

**Hollow Water First Nation  
Consolidated Financial Statements**  
*March 31, 2017*

# Hollow Water First Nation

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For the year ended March 31, 2017

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## Management's Responsibility

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To the Members of Hollow Water First Nation:

The accompanying consolidated financial statements of Hollow Water First Nation are the responsibility of management and have been approved by the Chief and Council.

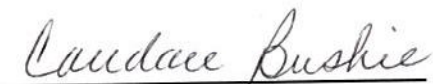
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Hollow Water First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

October 12, 2017



Finance Manager

# Independent Auditors' Report

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To the Members of Hollow Water First Nation:

We have audited the accompanying consolidated financial statements of Hollow Water First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year ended 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.

## *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 bases for our qualified audit opinion.

## *Basis for Qualified Opinion*

These financial statements do not disclose sufficient information regarding the First Nation's investment in a government partnership with a registered business name of Hollow Water - Valard government partnership, nor has it properly consolidated its portion of the assets, liabilities, revenue and expenses of the government partnership in accordance with the proportionate consolidation method as required by public sector accounting standards. Instead, the First Nation has recognized revenue from the Hollow Water - Valard government partnership in accordance with the modified equity method.

We were not able to gain sufficient, appropriate audit evidence regarding the completeness of disclosure pertaining to related party balances and transactions due to limitations in financial reporting systems and the limitations in the scope of our audit procedures.

The First Nation's consolidated statement of operations and accumulated surplus and consolidated statement of changes in net debt do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

## *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Hollow Water First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## *Emphasis of Matter*

As explained in Note 26, the accompanying consolidated financial statements have been amended from the previously issued financial statements which were issued with our auditors' report dated August 10, 2017.

Winnipeg, Manitoba

October 12, 2017

*MNP LLP*

Chartered Professional Accountants



# Hollow Water First Nation


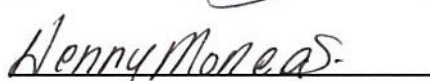
## Consolidated Statement of Financial Position

As at March 31, 2017

|  | 2017        | 2016        |
|--|-------------|-------------|
| <b>Financial assets</b>                                |             |             |
| Cash and cash equivalents                              | 183,740     | 960,583     |
| Accounts receivable (Note 3)                           | 634,717     | 856,871     |
| Investment in Government Business Partnership (Note 4) | 3,306,568   | 3,434,292   |
| Restricted cash and short-term investments (Note 5)    | 4,225,319   | 166,673     |
|  | 8,350,344   | 5,418,419   |
| <b>Liabilities</b>                                     |             |             |
| Bank indebtedness (Note 6)                             | 95,698      | 48,611      |
| Accounts payable and accruals (Note 7)                 | 2,221,905   | 2,288,161   |
| Deferred revenue (Note 8)                              | 2,941,663   | 265,322     |
| Long-term debt (Note 9)                                | 5,761,214   | 4,194,067   |
|  | 11,020,480  | 6,796,161   |
| <b>Net debt</b>  | (2,670,136) | (1,377,742) |
| <b>Contingencies (Note 10)</b>                         |             |             |
| <b>Non-financial assets</b>                            |             |             |
| Tangible capital assets (Note 11) (Schedule 1)         | 8,902,604   | 8,864,917   |
| Construction in progress (Note 12)                     | 4,643,637   | -           |
|  | 13,546,241  | 8,864,917   |
| <b>Accumulated surplus (Note 13)</b>                   | 10,876,105  | 7,487,175   |

Approved on behalf of the Chief and Council

  
 Chief  
  
 Councillor

  
 Councillor  
  
 Councillor

# Hollow Water First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2017*

|   | <i>Schedules</i> | <b>2017</b>        | <b>2016</b> |
|---|------------------|--------------------|-------------|
| <b>Revenue</b>  |                  |                    |             |
| Indigenous and Northern Affairs Canada (INAC) (Note 14) |                  | <b>12,965,726</b>  | 6,851,850   |
| First Nations and Inuit Health (Note 15)                |                  | <b>1,697,090</b>   | 1,598,386   |
| Hollow Water Valard Joint Venture                       |                  | <b>887,844</b>     | 771,935     |
| Income from Government Business Partnership (Note 16)   |                  | <b>732,261</b>     | 686,216     |
| Province of Manitoba (Note 17)                          |                  | <b>505,530</b>     | 1,930,362   |
| Other (Note 18)   |                  | <b>886,579</b>     | 442,854     |
| Video Lottery Terminals                                 |                  | <b>255,567</b>     | 244,217     |
| Southeast Resource Development Council Corp. (Note 16)  |                  | <b>219,549</b>     | 172,794     |
| First Peoples' Development Inc.                         |                  | <b>152,000</b>     | -           |
| Canada Mortgage and Housing Corporation                 |                  | <b>144,451</b>     | 159,378     |
| Government of Canada - Department of Justice            |                  | <b>120,000</b>     | 120,000     |
| Revenue deferred in prior year (Note 8)                 |                  | <b>265,322</b>     | 217,428     |
| Revenue deferred to subsequent year (Note 8)            |                  | <b>(2,941,663)</b> | (265,322)   |
| Recoveries by federal funding agency                    |                  | <b>(7,816)</b>     | (7,310)     |
|   |                  | <b>15,882,440</b>  | 12,922,788  |
| <b>Segment expenses</b>                                 |                  |                    |             |
| Education   | 4                | <b>4,214,949</b>   | 4,323,805   |
| Economic Development                                    | 5                | <b>719,448</b>     | 401,569     |
| Economic Enterprises                                    | 6                | <b>2,142,420</b>   | 3,208,847   |
| Community Wellness                                      | 7                | <b>1,814,527</b>   | 1,751,281   |
| Social Assistance                                       | 8                | <b>875,263</b>     | 1,044,905   |
| Subsidized Housing                                      | 9                | <b>229,005</b>     | 322,006     |
| Governance  | 10               | <b>852,010</b>     | 1,045,982   |
| Community Infrastructure                                | 11               | <b>1,645,888</b>   | 1,214,452   |
| <b>Total segment expenses (Schedule 2)</b>              |                  | <b>12,493,510</b>  | 13,312,847  |
| <b>Annual surplus (deficit)</b>                         |                  | <b>3,388,930</b>   | (390,059)   |
| <b>Accumulated surplus, beginning of year</b>           |                  | <b>7,487,175</b>   | 7,877,234   |
| <b>Accumulated surplus, end of year</b>                 |                  | <b>10,876,105</b>  | 7,487,175   |

The accompanying notes are an integral part of these consolidated financial statements

**Hollow Water First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2017*

|   | <b>2017</b>        | <b>2016</b>        |
|---|--------------------|--------------------|
| <b>Annual surplus (deficit)</b>         | <b>3,388,930</b>   | <b>(390,059)</b>   |
| Purchases of tangible capital assets    | <b>(812,958)</b>   | <b>(338,589)</b>   |
| Amortization of tangible capital assets | <b>775,271</b>     | <b>777,378</b>     |
| Costs of construction in progress       | <b>(4,643,637)</b> | <b>-</b>           |
| <b>Decrease (increase) in net debt</b>  | <b>(1,292,394)</b> | <b>48,730</b>      |
| <b>Net debt, beginning of year</b>      | <b>(1,377,742)</b> | <b>(1,426,472)</b> |
| <b>Net debt, end of year</b>            | <b>(2,670,136)</b> | <b>(1,377,742)</b> |

*The accompanying notes are an integral part of these consolidated financial statements*

# Hollow Water First Nation

## Consolidated Statement of Cash Flows

*For the year ended March 31, 2017*

|   | 2017        | 2016        |
|---|-------------|-------------|
| <b>Cash provided by (used for) the following activities</b>               |             |             |
| <b>Operating activities</b>   |             |             |
| Cash receipts from contributors   | 18,048,673  | 12,024,231  |
| Cash paid to suppliers  | (8,288,918) | (8,480,667) |
| Cash paid to employees  | (3,311,861) | (3,218,961) |
| Interest on long-term debt  | (183,715)   | (214,379)   |
|   | 6,264,179   | 110,224     |
| <b>Financing activities</b>   |             |             |
| Advances of long-term debt  | 2,072,266   | 1,393,760   |
| Repayment of long-term debt   | (505,119)   | (1,407,110) |
| Increase (decrease) in bank indebtedness                                  | 47,087      | (5,535)     |
|   | 1,614,234   | (18,885)    |
| <b>Capital activities</b>   |             |             |
| Purchases of tangible capital assets                                      | (812,958)   | (338,589)   |
| Costs of construction in progress   | (4,643,637) | -           |
|   | (5,456,595) | (338,589)   |
| <b>Investing activities</b>   |             |             |
| Proceeds from withdrawal of Investment in Government Business Partnership | 859,985     | 650,000     |
| Change in restricted cash and investments                                 | (4,058,646) | 444,495     |
|   | (3,198,661) | 1,094,495   |
| <b>Increase (decrease) in cash resources</b>                              | (776,843)   | 847,245     |
| <b>Cash resources, beginning of year</b>                                  | 960,583     | 113,338     |
| <b>Cash resources, end of year</b>  | 183,740     | 960,583     |

The accompanying notes are an integral part of these consolidated financial statements



**1. Operations**

The Hollow Water First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its Members. The Hollow Water First Nation financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Reporting entity***

The Hollow Water First Nation reporting entity includes the First Nation government and all related organizations and departments that are either owned or controlled by the First Nation. Trusts administered on behalf of third parties by Hollow Water First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Hollow Water First Nation Housing Authority
- Wanipigaa-Sibi Development Corp.
- Community Holistic Circle Healing Inc.
- Hollow Water East Side Rd. Const. Ltd.
- Hollow Water First Nation Gaming Centre
- Hollow Water First Nation Government

All inter-entity balances and transactions have been eliminated on consolidation.

The First Nation has consolidated its interest in a government business partnership known as the South Beach Casino Limited Partnership according to the modified equity method.

The First Nation has consolidated its interest in a government partnership called Hollow Water First Nation - WERI Construction Ltd., of which the Hollow Water First Nation owns 51% of the common shares, according to the proportionate consolidation method.

The First Nation has recognized revenue from the Hollow Water - Valard government partnership in accordance with the modified equity method, instead of following the proportionate consolidation method as required by Canadian public sector accounting standards.

***Basis of presentation***

Sources of revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**2. Significant accounting policies** *(Continued from previous page)*

***Cash and cash equivalents***

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Portfolio investments***

Portfolio investments are recorded at the lower of cost and net realizable value. The First Nation is considered a beneficial owner of 12.5% of Shawano Wapunong Building Inc. (the "Company"). The First Nation's investment in Shawano Wapunong Building Inc. meets the definition of a portfolio investment. When the Company was established, 100% of the common shares of the Company were purchased by the Southeast Resource Development Council Corp. to be held in trust for the beneficial owners. As a result, the First Nation's cost associated with the investment is \$0 (2016 - \$0).

***Investment in Government Business Partnership***

The Investment in the Government Business Partnership is accounted for in accordance with the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the Government Business Partnership's accounting policies are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in the Government Business Partnership is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreases by post acquisition losses and withdrawals.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Net debt***

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus.

***Non-financial assets***

The First Nation's tangible capital assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

**2. Significant accounting policies** *(Continued from previous page)*

***Tangible capital assets***

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

|                     |          |
|---------------------|----------|
| Buses               | 10 years |
| Community buildings | 25 years |
| Band housing        | 15 years |
| Heavy equipment     | 12 years |
| Vehicles            | 5 years  |
| Roads               | 40 years |
| Bridges             | 40 years |
| Subsidized housing  | 25 years |
| Infrastructure      | 40 years |
| Ball field          | 20 years |

***Construction in progress***

Construction in progress represents the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use they are recorded as tangible capital assets.

***Long-lived assets***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

***Employee future benefits***

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

**2. Significant accounting policies** *(Continued from previous page)*

***Revenue recognition***

***Government Transfers***

Government transfer revenue including, but not limited to, Indigenous and Northern Affairs Canada (INAC), First Nations and Inuit Health (FNIH), Canada Mortgage and Housing Corporation (CMHC) and Province of Manitoba funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with related department expenses in the year of their occurrence.

***Income from Government Business Partnership***

Revenue recognized from the Government Business Partnership is in accordance with the modified equity method of accounting for the investment, and corresponds to the First Nation's proportionate share of the Government Business Partnership's net annual surplus.

***Other revenue***

Contracted revenue is recognized when the services are provided and the collectability of the proceeds is reasonably assured.

Other revenue is recognized by the First Nation when services are provided or goods are shipped and collectability is reasonably assured.

The First Nations recognizes Video Lottery Terminals (VLT) revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor and Lotteries Corporation which management believes is the most appropriate presentation of gaming revenue on the consolidated financial statements.

***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. Accounts payable and accruals includes an estimate of contingent liabilities. Amortization is based on the estimated useful lives of the related tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue. Provisions for funding recoveries and site rehabilitation costs are recorded in accordance with management's estimates of future costs.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

**2. Significant accounting policies** *(Continued from previous page)*

**Segments**

The First Nation conducts its business through 8 reportable segments as listed below. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination, as to the activities and services that will be facilitated as a result of ongoing ownership of the assets.

The First Nation's segments are as follows:

Education - includes the operations of education programs.

Economic Development - includes economic stimulus activities, with related expenses.

Economic Enterprises - includes the operations of for-profit companies that are controlled by the First Nation.

Community Wellness - includes the First Nation's funding related to health and wellness.

Social Assistance - includes the operations pertaining to the delivery of social assistance programs.

Subsidized Housing - reports on CMHC subsidized housing.

Governance - includes administration and governance activities.

Community Infrastructure - includes activities for the maintenance of the community and its infrastructure.

Inter-segment transfers are recorded at their exchange amount. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

**Liability for contaminated sites**

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

**Financial instruments**

Financial instruments include cash and cash equivalents, accounts receivable, investment in government business partnership, restricted cash and short-term investments, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

**Recent accounting pronouncements**

**Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

The First Nation expects to apply PS 3450 and related consequential amendments to the PSA Handbook for its consolidated financial statements dated March 31, 2020. PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, consolidated financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statements.

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

### 3. Accounts receivable

|   | 2017           | 2016             |
|---|----------------|------------------|
| Indigenous and Northern Affairs Canada  | 82,841         | 39,229           |
| Black River Development Corp.           | 200,000        | -                |
| Canada Mortgage and Housing Corporation | 11,639         | 187,194          |
| First Nations and Inuit Health          | 26,857         | -                |
| GST receivable                          | -              | 24,010           |
| Province of Manitoba                    | 67,565         | 429,295          |
| First Nation Members                    | 281,077        | 181,313          |
| Trade and other                         | 247,192        | 212,202          |
|   | <b>917,171</b> | <b>1,073,243</b> |
| <b>Allowance for doubtful accounts</b>  |                |                  |
| First Nation Members                    | (278,389)      | (166,543)        |
| Trade and other                         | (4,065)        | (49,829)         |
|   | <b>634,717</b> | <b>856,871</b>   |

### 4. Investment in Government Business Partnership

Investment in Government Business Partnership represents a one-seventh ownership interest in the South Beach Casino Limited Partnership which was formed to operate a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba.

|                            | 2017             | 2016             |
|----------------------------|------------------|------------------|
| Balance, beginning of year | 3,434,292        | 3,398,076        |
| Partnership income         | 732,261          | 686,216          |
| Withdrawals                | (859,985)        | (650,000)        |
|                            | <b>3,306,568</b> | <b>3,434,292</b> |

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

### 5. Restricted cash

|  | 2017             | 2016    |
|--|------------------|---------|
| <b>Ottawa Trust</b>  |                  |         |
| Revenue Trust  | 17,593           | 16,865  |
| Capital Trust  | 5,561            | 5,561   |
|  | <b>23,154</b>    | 22,426  |
| <b>CMHC Replacement Reserve</b>  |                  |         |
| Cash   | 22,284           | 11,324  |
| Guaranteed Investment Certificate, bearing interest at 0.85%, maturing June 2017 | 177,898          | -       |
|  | <b>200,182</b>   | 11,324  |
| <b>Other</b>   |                  |         |
| Province of Manitoba   | 31,915           | 54,923  |
| Shawano Consulting Services Ltd.   | 3,970,068        | 78,000  |
|  | <b>4,001,983</b> | 132,923 |
|  | <b>4,225,319</b> | 166,673 |

#### *Ottawa Trust*

The Ottawa Trust arose from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust money is transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council. Interest revenue earned in the revenue trust amounted to \$728 (2016 - \$1,044). Interest revenue earned in the capital trust amounted to \$0 (2016 - \$0).

#### *CMHC replacement reserve*

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The First Nation is not in compliance with its agreement with CMHC. The agreement requires that the First Nation maintain separate banking instruments to fund the full amount of the CMHC replacement reserve. At year end the reserve was underfunded by \$48,723 (2016 - \$203,740).

#### *Province of Manitoba*

The First Nation has a chequing account that requires a co-signature from a representative from the Province of Manitoba. Funds held in this account have been restricted for the purpose of highway construction.

#### *Shawano Consulting Services Ltd.*

Funds held in trust by construction contractor relate to government transfer revenue that must be spent on particular costs of construction and renovations. As at March 31, 2017, the related expenses had been incurred but had not yet been paid.

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

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### 6. Bank indebtedness

The First Nation has an operating line of credit available at an interest rate of prime (2.7%) plus 2.2%, to a maximum of \$100,000. The bank overdraft outlined below does not pertain to the operating line of credit.

|  | 2017          | 2016          |
|--|---------------|---------------|
| Operating line of credit                         | 60,967        | -             |
| Cheques outstanding in excess of cash on deposit | 33,375        | 48,611        |
| Bank overdraft                                   | 1,356         | -             |
|  | <b>95,698</b> | <b>48,611</b> |

### 7. Accounts payable and accruals

|  | 2017             | 2016             |
|--|------------------|------------------|
| Highway construction                   | 195,305          | 368,585          |
| Lagoon expansion                       | 549,579          | -                |
| Water treatment plant construction     | 810,527          | -                |
| Other                                  | 590,316          | 586,681          |
| Indigenous and Northern Affairs Canada | 76,178           | 89,472           |
| Tuition                                | -                | 1,243,423        |
|  | <b>2,221,905</b> | <b>2,288,161</b> |

### 8. Deferred revenue

|  | 2017             | 2016           |
|--|------------------|----------------|
| Indigenous and Northern Affairs Canada (Schedule 4)  | 104,538          | 210,454        |
| Indigenous and Northern Affairs Canada (Schedule 5)  | 11,276           | -              |
| Indigenous and Northern Affairs Canada (Schedule 8)  | 28,957           | -              |
| Indigenous and Northern Affairs Canada (Schedule 11) | 2,742,024        | -              |
|  | <b>2,886,795</b> | <b>210,454</b> |
| First Nations and Inuit Health (Schedule 7)          | 54,868           | 54,868         |
|  | <b>2,941,663</b> | <b>265,322</b> |



**Hollow Water First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**9. Long-term debt**

|  | <b>2017</b>      | <b>2016</b> |
|--|------------------|-------------|
| Payments of \$2,125 per month including interest at 1.05%, maturing February 2031, with the next scheduled renewal in August 2021, secured by a Ministerial guarantee and an assignment of fire insurance.   | <b>329,996</b>   | 353,246     |
| Payments of \$8,348 per quarter including interest at 5%, maturing March 2018 secured by a Ministerial guarantee and an assignment of fire insurance.  | <b>79,862</b>    | -           |
| Payments of \$634 per month including interest at 1.62%, maturing February 2033, with the next scheduled renewal in March 2018, secured by a Ministerial guarantee and an assignment of fire insurance.  | <b>106,664</b>   | 113,142     |
| Payments of \$2,343 per month including interest at 2.35%, maturing September 2033, with the next scheduled renewal in September 2018, secured by a Ministerial guarantee and an assignment of fire insurance.   | <b>384,587</b>   | 405,890     |
| Payments of \$2,240 per month including interest at 1.05%, maturing January 2035, with the next scheduled renewal in August 2021, secured by a Ministerial guarantee and an assignment of fire insurance.  | <b>436,980</b>   | 460,443     |
| Payments of \$3,210 per month including interest at 1.05%, maturing February 2036, with the next scheduled renewal in May 2021, secured by a Ministerial guarantee and an assignment of fire insurance.  | <b>663,336</b>   | 696,156     |
| Term loan, secured by a guaranteed investment certificate described in Note 5, with monthly payments of \$2,262 including interest at 3.7%, maturing May 2023, with the next scheduled renewal date of May 2021.   | <b>169,643</b>   | -           |
| Term loan, with monthly payments of \$1,908 including interest at 1.30%, maturing May 2037, with the next scheduled renewal in May 2022, secured by a ministerial guarantee and an assignment of fire insurance.   | <b>405,596</b>   | 424,578     |
| Term loan, with monthly payments of \$3,460, including interest at 5.82%, maturing November 2031, with the next scheduled renewal in November 2021, secured by a general assignment of rents and leases earned by the First Nation from Southeast Child and Family Services and an assignment of fire insurance.           | <b>445,533</b>   | 465,604     |
| Construction financing loan for the construction of a 10 unit housing project which is drawn in stages up to a maximum of \$2,350,577. Monthly interest at 5.78% (prime rate plus 2.83%) is due during construction. Upon completion of construction of a ten unit housing project, principal and interest payments begin. | <b>1,373,175</b> | -           |
| Term loan which was obtained to finance the aquisition of a 5 unit housing project consisting of 3 ready-to-move homes and 2 remodelled sea containers, with semi-annual principal payments of \$16,057 and monthly interest payments at 5.78% (prime rate plus 2.83%), maturing June 2031.                                | <b>449,586</b>   | -           |
| Term loan, with annual payments of \$278,572, including interest at 5.70% (prime plus 2.75%), maturing December 2019, secured by a first charge against annual partnership withdrawals from the Investment in Government Business Partnership described in Note 4.   | <b>836,256</b>   | 1,115,008   |
| Term loan, bearing interest at 5.35% (prime rate plus 2.4%), payable in annual instalments of \$80,000 plus interest payments due monthly, due May 2017.   | <b>80,000</b>    | 160,000     |
|  | <b>5,761,214</b> | 4,194,067   |

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

### 9. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

|      |           |
|------|-----------|
| 2018 | 415,000   |
| 2019 | 418,000   |
| 2020 | 420,000   |
| 2021 | 144,000   |
| 2022 | 147,000   |
|      | 1,544,000 |

### 10. Contingencies

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2017 might be recovered by these agencies.

The First Nation has an ongoing dispute with a vendor wherein the vendor is claiming an amount owed to them for services rendered. The vendor is claiming that the amount owed is \$127,208 greater than the amount that the First Nation has recorded as part of its March 31, 2017 accounts payable and accruals balance. The likely outcome of this dispute is not determinable at this time.

At March 31, 2017, the First Nation has determined that some contaminated sites exist. However, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these consolidated financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy described in Note 2.

### 11. Tangible capital assets by segment

|                          | 2017      | 2016      |
|--------------------------|-----------|-----------|
| Subsidized Housing       | 2,328,175 | 2,465,155 |
| Housing                  | 1,436,435 | 1,436,435 |
| Education                | 32,862    | 42,936    |
| Community Infrastructure | 4,895,804 | 4,695,818 |
| Economic Enterprises     | 209,328   | 224,573   |
|                          | 8,902,604 | 8,864,917 |

### 12. Construction in progress

|                       | 2017      | 2016 |
|-----------------------|-----------|------|
| Lagoon expansion      | 2,581,658 | -    |
| Housing construction  | 1,252,242 | -    |
| Water treatment plant | 809,737   | -    |
|                       | 4,643,637 | -    |

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

### 13. Accumulated surplus

|   | 2017              | 2016             |
|---|-------------------|------------------|
| Invested in tangible capital assets           | 8,621,283         | 5,785,858        |
| Ottawa Trust                                  | 23,154            | 22,426           |
| CMHC replacement reserve - required amount    | 248,905           | 215,064          |
| Investment in Government Business Partnership | 3,306,568         | 3,434,292        |
| Accumulated deficit from operations           | (1,323,805)       | (1,970,465)      |
|   | <b>10,876,105</b> | <b>7,487,175</b> |

### 14. Indigenous and Northern Affairs Canada

Indigenous and Northern Affairs Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2017 and in the year ended March 31, 2016 agrees to the amounts stated on the year-end INAC funding confirmation.

### 15. First Nations and Inuit Health

FNIH revenue recorded on the consolidated financial statements in the year ended March 31, 2017 and in the year ended March 31, 2016 agrees to the amounts stated on the year-end FNIH funding confirmation.

### 16. Related party transactions

Income from Government Business Partnership of \$732,261 (2016 - \$686,216) was earned through the investment in the South Beach Casino Limited Partnership as described in Note 4.

Southeast Resource Development Council Corp. (SERDC) provided grant revenue of \$219,549 (2016 - 172,794) to the First Nation during the year. SERDC is a not-for-profit organization jointly controlled by 8 First Nation governments, including the First Nation.

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 17. Province of Manitoba

|                                     | 2017           | 2016             |
|-------------------------------------|----------------|------------------|
| Construction contract revenue       | 385,530        | 1,810,362        |
| Department of Justice funding grant | 120,000        | 120,000          |
|                                     | <b>505,530</b> | <b>1,930,362</b> |

# Hollow Water First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

### 18. Other revenue

|   | 2017           | 2016           |
|---|----------------|----------------|
| Manitoba Hydro - transmission line project  | 300,000        | -              |
| Manitoba Hydro - Manigotagan corner station | 451,009        | -              |
| User fees                                   | 47,488         | 48,014         |
| Southeast Child and Family Services rent    | 52,329         | 52,329         |
| Other                                       | 35,753         | 342,511        |
|   | <b>886,579</b> | <b>442,854</b> |

### 19. Defined contribution pension plan

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end.

### 20. Economic dependence

The First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") and First Nations and Inuit Health ("FNIH").

The revenue is provided as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC and FNIH under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

### 21. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

**22. First Nations Financial Transparency Act**

The First Nation was required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2017. Since the audit report date is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined. The First Nation fully intends to post its consolidated financial statements on a website upon release of these consolidated financial statements.

**23. Budget information**

The Chief and Council of the Hollow Water First Nation have approved a 5-year budget as part of a long-term strategic plan. The 5-year budget is for the period beginning April 1, 2017 and ending March 31, 2022.

**24. Commitment**

The First Nation has entered into an operating lease agreement for video lottery terminals with estimated future minimum annual payments as follows:

|      |          |
|------|----------|
| 2018 | \$57,966 |
| 2019 | \$57,966 |
| 2020 | \$57,966 |
| 2021 | \$57,966 |
| 2022 | \$57,966 |

**25. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**26. Financial statement amendment**

These financial statements represent amended consolidated financial statements from consolidated financial statements previously issued. The previously issued financial statements did not account for the First Nation's investment in Hollow Water First Nation - WERI Construction Ltd. (a government partnership). These financial statements have included the assets, liabilities, revenue and expenses in accordance with the proportionate consolidation method.

Also, a \$200,000 accounts receivable from Black River Development Corp. was unrecorded at year-end. These financial statements include the receivable balance and include an additional \$200,000 in other revenue.

**Hollow Water First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

|  | <i>Buses</i>  | <i>Community<br/>buildings</i> | <i>Band housing</i> | <i>Heavy<br/>equipment</i> | <i>Vehicles</i> | <i>Roads</i>   | <i>Subtotal</i>  |
|--|---------------|--------------------------------|---------------------|----------------------------|-----------------|----------------|------------------|
| <b>Cost</b>                                      |               |                                |                     |                            |                 |                |                  |
| Balance, beginning of year                       | 337,180       | 2,272,196                      | 6,757,401           | 1,235,516                  | 895,525         | 835,641        | 12,333,459       |
| Acquisition of tangible capital assets           | -             | 166,111                        | 481,700             | 80,844                     | 84,303          | -              | 812,958          |
| Balance, end of year                             | 337,180       | 2,438,307                      | 7,239,101           | 1,316,360                  | 979,828         | 835,641        | 13,146,417       |
| <b>Accumulated amortization</b>                  |               |                                |                     |                            |                 |                |                  |
| Balance, beginning of year                       | 294,244       | 1,501,885                      | 5,320,966           | 891,810                    | 468,081         | 641,681        | 9,118,667        |
| Annual amortization                              | 10,074        | 71,075                         | 205,513             | 45,024                     | 106,939         | 20,891         | 459,516          |
| Balance, end of year                             | 304,318       | 1,572,960                      | 5,526,479           | 936,834                    | 575,020         | 662,572        | 9,578,183        |
| <b>Net book value of tangible capital assets</b> | <b>32,862</b> | <b>865,347</b>                 | <b>1,712,622</b>    | <b>379,526</b>             | <b>404,808</b>  | <b>173,069</b> | <b>3,568,234</b> |
| 2016 - net book value of tangible capital assets | 42,936        | 770,311                        | 1,436,435           | 343,706                    | 427,444         | 193,960        | 3,214,792        |

**Hollow Water First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

|  | <i>Subtotal</i>  | <i>Bridges</i> | <i>Subsidized<br/>housing</i> | <i>Infrastructure</i> | <i>Ball field</i> | <i>2017</i>      | <i>2016</i>      |
|--|------------------|----------------|-------------------------------|-----------------------|-------------------|------------------|------------------|
| <b>Cost</b>                                      |                  |                |                               |                       |                   |                  |                  |
| Balance, beginning of year                       | 12,333,459       | 696,086        | 4,817,486                     | 6,454,919             | 32,846            | 24,334,796       | 23,996,207       |
| Acquisition of tangible capital assets           | 812,958          | -              | -                             | -                     | -                 | 812,958          | 338,589          |
| Balance, end of year                             | 13,146,417       | 696,086        | 4,817,486                     | 6,454,919             | 32,846            | 25,147,754       | 24,334,796       |
| <b>Accumulated amortization</b>                  |                  |                |                               |                       |                   |                  |                  |
| Balance, beginning of year                       | 9,118,667        | 504,654        | 2,352,331                     | 3,461,381             | 32,846            | 15,469,879       | 14,692,501       |
| Annual amortization                              | 459,516          | 17,402         | 136,980                       | 161,373               | -                 | 775,271          | 777,378          |
| Balance, end of year                             | 9,578,183        | 522,056        | 2,489,311                     | 3,622,754             | 32,846            | 16,245,150       | 15,469,879       |
| <b>Net book value of tangible capital assets</b> | <b>3,568,234</b> | <b>174,030</b> | <b>2,328,175</b>              | <b>2,832,165</b>      | <b>-</b>          | <b>8,902,604</b> | <b>8,864,917</b> |
| 2016 - net book value of tangible capital assets | 3,214,792        | 191,432        | 2,465,155                     | 2,993,538             | -                 | 8,864,917        |                  |

**Hollow Water First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2017*

|  | 2017              | 2016              |
|--|-------------------|-------------------|
| <b>Consolidated expenses by object</b> |                   |                   |
| Bad debts (recovery)                   | -                 | 22,454            |
| Amortization                           | 775,271           | 777,378           |
| Claims compensation                    | 115,002           | -                 |
| Community events                       | 156,995           | 150,643           |
| Contracted services                    | 217,432           | 86,876            |
| Highway construction                   | 240,875           | 1,826,546         |
| Insurance                              | 136,183           | 171,450           |
| Interest on long-term debt             | 183,715           | 214,379           |
| Manitoba Liquor and Lotteries          | 173,766           | 122,194           |
| Member disbursements                   | 250,234           | 236,687           |
| Meals and entertainment                | 23                | -                 |
| Professional fees                      | 212,627           | 128,784           |
| Rent                                   | 1,224             | -                 |
| Repairs and maintenance                | 610,716           | 309,037           |
| Salaries and benefits                  | 3,311,861         | 3,218,680         |
| Social assistance                      | 794,378           | 967,624           |
| Supplies                               | 372,726           | 313,246           |
| Telephone                              | 33,886            | 40,546            |
| Training                               | 463,466           | 162,340           |
| Travel                                 | 479,214           | 366,794           |
| Tuition                                | 3,926,720         | 4,155,071         |
| Utilities                              | 37,196            | 42,118            |
|  | <b>12,493,510</b> | <b>13,312,847</b> |



# Hollow Water First Nation

## Schedule 3 - Consolidated Summary Schedule of Segment Operations

*For the year ended March 31, 2017*

|                                     | <i>Revenue</i>    | <i>Expenses</i>   | <i>2017 Surplus<br/>(Deficit)</i> | <i>2016 Surplus<br/>(Deficit)</i> |
|-------------------------------------|-------------------|-------------------|-----------------------------------|-----------------------------------|
| <b>Segments (Schedules 4 to 11)</b> |                   |                   |                                   |                                   |
| Education                           | 4,324,410         | 4,214,949         | 109,461                           | 64,723                            |
| Economic Development                | 1,011,206         | 719,448           | 291,758                           | 516,878                           |
| Economic Enterprises                | 2,184,627         | 2,142,420         | 42,207                            | (156,503)                         |
| Community Wellness                  | 2,035,602         | 1,814,527         | 221,075                           | 173,452                           |
| Social Assistance                   | 855,237           | 875,263           | (20,026)                          | (24,658)                          |
| Subsidized Housing                  | 144,451           | 229,005           | (84,554)                          | (162,628)                         |
| Governance                          | 815,687           | 852,010           | (36,323)                          | (57,939)                          |
| Community Infrastructure            | 4,511,220         | 1,645,888         | 2,865,332                         | (743,384)                         |
|                                     | <b>15,882,440</b> | <b>12,493,510</b> | <b>3,388,930</b>                  | <b>(390,059)</b>                  |

*The accompanying notes are an integral part of these consolidated financial statements*

**Hollow Water First Nation**  
**Education**  
**Schedule 4 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | 2017             | 2016      |
|--|------------------|-----------|
| <b>Revenue</b>                         |                  |           |
| Indigenous and Northern Affairs Canada | 4,218,494        | 4,443,432 |
| Revenue deferred in prior year         | 210,454          | 155,550   |
| Revenue deferred to subsequent year    | (104,538)        | (210,454) |
|  | <b>4,324,410</b> | 4,388,528 |
| <b>Expenses</b>                        |                  |           |
| Community events                       | -                | 8,005     |
| Insurance                              | -                | 2,832     |
| Repairs and maintenance                | 117,765          | 14,567    |
| Salaries and benefits                  | 109,332          | 104,501   |
| Supplies                               | -                | 2,541     |
| Telephone                              | 1,800            | 804       |
| Training                               | 59,332           | 16,750    |
| Travel                                 | -                | 18,734    |
| Tuition                                | 3,926,720        | 4,155,071 |
|  | <b>4,214,949</b> | 4,323,805 |
| <b>Surplus</b>                         | <b>109,461</b>   | 64,723    |

**Hollow Water First Nation**  
**Economic Development**  
**Schedule 5 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | 2017             | 2016           |
|--|------------------|----------------|
| <b>Revenue</b>                               |                  |                |
| Indigenous and Northern Affairs Canada       | 43,438           | 44,140         |
| Income from Government Business Partnership  | 732,261          | 686,216        |
| First Peoples' Development Inc.              | 152,000          | -              |
| Other  | 10,176           | 116,585        |
| Southeast Resource Development Council Corp. | 84,607           | 71,506         |
| Revenue deferred to subsequent year          | (11,276)         | -              |
|  | <b>1,011,206</b> | <b>918,447</b> |
| <b>Expenses</b>                              |                  |                |
| Claims compensation                          | 115,002          | -              |
| Community events                             | 74,789           | 33,254         |
| Insurance                                    | 1,066            | 889            |
| Interest on long-term debt                   | 93,594           | 64,578         |
| Member disbursements                         | 250,234          | 236,687        |
| Professional fees                            | 22,002           | -              |
| Salaries and benefits                        | 44,023           | 43,657         |
| Supplies                                     | 1,466            | 22,504         |
| Training                                     | 103,332          | -              |
| Travel                                       | 13,940           | -              |
|  | <b>719,448</b>   | <b>401,569</b> |
| <b>Surplus</b>                               | <b>291,758</b>   | <b>516,878</b> |

**Hollow Water First Nation**  
**Economic Enterprises**  
**Schedule 6 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|                                   | 2017             | 2016             |
|-----------------------------------|------------------|------------------|
| <b>Revenue</b>                    |                  |                  |
| Hollow Water Valard Joint Venture | 887,844          | 771,935          |
| Video Lottery Terminals           | 255,567          | 244,217          |
| Province of Manitoba              | 236,581          | 1,795,362        |
| Other                             | 804,635          | 240,830          |
|                                   | <b>2,184,627</b> | <b>3,052,344</b> |
| <b>Expenses</b>                   |                  |                  |
| Amortization                      | 25,526           | 33,999           |
| Bad debts                         | -                | 22,454           |
| Community events                  | 27,895           | 68,403           |
| Contracted services               | 79,283           | 5,800            |
| Highway construction              | 240,875          | 1,826,546        |
| Insurance                         | 658              | 5,082            |
| Interest on long-term debt        | 7,973            | 34,357           |
| Manitoba Liquor and Lotteries     | 173,766          | 122,194          |
| Professional fees                 | 49,027           | 25,875           |
| Repairs and maintenance           | 79,589           | 117,032          |
| Salaries and benefits             | 1,055,913        | 835,818          |
| Supplies                          | 171,628          | 59,783           |
| Telephone                         | 6,476            | 7,253            |
| Travel                            | 222,181          | 40,940           |
| Utilities                         | 383              | 3,311            |
| Rent                              | 1,224            | -                |
| Meals and entertainment           | 23               | -                |
|                                   | <b>2,142,420</b> | <b>3,208,847</b> |
| <b>Surplus (deficit)</b>          | <b>42,207</b>    | <b>(156,503)</b> |

**Hollow Water First Nation**  
**Community Wellness**  
**Schedule 7 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | 2017             | 2016             |
|--|------------------|------------------|
| <b>Revenue</b>                               |                  |                  |
| Indigenous and Northern Affairs Canada       | 98,512           | 79,337           |
| First Nations and Inuit Health               | 1,697,090        | 1,598,386        |
| Revenue deferred in prior year               | 54,868           | 61,878           |
| Revenue deferred to subsequent year          | (54,868)         | (54,868)         |
| Government of Canada - Department of Justice | 120,000          | 120,000          |
| Province of Manitoba                         | 120,000          | 120,000          |
|  | <b>2,035,602</b> | <b>1,924,733</b> |
| <b>Expenses</b>                              |                  |                  |
| Administration                               | 2                | -                |
| Amortization                                 | 1,556            | 1,556            |
| Community events                             | 54,310           | 40,981           |
| Contracted services                          | 33,700           | 52,004           |
| Insurance                                    | 32,639           | 29,543           |
| Repairs and maintenance                      | 41,631           | 33,530           |
| Salaries and benefits                        | 1,244,346        | 1,157,418        |
| Social assistance                            | -                | 122              |
| Supplies                                     | 64,053           | 102,204          |
| Telephone                                    | 21,455           | 21,951           |
| Training                                     | 134,667          | 96,711           |
| Travel                                       | 141,160          | 194,874          |
| Utilities                                    | 20,210           | 20,387           |
| Training                                     | 24,798           | -                |
|  | <b>1,814,527</b> | <b>1,751,281</b> |
| <b>Surplus</b>                               | <b>221,075</b>   | <b>173,452</b>   |

**Hollow Water First Nation**  
**Social Assistance**  
**Schedule 8 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | <b>2017</b>     | <b>2016</b> |
|--|-----------------|-------------|
| <b>Revenue</b>                         |                 |             |
| Indigenous and Northern Affairs Canada | <b>892,010</b>  | 1,027,557   |
| Revenue deferred to subsequent year    | <b>(28,957)</b> | -           |
| Recoveries by federal funding agency   | <b>(7,816)</b>  | (7,310)     |
|  | <b>855,237</b>  | 1,020,247   |
| <b>Expenses</b>                        |                 |             |
| Salaries and benefits                  | <b>69,712</b>   | 65,902      |
| Social assistance                      | <b>794,378</b>  | 967,502     |
| Supplies                               | <b>9,034</b>    | 6,818       |
| Telephone                              | <b>893</b>      | 803         |
| Travel                                 | <b>1,246</b>    | 3,880       |
|  | <b>875,263</b>  | 1,044,905   |
| <b>Deficit</b>                         | <b>(20,026)</b> | (24,658)    |

**Hollow Water First Nation**  
**Subsidized Housing**  
**Schedule 9 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|   | <b>2017</b>     | <b>2016</b> |
|---|-----------------|-------------|
| <b>Revenue</b>                          |                 |             |
| Canada Mortgage and Housing Corporation | <b>144,451</b>  | 159,378     |
| <b>Expenses</b>                         |                 |             |
| Amortization                            | <b>136,981</b>  | 136,981     |
| Insurance                               | <b>38,979</b>   | 60,195      |
| Interest on long-term debt              | <b>43,395</b>   | 63,583      |
| Professional fees                       | <b>9,650</b>    | 13,650      |
| Repairs and maintenance                 | <b>-</b>        | 47,597      |
|   | <b>229,005</b>  | 322,006     |
| <b>Deficit</b>                          | <b>(84,554)</b> | (162,628)   |

**Hollow Water First Nation**  
**Governance**  
**Schedule 10 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | <b>2017</b>     | <b>2016</b> |
|--|-----------------|-------------|
| <b>Revenue</b>                               |                 |             |
| Indigenous and Northern Affairs Canada       | <b>591,575</b>  | 852,368     |
| Province of Manitoba                         | <b>17,402</b>   | -           |
| Southeast Resource Development Council Corp. | <b>134,942</b>  | 101,288     |
| Other  | <b>71,768</b>   | 34,387      |
|  | <b>815,687</b>  | 988,043     |
| <b>Expenses</b>                              |                 |             |
| Insurance                                    | <b>7,118</b>    | 7,457       |
| Interest on long-term debt                   | <b>38,754</b>   | 40,430      |
| Professional fees                            | <b>68,168</b>   | 89,259      |
| Repairs and maintenance                      | <b>6,684</b>    | 6,153       |
| Salaries and benefits                        | <b>605,478</b>  | 748,566     |
| Supplies                                     | <b>57,584</b>   | 46,607      |
| Telephone                                    | <b>2,485</b>    | 8,763       |
| Training                                     | <b>-</b>        | 12,773      |
| Travel                                       | <b>65,739</b>   | 85,974      |
|  | <b>852,010</b>  | 1,045,982   |
| <b>Deficit</b>                               | <b>(36,323)</b> | (57,939)    |



**Hollow Water First Nation**  
**Community Infrastructure**  
**Schedule 11 - Consolidated Schedule of Operations**  
*For the year ended March 31, 2017*

|  | 2017             | 2016             |
|--|------------------|------------------|
| <b>Revenue</b>                         |                  |                  |
| Indigenous and Northern Affairs Canada | 7,121,697        | 405,016          |
| Other                                  | -                | 51,052           |
| Province of Manitoba                   | 131,547          | 15,000           |
| Revenue deferred to subsequent year    | (2,742,024)      | -                |
|  | <b>4,511,220</b> | <b>471,068</b>   |
| <b>Expenses</b>                        |                  |                  |
| Amortization                           | 611,208          | 604,842          |
| Contracted services                    | 104,448          | 29,072           |
| Insurance                              | 55,723           | 65,452           |
| Interest on long-term debt             | -                | 11,430           |
| Professional fees                      | 63,781           | -                |
| Repairs and maintenance                | 365,045          | 90,158           |
| Salaries and benefits                  | 183,056          | 262,818          |
| Supplies                               | 68,962           | 72,789           |
| Telephone                              | 777              | 972              |
| Training                               | 141,335          | 36,107           |
| Travel                                 | 34,949           | 22,392           |
| Utilities                              | 16,604           | 18,420           |
|  | <b>1,645,888</b> | <b>1,214,452</b> |
| <b>Surplus (deficit)</b>               | <b>2,865,332</b> | <b>(743,384)</b> |