Change in net financial assets	1,133,757	235,905
Net financial assets, beginning of year	3,650,885	3,414,980
Net financial assets, end of year	\$ 4,784,642	\$ 3,650,885

SLATE FALLS NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2018

	2018	2017
Operating activities		
Excess of revenue over expenses	\$ 4,374,512	\$ 6,378,760
Items not affecting cash:		
Amortization of tangible capital assets	667,658	556,525
Amortization of CMHC financed property	30,043	29,436
Income (loss) of subsidiary corporations	(1,141,144)	(68,561)
	3,931,069	6,896,160
Changes in non-cash working capital:		
Accounts receivable	275,752	(200,182)
Interest receivable	(145)	(7,357)
Short term investments	(505)	(662)
CMHC reserve investments	(6,587)	(11,010)
Accounts payable	(942,098)	1,167,403
Deferred income	(280,223)	857,148
Employee deductions payable	1,869	(1,894)
Prepaid expenses	(46,100)	-
CMHC Subsidy receivable	-	335
Wages payable	12,693	86,749
Slate Falls Nation Trust payable to members	(20,360)	(12,310)
Holdbacks payable	(637,402)	637,402
Incomplete Projects	215,419	639,529
	(1,427,687)	3,155,151
Cash flow from operating activities	2,503,382	10,051,311
Capital activities		
Purchase of tangible capital assets	(3,892,355)	(6,728,816)
Cash flow used by capital activities	(3,892,355)	(6,728,816)
Investing activities		
Band Trust Funds	(162)	(139)
Financing activities		
Advances from related parties	(215,033)	12,890
Capital asset reserves	6,389	10,397
Deposits from Settlement in trust with lawyer	-	2,130,399
Restricted short term investments	(20,549)	(2,190,000)
Repayment of long term debt	(130,051)	(129,444)
Cash flow from (used by) financing activities	(359,244)	(165,758)
Increase (decrease) in cash flow	(1,748,379)	3,156,598
Cash - beginning of year	3,537,962	381,364
Cash - end of year (Note 3)	\$ 1,789,583	\$ 3,537,962

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

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, 2018

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, 2018

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

	2018	2017
Slate Falls Nation operating accounts	\$ 1,771,353	\$ 3,510,486
Slate Falls Nation Trust- restricted cash	18,230	27,476
	\$ 1,789,583	\$ 3,537,962

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, 2018 was \$nil (2017 - \$nil).

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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, 2017 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2018 to March 31, 2018.

At March 31, 2018, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2018	2017
Restricted cash- Slate Falls Nation Trust	\$ 18,230	\$ 27,476
Restricted short term GIC	2,210,549	2,190,000
Accrued interest receivable on funds in GIC	15,592	15,447
	2,244,371	2,232,923
Less: Slate Falls Nation Trust payable to members	(380,610)	(400,970)
	\$ 1,863,761	\$ 1,831,953

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	2018	2017
Balance, beginning of year	\$ 1,056	\$ 6,569	\$ 7,625	\$ 7,486
Add: Government of Canada Interest	-	162	162	139
Balance, end of year	\$ 1,056	\$ 6,731	\$ 7,787	\$ 7,625

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****6. Accounts receivable**

	2018	2017
AANDC Receivable	\$ 68,885	\$ 228,159
Health Canada	79,983	43,006
Other receivables	<u>369,067</u>	522,513
Subtotal	517,935	793,678
Allowance for Doubtful Accounts	(37,996)	(37,996)
	\$ 479,939	\$ 755,682

7. Investment in subsidiaries

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

	2018	2017
Bamaji Lake Economic Development Corporation	\$ 2,114,328	\$ 1,963,373
Knobby's Fly-In Camps Limited	3,594,294	2,777,590
Bamaji Air Ltd.	(965,555)	(819,049)
2159256 Ontario Ltd.	(184,969)	(416,000)
1902070 Ontario Inc.	417,865	328,906
	\$ 4,975,963	\$ 3,834,820

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****7. Investment in subsidiaries (continued)****Bamaji Lake Economic Development Corporation**
March 31, 2018

	2018	2017
Financial Assets	\$ 3,217,656	\$ 3,115,276
Liabilities	1,177,510	1,241,927
Net financial assets	2,040,146	1,873,349
Non-financial assets	74,182	90,024
	\$ 2,114,328	\$ 1,963,373
Investment Comprised of:		
Acquisition costs	\$ -	\$ -
Cumulative income (loss)	2,114,328	1,963,373
	\$ 2,114,328	\$ 1,963,373

Knobby's Fly-In Camps Limited
October 31, 2017

	2017	2016
Assets	\$ 4,291,861	\$ 4,739,664
Liabilities	\$ 670,475	\$ 1,934,982
Surplus (deficit)	3,621,386	2,804,682
	\$ 4,291,861	\$ 4,739,664
 Revenue	 \$ 1,904,576	 \$ 946,709
Expense	1,087,872	869,603
 Current Surplus (deficit)	 \$ 816,704	 \$ 77,106
 Investment Comprised of:		
Acquisition costs	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss)	1,729,294	912,590
	\$ 3,594,294	\$ 2,777,590

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****7. Investment in subsidiaries (continued)****2159256 Ontario Ltd.
October 31, 2017**

	2017	2016
Assets	\$ 296,534	\$ 320,977
Liabilities	623,889	879,364
Surplus (deficit)	(327,355)	(558,387)
	\$ 296,534	\$ 320,977
Revenue	\$ 428,599	\$ 141,673
Expense	197,567	170,800
Current Surplus (deficit)	\$ 231,032	\$ (29,127)
Investment Comprised of:		
Acquisition costs	\$ 142,486	\$ 142,486
Cumulative income (loss)	(327,455)	(558,486)
	\$ (184,969)	\$ (416,000)

**1902070 Ontario Inc.
January 31, 2018**

	2018	2017
Assets	\$ 1,258,275	\$ 1,206,322
Liabilities	1,277,127	1,314,133
Surplus (deficit)	(18,852)	(107,811)
	\$ 1,258,275	\$ 1,206,322
Revenue	\$ 219,392	\$ 148,208
Expenses	130,433	143,236
Current Surplus (deficit)	\$ 88,959	\$ 4,972
Investment Comprised of:		
Acquisition costs	\$ 413,737	\$ 413,737
Cumulative income (loss)	4,128	(84,831)
	\$ 417,865	\$ 328,906

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****7. Investment in subsidiaries (continued)**

Bamaji Air Ltd.
October 31, 2017

	2017	2016
Assets	\$ 1,400,831	\$ 1,732,435
Liabilities	2,241,282	\$ 2,377,545
Surplus	(840,451)	(645,110)
	1,400,831	\$ 1,732,435
Revenue	1,673,617	\$ 1,062,661
Expenses	1,868,958	1,187,673
Current Surplus (deficit)	(195,341)	\$ (125,012)
Slate Falls Nation share of current surplus (deficit)	\$ (146,506)	\$ (93,759)
Investment Comprised of:		
Acquisition costs	\$ 2,101,624	\$ 2,101,624
Cumulative income (loss)	(3,067,179)	(2,920,673)
	\$ (965,555)	\$ (819,049)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****8. Tangible capital assets**

	Cost	Accumulated amortization	2018 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	12,187,232	6,949,821	5,237,412
Equipment	529,806	435,734	94,072
Automotive	565,384	487,565	77,819
CMHC Buildings	869,622	267,945	601,677
Fuel Tanks	547,922	191,773	356,149
Water Plant	11,046,264	110,463	10,935,801
	\$ 25,872,430	\$ 8,443,301	\$ 17,429,130

	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	429,597	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
Water Plant	7,309,022	-	7,309,022
	\$ 21,980,073	\$ 7,745,597	\$ 14,234,475

9. Deferred income

	2018	2017
Water Plant	\$ 576,925	\$ 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, 2018****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.

	2018	2017
Deferred revenue, beginning of year	\$ 765,193	\$ 125,664
Add: AANDC current deferral	944,973	722,696
Other program current deferral	35,639	42,497
Less: Deferred revenue recognized	(765,193)	(125,664)
	980,612	765,193

The balance of deferred revenue consists of the following:

	2018	2017
Aboriginal Affairs and Northern Development Canada		
Water and Sewer	\$ 175,998	\$ 138,497
Fire Prevention	18,403	6,506
Planning, Design & Construction	-	55,037
Electrical Systems	4,502	23,188
Governance Capacity Development	30,476	100,000
ECDEV Capacity Development	20,886	77,334
Instructional Services	182,377	121,055
Guidance and Counselling	175,000	87,500
Education Management & Government Capacity	3,999	2,274
Parental & Community Engagement	-	35,403
School Effectiveness	83,900	60,902
Teachers Recruitment & Retention	20,290	15,000
Band operated schools	67,116	-
Child and Family services	56,500	-
Education Language and Culture	22,000	-
Parent and Community Engagement	34,471	-
Operation and management schools	49,055	-
	944,973	722,696
Other deferred program funding		
Student council	1,324	6,255
Public Heath Nurse	34,315	-
NAN MCYS Child Welfare Prevention	-	36,242
	35,639	42,497
	\$ 980,612	\$ 765,193

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****11. Due to (from) related parties**

	2018	2017
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation (Wholly owned subsidiary)		
Services Provided	\$ 1,034,205	\$ 893,556
Transfer of Casino Rama funding	847,379	836,903
	\$ 1,881,584	\$ 1,730,459
Bamaji Air Inc.		
Flying services	\$ 84,477	\$ 69,077

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:

	2018	2017
<u>Due from related parties:</u>		
Bamaji Air Inc.	\$ 841,806	\$ 863,716
2159256 Ontario Ltd.	402,386	402,386
Due from 1902070 Ontario Inc.	911	-
	\$ 1,245,103	\$ 1,266,102
<u>Due to related parties:</u>		
Bamaji Lake Economic Development Corporation	\$ 2,155,196	\$ 2,390,491
Knobby's Fly-In Camps Limited	139,264	140,000
	\$ 2,294,460	\$ 2,530,491

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:

	2018	2017
Administration capital replacement reserve	\$ 27,230	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	69,736	63,347
	\$ 180,430	\$ 174,041

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****13. Mortgage payable**

	2018	2017
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.	\$ 422,383	\$ 452,426
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.	711,662	811,670
	\$ 1,134,045	\$ 1,264,096

Principal repayment terms are approximately:

2019	\$ 132,508
2020	134,008
2021	136,008
2022	138,008
2023	140,008
Thereafter	453,505
	\$ 1,134,045

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. 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.

(continues)

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

16. Segmented Information (*continued*)

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, 2018**

16. 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.

17. Hydro One Agreement

Slate Falls Nation entered into an agreement on December 4, 2017 with Hydro One Networks Inc. The agreement provides an annual payment of \$63,911.68 for 25 years as an appropriate and reasonable payment reflecting all of Hydro One's occupation of land on the Reserve in lieu of property taxes that reflects similar payment of taxes paid to municipalities.

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
(Schedule 1)
Year Ended March 31, 2018

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2018 Current Year
Revenue									
AANDC Fixed Contribution									
Funding	\$ 708,958	\$ 2,156	\$ 142,004	\$ -	\$ 971,926	\$ -	\$ -	\$ -	\$ 1,825,044
AANDC Grant Funding	-	318,260	-	-	-	-	-	-	318,260
AANDC Set Contribution									
Funding	-	-	199	-	-	-	-	-	199
AANDC Flexible Contribution									
Funding	3,460,459	-	-	-	-	-	-	-	3,460,459
	4,169,417	320,416	142,203	-	971,926	-	-	-	5,603,962
Health Canada	-	-	-	1,719,206	-	-	-	-	1,719,206
Other program funding and revenue	715,439	405,438	538,577	319,519	121,349	163,875	-	-	2,264,197
Ontario First Nations Limited Partnership	-	-	-	-	-	-	847,379	-	847,379
Interest on trust account	-	162	-	-	-	-	-	31,894	32,056
Income (loss) of subsidiary corporations	-	-	1,141,144	-	-	-	-	-	1,141,144
Transfer from (to) Incomplete	24,325	125,973	(56,500)	1,927	(311,143)	-	-	-	(215,419)
Transfer from (to) deferred revenue	280,223	-	-	-	-	-	-	-	280,223
	5,189,404	851,989	1,765,424	2,040,652	782,132	163,875	847,379	31,894	11,672,748
Expenses									
Administration	17,622	-	-	201,640	1,200	-	-	-	220,462
Bad debts	-	-	(35,743)	-	-	-	-	-	(35,743)
Insurance	21,726	-	17,291	11,965	20,496	-	-	-	71,478
Interest and bank charges	693	-	3,379	223	835	-	-	-	5,129
Interest on long term debt	43,081	-	-	-	-	-	-	-	43,081
Office	1,002	-	10,199	18,731	25	-	-	-	29,957
Professional fees	3,000	-	86,845	2,923	-	-	-	-	92,768
Professional services	3,926,894	122,700	31,267	543,374	23,143	-	-	-	4,647,378
Program Operations	240,391	66,556	48,481	211,487	88,416	162,000	-	-	817,331

(continues)

SLATE FALLS NATION
Consolidated Segmented Information (continued)
(Schedule 1)
Year Ended March 31, 2018

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2018 Current Year
Rent	-	885	289	4,770	3,600	-	-	-	9,544
Equipment and Rentals	278,247	-	32,805	129,436	97,276	-	-	-	537,764
Repairs and maintenance	11,282	-	9,445	2,878	35,053	-	-	-	58,658
Salaries and benefits	434,025	623,794	30,486	627,855	187,863	-	-	-	1,904,023
Freight	5,254	-	4,595	8,914	11,861	-	-	-	30,624
Grants and Sponsorships	-	-	-	-	4,000	-	-	-	4,000
Materials and Supplies	88,696	-	5,461	24,175	30,613	-	-	-	148,945
Travel	24,273	25,556	61,776	154,842	14,424	3,487	-	-	284,358
Gas/Oil	19,715	1,364	4,219	17,840	14,169	-	-	-	57,307
Utilities and telephone	72,134	-	21,040	18,948	28,133	-	-	-	140,255
Insurance Plan	-	-	42,795	-	-	-	-	-	42,795
Registered Pension Plan	-	-	56,183	-	-	-	-	-	56,183
Training and Workshops	1,900	-	-	250	3,850	-	-	-	6,000
Plan Fees	-	-	400	-	-	-	-	-	400
Wages - WEA Administered Services	-	-	-	-	272,052	-	-	-	272,052
CMHC Loan Payment	30,043	-	-	-	-	-	-	-	30,043
Replacement Reserve	4,125	-	-	-	-	-	-	-	4,125
Health Canada Recovery	-	-	196,636	-	-	-	-	-	196,636
	5,224,103	840,855	627,849	1,980,251	837,009	165,487	-	-	9,675,554
Amortization	-	-	667,658	-	-	-	-	-	667,658
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	847,379	-	847,379
	-	-	667,658	-	-	-	847,379	-	1,515,037
Transfer to Tangible Capital	(3,737,240)	-	-	(76,311)	(78,804)	-	-	-	(3,892,355)
	1,486,863	840,855	1,295,507	1,903,940	758,205	165,487	847,379	-	7,298,236
	\$ 3,702,541	\$ 11,134	\$ 469,917	\$ 136,712	\$ 23,927	\$ (1,612)	\$ -	\$ 31,894	\$ 4,374,512

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information
(Schedule 2)
Year Ended March 31, 2017

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2017 Prior Year
Revenue									
AANDC Fixed Contribution									
Funding	\$ 700,025	\$ 195,400	\$ 9,133	\$ -	\$ 921,210	\$ -	\$ -	\$ -	\$ 1,825,768
AANDC Grant Funding	-	278,365	-	-	-	-	-	-	278,365
AANDC Set Contribution									
Funding	-	8,624	36,783	-	135,650	-	-	-	181,057
AANDC Flexible Contribution									
Funding	7,572,230	-	-	-	-	-	-	-	7,572,230
	8,272,255	482,389	45,916	-	1,056,860	-	-	-	9,857,420
Health Canada	-	-	-	1,314,953	-	-	-	-	1,314,953
Other program funding and revenue	576,601	531,445	439,716	185,571	86,211	190,000	-	-	2,009,546
Ontario First Nations Limited Partnership	-	-	-	-	-	-	836,903	-	836,903
Interest on trust account	-	139	-	-	-	-	-	30,726	30,865
Income (loss) of subsidiary corporations	-	-	68,561	-	-	-	-	-	68,561
Transfer from (to) Incomplete	(135,664)	(177,334)	-	(36,242)	(290,289)	-	-	-	(639,529)
Transfer from (to) deferred revenue	(857,148)	-	-	-	-	-	-	-	(857,148)
	7,856,044	836,639	554,193	1,464,282	852,782	190,000	836,903	30,726	12,621,571
Expenses									
Administration	15,151	84	-	139,757	1,000	-	-	-	155,992
Bad debts	-	-	73,384	-	19,406	-	-	-	92,790
Insurance	28,491	-	14,168	9,240	19,075	-	-	-	70,974
Interest and bank charges	284	8	4,683	54	631	-	-	117	5,777
Interest on long term debt	45,741	-	-	-	-	-	-	-	45,741
Office	-	220	8,548	4,297	2,530	-	-	280	15,874
Professional fees	3,000	-	34,140	500	-	-	-	2,500	40,140
Professional services	6,775,102	25,935	6,331	426,021	73,162	-	-	-	7,306,551
Program Operations	61,500	91,787	83,855	101,067	82,043	190,000	-	-	610,252

(continues)

SLATE FALLS NATION
Consolidated Segmented Comparative Information (continued)
(Schedule 2)
Year Ended March 31, 2017

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Flooding Claim Settlement	2017 Prior Year
Rent	-	858	-	3,590	3,600	-	-	-	8,048
Equipment and Rentals	246,447	880	11,883	26,772	8,249	-	-	-	294,231
Repairs and maintenance	14,717	-	3,480	1,151	42,774	-	-	-	62,122
Salaries and benefits	343,253	664,856	29,919	579,491	191,817	-	-	-	1,809,336
Freight	5,082	85	3,976	4,936	6,545	-	-	-	20,623
Grants and Sponsorships	-	-	-	-	3,000	-	-	-	3,000
Training and Workshops	-	-	-	300	2,559	-	-	-	2,859
Materials and Supplies	76,825	140	4,120	14,746	8,661	-	-	-	104,492
Travel	10,672	54,834	51,230	109,786	11,643	-	-	200	238,366
Gas/Oil	10,140	4,602	4,841	17,242	28,579	-	-	-	65,405
Utilities and telephone	87,425	-	80,685	27,299	57,100	-	-	-	252,509
Insurance Plan	-	-	37,644	-	-	-	-	-	37,644
Registered Pension Plan	-	-	38,087	-	-	-	-	-	38,087
Plan Fees	-	-	450	-	-	-	-	-	450
Wages - WEA Administered Services	-	-	-	-	260,040	-	-	-	260,040
CMHC Loan Payment	29,436	-	-	-	-	-	-	-	29,436
Replacement Reserve	4,500	-	-	-	-	-	-	-	4,500
Payments to members	-	-	-	-	-	-	-	2,960	2,960
	7,757,766	844,289	491,424	1,466,249	822,414	190,000	-	6,057	11,578,199
Amortization	-	-	556,525	-	-	-	-	-	556,525
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	836,903	-	836,903
	-	-	556,525	-	-	-	836,903	-	1,393,429
Transfer to Tangible Capital	(6,715,082)	-	-	(13,734)	-	-	-	-	(6,728,816)
	1,042,684	844,289	1,047,949	1,452,515	822,414	190,000	836,903	6,057	6,242,811
	\$ 6,813,360	\$ (7,650)	\$ (493,756)	\$ 11,767	\$ 30,368	\$ -	\$ -	\$ 24,669	\$ 6,378,760

See notes to financial statements

SLATE FALLS NATION**Consolidated Statement of Expenditure by Object****(Schedule 3)****Year Ended March 31, 2018**

	2018	2017
Expenses		
Administration	\$ 220,462	\$ 155,992
Amortization	667,658	556,525
Bad debts	(35,743)	92,790
CMHC Loan Payment	30,043	29,436
Equipment and Rentals	537,764	294,231
Freight	30,624	20,623
Gas/Oil	57,307	65,405
Grants and Sponsorships	4,000	3,000
Health Canada Recovery	196,636	-
Insurance	71,478	70,974
Insurance Plan	42,795	37,644
Interest and bank charges	5,132	5,778
Interest on long term debt	43,081	45,741
Interest on note payable	-	-
Materials and Supplies	148,945	104,492
Negotiation fees on settlement	-	-
Office	29,957	15,874
Ontario First Nations Limited Partnership income allocated	847,379	836,903
Payments to members	-	2,960
Plan Fees	400	450
Professional fees	92,768	40,140
Professional services	4,647,378	7,306,551
Program Operations	817,328	610,252
Registered Pension Plan	56,183	38,087
Rent	9,544	8,048
Repairs and maintenance	58,658	62,122
Replacement Reserve	4,125	4,500
Salaries and benefits	1,904,021	1,809,336
Training and Workshops	6,000	2,859
Travel	284,361	238,366
Utilities and telephone	140,255	252,509
Wages - WEA Administered Services	272,052	260,040
	11,190,592	12,971,628
Transfer to Tangible Capital	(3,892,355)	(6,728,816)
	\$ 7,298,237	\$ 6,242,812