

Consolidated Financial Statements

Slate Falls Nation

March 31, 2019

SLATE FALLS NATION**Index to Consolidated Financial Statements****Year Ended March 31, 2019**

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Revenues and Expenditures and Changes in Net Assets	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 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. 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, 2019 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
January 24, 2020

Independent Auditor's Report

Grant Thornton LLP
94 Commerce Drive
Winnipeg, MB
R3P 0Z3

T +1 204 944 0100
F +1 204 957 5442
www.GrantThornton.ca

To the Members of
Slate Falls First Nation

Opinion

We have audited the financial statements of Slate Falls First Nation, which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets and changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

Independent Auditor's Report

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Winnipeg, Canada
January 24, 2020

Licensed Public Accountants in the Province of Ontario
Chartered Professional Accountants

SLATE FALLS NATION**Consolidated Statement of Financial Position****March 31, 2019**

	2019	2018
Financial Assets		
Cash (Note 3)	\$ 1,030,459	\$ 1,771,353
Restricted cash- Slate Falls Nation Trust (Notes 3, 4)	2,239,364	18,230
Short term investments	74,849	74,023
Restricted short term investments (Note 4)	-	2,210,549
Interest receivable (Note 4)	-	15,592
Band Trust Funds (Note 5)	7,968	7,787
CMHC Replacement Reserve Investment	78,766	69,736
CMHC Operating Reserve Investment	6,915	6,510
Accounts receivable, net of allowance for doubtful accounts		
\$49,428 (2018 - \$37,996) (Note 6)	2,549,283	479,939
CMHC Subsidy receivable	24,885	3,555
Investment in subsidiaries (Note 7)	5,432,989	4,975,963
Due from related parties (Note 12)	1,293,154	1,245,103
	12,738,632	10,878,340
Liabilities and Net Assets		
Accounts payable	357,819	360,968
Slate Falls Nation Trust payable to members (Note 4)	344,980	380,610
Wages payable	166,827	155,907
Employee deductions payable	88,847	29,741
Deferred income (Note 10)	358,066	576,925
Incomplete Projects (Note 11)	2,333,285	980,612
Capital asset reserves (Note 13)	189,459	180,430
Mortgage payable (Note 14)	1,003,660	1,134,045
Due to related parties (Note 12)	2,454,518	2,294,460
	7,297,461	6,093,698
Net financial assets	5,441,171	4,784,642
Non-financial assets		
Tangible capital assets (Note 8)	17,244,864	17,429,130
Prepaid expenses	59,600	46,100
	17,304,464	17,475,230
	\$ 22,745,635	\$ 22,259,872

APPROVED BY:



CHIEF
COUNCILLOR
Adlene Beauman



COUNCILLOR
Milen Whistkeypart

SLATE FALLS NATION

Consolidated Statement of Revenues and Expenditures and Changes in Net Assets

For the Year Ended March 31, 2019

	2019	2018
Revenue		
AANDC Fixed Contribution Funding	\$ 2,961,998	\$ 1,825,044
AANDC Grant Funding	313,380	318,260
AANDC Set Contribution Funding	2,060	199
AANDC Flexible Contribution Funding	-	3,460,459
Total AANDC	3,277,438	5,603,962
Health Canada	3,667,885	1,719,206
Other program funding and revenue	2,396,609	2,264,197
Transfer from (to) Incomplete	(1,352,671)	(215,419)
Transfer from (to) deferred revenue	218,859	280,223
	4,930,682	4,048,207
Income of subsidiary corporations	457,025	1,141,144
Ontario First Nations Limited Partnership	1,074,105	847,379
Gain (loss) on disposal of assets	30,000	-
Interest on trust account	32,744	32,056
	9,801,994	11,672,748
Expenses		
Public Works & Housing	1,796,863	5,224,103
Social Development	902,432	840,855
Finance & Administration	732,358	627,849
Health	3,673,436	1,980,251
Education	838,349	837,009
Land Use Planning	142,624	165,487
Slate Falls Nation Trust	2,176	-
	8,088,238	9,675,554
Ontario First Nations Limited Partnership income allocated	1,074,105	847,379
Amortization	828,066	667,658
	9,990,409	11,190,591
Excess (deficiency) of revenue over expenses	(188,415)	482,157
Transfer to Tangible Capital	674,178	3,892,355
Net excess of revenue over expenses	485,763	4,374,512
Accumulated surplus, beginning of year	22,259,872	17,885,360
Net assets - end of year	\$ 22,745,635	\$ 22,259,872

SLATE FALLS NATION**Consolidated Statement of Change in Net Financial Assets****Year Ended March 31, 2019**

	2019	2018
Surplus (deficiency) of revenues over expenditures for the year	\$ 485,763	\$ 4,374,512
Acquisition of tangible capital assets	(674,178)	(3,892,355)
Amortization of tangible capital assets	858,444	697,700
Acquisition of prepaid expenses	(13,500)	(46,100)
Change in net financial assets	656,529	1,133,757
Net financial assets, beginning of year	4,784,642	3,650,885
Net financial assets, end of year	\$ 5,441,171	\$ 4,784,642

SLATE FALLS NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
Operating activities		
Excess of revenue over expenses	\$ 485,763	\$ 4,374,512
Items not affecting cash:		
Amortization of tangible capital assets	828,066	667,658
Amortization of CMHC financed property	30,378	30,043
Income (loss) of subsidiary corporations	(457,025)	(1,141,144)
Gain on disposal of assets	(30,000)	-
	857,182	3,931,069
Changes in non-cash working capital:		
Accounts receivable	(2,069,336)	275,752
Interest receivable	15,592	(145)
Short term investments	(826)	(505)
CMHC reserve investments	(9,434)	(6,587)
Accounts payable	(3,157)	(1,024,562)
Deferred income	(218,859)	(280,223)
Employee deductions payable	59,106	27,868
Prepaid expenses	(13,500)	(46,100)
CMHC Subsidy receivable	(21,330)	-
Wages payable	10,920	69,158
Slate Falls Nation Trust payable to members	(35,630)	(20,360)
Holdbacks payable	-	(637,402)
Incomplete Projects	1,352,673	215,419
	(933,781)	(1,427,687)
Cash flow from operating activities	(76,599)	2,503,382
Capital activities		
Purchase of tangible capital assets	(674,179)	(3,892,355)
Proceeds on disposal of tangible capital assets	30,000	-
Cash flow used by capital activities	(644,179)	(3,892,355)
Investing activities		
Band Trust Funds	(181)	(162)
Financing activities		
Advances from related parties	112,007	(215,033)
Capital asset reserves	9,029	6,389
Restricted short term investments	2,210,549	(20,549)
Repayment of long term debt	(130,386)	(130,051)
Cash flow from financing activities	2,201,199	(359,244)
Increase (decrease) in cash flow	1,480,240	(1,748,379)
Cash - beginning of year	1,789,583	3,537,962
Cash - end of year (Note 3)	\$ 3,269,823	\$ 1,789,583

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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, 2019

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, 2019

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 prepared in a format consistent with the accounting framework of the First Nation.

3. Cash

	2019	2018
Slate Falls Nation operating accounts	\$ 1,030,459	\$ 1,771,353
Slate Falls Nation Trust- restricted cash	2,239,364	18,230
	\$ 3,269,823	\$ 1,789,583

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, 2019 was \$nil (2018 - \$nil).

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

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, 2018 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2019 to March 31, 2019.

At March 31, 2019, the Slate Falls Nation Trust had the following assets and liabilities under management.

	2019	2018
Restricted cash- Slate Falls Nation Trust	\$ 2,239,364	\$ 18,230
Restricted short term GIC	-	2,210,549
Accrued interest receivable on funds in GIC	-	15,592
	2,239,364	2,244,371
Less: Slate Falls Nation Trust payable to members	(344,980)	(380,610)
	\$ 1,894,384	\$ 1,863,761

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	2019	2018
Balance, beginning of year	\$ 1,056	\$ 6,731	\$ 7,787	\$ 7,625
Add: Government of Canada Interest	-	181	181	162
Balance, end of year	\$ 1,056	\$ 6,912	\$ 7,968	\$ 7,787

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

6. Accounts receivable

	2019	2018
AANDC Receivable	\$ 923,145	\$ 68,885
Health Canada	641,301	79,983
Other receivables	1,034,265	369,067
 Subtotal	 2,598,711	517,935
Allowance for Doubtful Accounts	(49,428)	(37,996)
 	 \$ 2,549,283	\$ 479,939

7. Investment in subsidiaries

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

	2019	2018
Bamaji Lake Economic Development Corporation	\$ 2,297,977	\$ 2,114,328
Knobby's Fly-In Camps Limited	3,585,016	3,594,294
Bamaji Air Ltd.	(743,568)	(965,555)
2159256 Ontario Ltd.	(141,646)	(184,969)
1902070 Ontario Inc.	423,210	417,865
 	 \$ 5,420,989	\$ 4,975,963

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2019****7. Investment in subsidiaries (continued)****Bamaji Lake Economic Development Corporation
March 31, 2019**

	2019	2018
Financial Assets	\$ 3,639,313	\$ 3,217,656
Liabilities	<u>1,681,708</u>	<u>1,177,510</u>
Net financial assets	1,957,605	2,040,146
Non-financial assets	<u>352,371</u>	<u>74,182</u>
	\$ 2,309,976	\$ 2,114,328
Investment Comprised of:		
Acquisition costs	\$ -	\$ -
Cumulative income (loss)	<u>2,297,977</u>	<u>2,114,328</u>
	\$ 2,297,977	\$ 2,114,328

**Knobby's Fly-In Camps Limited
October 31, 2018**

	2018	2017
Assets	\$ 4,096,403	\$ 4,291,861
Liabilities	\$ 484,295	\$ 670,475
Surplus (deficit)	<u>3,612,108</u>	<u>3,621,386</u>
	\$ 4,096,403	\$ 4,291,861
Revenue	\$ 800,297	\$ 1,904,576
Expense	<u>809,575</u>	<u>1,087,872</u>
Current Surplus (deficit)	\$ (9,278)	\$ 816,704
Investment Comprised of:		
Acquisition costs	\$ 1,865,000	\$ 1,865,000
Cumulative income (loss)	<u>1,720,016</u>	<u>1,729,294</u>
	\$ 3,585,016	\$ 3,594,294

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2019****7. Investment in subsidiaries (continued)****2159256 Ontario Ltd.
October 31, 2018**

	2018	2017
Assets	\$ 299,908	\$ 296,534
Liabilities	583,940	623,889
Surplus (deficit)	(284,032)	(327,355)
	\$ 299,908	\$ 296,534
Revenue	\$ 229,389	\$ 428,599
Expense	186,066	197,567
Current Surplus (deficit)	\$ 43,323	\$ 231,032
Investment Comprised of:		
Acquisition costs	\$ 142,486	\$ 142,486
Cumulative income (loss)	(284,132)	(327,455)
	\$ (141,646)	\$ (184,969)

**1902070 Ontario Inc.
January 31, 2019**

	2019	2018
Assets	\$ 1,224,543	\$ 1,258,275
Liabilities	1,238,050	1,277,127
Surplus (deficit)	(13,507)	(18,852)
	\$ 1,224,543	\$ 1,258,275
Revenue	\$ 129,857	\$ 219,392
Expenses	124,512	130,433
Current Surplus (deficit)	\$ 5,345	\$ 88,959
Investment Comprised of:		
Acquisition costs	\$ 413,737	\$ 413,737
Cumulative income (loss)	9,473	4,128
	\$ 423,210	\$ 417,865

(continues)

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2019****7. Investment in subsidiaries (continued)**

Bamaji Air Ltd.
October 31, 2018

	2018	2017
Assets	\$ 1,158,832	\$ 1,400,831
Liabilities	1,704,301	\$ 2,241,282
Surplus	(545,469)	(840,451)
	1,158,832	\$ 1,400,831
Revenue	1,627,630	\$ 1,673,617
Expenses	1,332,648	1,868,958
Current Surplus (deficit)	294,982	\$ (195,341)
Slate Falls Nation share of current surplus (deficit)	\$ 221,237	\$ (146,506)
Investment Comprised of:		
Acquisition costs	\$ 2,101,624	\$ 2,101,624
Cumulative income (loss)	(2,845,192)	(3,067,179)
	\$ (743,568)	\$ (965,555)

SLATE FALLS NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

8. Tangible capital assets

	Cost	Accumulated amortization	2019 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	12,187,232	7,437,310	4,749,922
Equipment	539,524	428,607	110,917
Automotive	786,985	525,175	261,810
CMHC Buildings	869,622	298,322	571,300
Fuel Tanks	547,922	246,565	301,357
Water Plant	11,265,123	335,765	10,929,358
Construction in progress (Note 9)	194,000	-	194,000
	\$ 26,516,608	\$ 9,271,744	\$ 17,244,864

	Cost	Accumulated amortization	2018 Net book value
Land	\$ 126,200	\$ -	\$ 126,200
Buildings	12,187,231	6,949,821	5,237,410
Equipment	529,808	435,733	94,075
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	11,046,263	110,463	10,935,800
	\$ 25,872,430	\$ 8,443,300	\$ 17,429,130

9. Construction in progress

	2019	2018
Housing project	\$ 194,000	\$ -

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

10. Deferred income

	2019	2018
Water Plant	\$ 358,066	\$ 576,925

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, 2019

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.

	2019	2018
Deferred revenue, beginning of year	\$ 980,612	\$ 765,193
Add: AANDC current deferral	2,282,312	944,973
Other program current deferral	50,973	35,639
Less: Deferred revenue recognized	(980,612)	(765,193)
	2,333,285	980,612

The balance of deferred revenue consists of the following:

	2019	2018
Aboriginal Affairs and Northern Development Canada		
Water and Sewer	\$ 109,579	\$ 175,998
Fire Prevention	24,345	18,403
Planning, Design & Construction	3,366	-
Electrical Systems	10,029	4,502
Governance Capacity Development	-	30,476
ECDEV Capacity Development	15,748	20,886
Instructional Services	166,566	182,377
Guidance and Counselling	262,500	175,000
Education Management & Government Capacity	8,189	3,999
Student transportation	23,966	-
School Effectiveness	93,811	83,900
Teachers Recruitment & Retention	13,581	20,290
Band operated schools	118,495	67,116
Child and Family services	423,600	56,500
Finance Management Government Capacity		
Development	8,654	-
Education Language and Culture	19,411	22,000
Parent and Community Engagement	38,421	34,471
Schools Operations and maintenance	101,971	49,055
Housing Immediate Needs Construction	840,080	-
	2,282,312	944,973
Other deferred program funding		
Student council	6,018	1,324
Public Health Nurse	-	34,315
CMHC HIIFNIY	3,136	-
CMHC RRAP	9,149	-
CMHC HASI	32,670	-
	50,973	35,639
	\$ 2,333,285	\$ 980,612

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2019****12. Due to (from) related parties**

	2019	2018
<u>Related party transactions</u>		
Bamaji Lake Economic Development Corporation (Wholly owned subsidiary)		
Services Provided	\$ 1,062,444	\$ 1,034,205
Transfer of Casino Rama funding	1,074,105	847,379
	\$ 2,136,549	\$ 1,881,584
Bamaji Air Inc.		
Flying services	\$ 135,252	\$ 84,477

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:

	2019	2018
<u>Due from related parties:</u>		
Bamaji Air Inc.	\$ 885,600	\$ 841,806
2159256 Ontario Ltd.	403,520	402,386
Due from 1902070 Ontario Inc.	4,034	911
	\$ 1,293,154	\$ 1,245,103
<u>Due to related parties:</u>		
Bamaji Lake Economic Development Corporation	\$ 2,353,913	\$ 2,155,196
Knobby's Fly-In Camps Limited	100,605	139,264
	\$ 2,454,518	\$ 2,294,460

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:

	2019	2018
Administration capital replacement reserve	\$ 27,229	\$ 27,230
Education capital replacement reserve	83,464	83,464
CMHC capital replacement reserve	78,766	69,736
	\$ 189,459	\$ 180,430

SLATE FALLS NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2019****14. Mortgage payable**

	2019	2018
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.	\$ 392,006	\$ 422,383
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.	611,654	711,662
	\$ 1,003,660	\$ 1,134,045

Principal repayment terms are approximately:

2020	\$ 134,008
2021	136,008
2022	138,008
2023	140,008
2024	<u>455,628</u>
	<u>\$ 1,003,660</u>

15. Economic dependence

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

16. 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.

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:

(continues)

SLATE FALLS NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

17. Segmented Information (continued)

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.

Slate Falls Nation Trust

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. 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.

19. 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, 2019

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Slate Falls Nation Trust	2019 Current Year
Revenue									
AANDC Fixed Contribution Funding	\$ 1,551,453	\$ 15,000	\$ 415,015	\$ -	\$ 980,530	\$ -	\$ -	\$ -	\$ 2,961,998
AANDC Grant Funding	-	313,380	-	-	-	-	-	-	313,380
AANDC Set Contribution Funding	-	-	2,060	-	-	-	-	-	2,060
	1,551,453	328,380	417,075	-	980,530	-	-	-	3,277,438
Health Canada	-	-	-	3,667,885	-	-	-	-	3,667,885
Other program funding and revenue	625,587	596,785	595,129	365,744	70,740	142,624	-	-	2,396,609
Ontario First Nations Limited Partnership	-	-	-	-	-	-	1,074,105	-	1,074,105
Interest on trust account	-	181	-	-	-	-	-	32,563	32,744
Income (loss) of subsidiary corporations	-	-	457,025	-	-	-	-	-	457,025
Gain (loss) on disposal of assets	-	-	30,000	-	-	-	-	-	30,000
Transfer from (to) Incomplete	(833,450)	26,962	(367,100)	34,315	(213,398)	-	-	-	(1,352,671)
Transfer from (to) deferred revenue	218,859	-	-	-	-	-	-	-	218,859
	1,562,449	952,308	1,132,129	4,067,944	837,872	142,624	1,074,105	32,563	9,801,994
Expenses									
Administration	16,876	5,000	-	380,105	33,698	-	-	-	435,679
Bad debts	-	-	10,554	757	292	-	-	-	11,603
Insurance	82,692	-	15,982	10,821	21,245	-	-	-	130,740
Interest and bank charges	4,072	-	9,549	7	797	-	-	74	14,499
Interest on long term debt	41,731	-	-	-	-	-	-	-	41,731
Office	900	-	13,510	23,661	27	-	-	-	38,098
Professional fees	-	6,921	66,681	-	-	-	-	210	73,812
Professional services	601,146	69,525	38,662	771,594	43,357	-	-	-	1,524,284
Program Operations	145,596	55,624	78,549	557,665	60,118	135,018	-	28	1,032,598

(continues)

SLATE FALLS NATION
Consolidated Segmented Information (continued)
(Schedule 1)
Year Ended March 31, 2019

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Slate Falls Nation Trust	2019 Current Year
Rent	-	1,892	-	1,546	3,600	-	-	-	7,038
Equipment and Rentals	231,266	1,150	64,685	230,884	22,510	-	-	-	550,495
Repairs and maintenance	13,703	59,482	12,571	3,647	36,774	-	-	-	126,177
Salaries and benefits	367,373	646,349	43,073	1,189,442	198,823	-	-	-	2,445,060
Freight	629	205	20,132	82,604	11,878	-	-	-	115,448
Grants and Sponsorships	-	-	-	-	14,581	-	-	-	14,581
Materials and Supplies	104,152	28,091	7,040	45,260	39,952	-	-	-	224,495
Travel	24,147	28,081	58,580	297,834	12,423	7,606	-	1,864	430,535
Gas/Oil	9,339	112	4,633	24,788	31,662	-	-	-	70,534
Utilities and telephone	116,363	-	27,004	33,675	41,467	-	-	-	218,509
Insurance Plan	-	-	54,764	-	-	-	-	-	54,764
Registered Pension Plan	-	-	105,093	-	-	-	-	-	105,093
Training and Workshops	2,000	-	-	19,146	-	-	-	-	21,146
Plan Fees	-	-	400	-	-	-	-	-	400
Wages - WEA Administered Services	-	-	-	-	265,145	-	-	-	265,145
CMHC Loan Payment	30,378	-	-	-	-	-	-	-	30,378
Replacement Reserve	4,500	-	-	-	-	-	-	-	4,500
Health Canada Recovery	-	-	100,896	-	-	-	-	-	100,896
	1,796,863	902,432	732,358	3,673,436	838,349	142,624	-	2,176	8,088,238
Amortization	-	-	828,066	-	-	-	-	-	828,066
Ontario First Nations Limited Partnership income allocated	-	-	-	-	-	-	1,074,105	-	1,074,105
	-	-	828,066	-	-	-	1,074,105	-	1,902,172
Transfer to Tangible Capital	(412,859)	(10,757)	(46,000)	(204,562)	-	-	-	-	(674,178)
	1,384,004	891,675	1,514,424	3,468,874	838,349	142,624	1,074,105	2,176	9,316,231
	\$ 178,445	\$ 60,633	\$ (382,295)	\$ 599,070	\$ (477)	\$ -	\$ -	\$ 30,387	\$ 485,763

See notes to financial statements

SLATE FALLS NATION
Consolidated Segmented Comparative Information
(Schedule 2)
Year Ended March 31, 2018

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Slate Falls Nation Trust	2018 Prior 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	-	-	-	5,130
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 Comparative Information (continued)
(Schedule 2)
Year Ended March 31, 2018

	Public Works & Housing	Social Development	Finance & Administration	Health	Education	Land Use Planning	Casinorama	Slate Falls Nation Trust	2018 Prior 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
Training and Workshops	1,900	-	-	250	3,850	-	-	-	6,000
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
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	-	1,515,038
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 Statement of Expenditure by Object****(Schedule 3)****Year Ended March 31, 2019**

	2019	2018
Expenses		
Administration	\$ 435,679	\$ 220,462
Amortization	828,066	667,658
Bad debts	11,603	(35,743)
CMHC Loan Payment	30,378	30,043
Equipment and Rentals	550,495	537,763
Freight	115,448	30,624
Gas/Oil	70,535	57,307
Grants and Sponsorships	14,581	4,000
Health Canada Recovery	100,896	196,636
Insurance	130,740	71,477
Insurance Plan	54,764	42,795
Interest and bank charges	14,502	5,137
Interest on long term debt	41,731	43,081
Materials and Supplies	224,496	148,944
Office	38,097	29,958
Ontario First Nations Limited Partnership income allocated	1,074,105	847,379
Plan Fees	400	400
Professional fees	73,811	92,768
Professional services	1,524,284	4,647,378
Program Operations	1,032,594	817,327
Registered Pension Plan	105,093	56,183
Rent	7,038	9,544
Repairs and maintenance	126,178	58,657
Replacement Reserve	4,500	4,125
Salaries and benefits	2,445,058	1,904,022
Training and Workshops	21,146	6,000
Travel	430,538	284,359
Utilities and telephone	218,508	140,255
Wages - WEA Administered Services	265,145	272,052
	9,990,410	11,190,591
Transfer to Tangible Capital	(674,179)	(3,892,355)
	\$ 9,316,231	\$ 7,298,236