

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2017**

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**KEESECKOOWENIN FIRST NATION**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The consolidated financial statements of Keeseekoowenin First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.



The integrity and reliability of Keeseekoowenin First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Chief and Council meets periodically with management and the organization's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, Chief and Council approves the financial statements. Chief and Council also approves the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Lazer Grant LLP Chartered Professional Accountants, in accordance with Canadian public sector accounting standards.

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Elphinstone, MB



Robert Bone



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Keeseekoowenin First Nation

We have audited the accompanying consolidated financial statements of Keeseekoowenin First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net financial debt, changes in accumulated surplus and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

(continues)

Independent Auditor's Report to the Members of Keeseekoowenin First Nation *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keeseekoowenin First Nation as at March 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Lazer Grant LLP". The signature is written in a cursive, flowing style.

Winnipeg, MB  
July 18, 2017

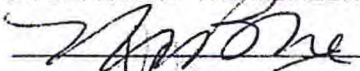
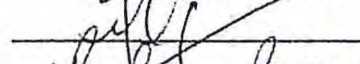
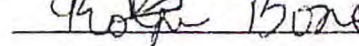
CHARTERED PROFESSIONAL ACCOUNTANTS



**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2017**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Accounts receivable (Note 4)	\$ 449,980	\$ 355,386
Loans receivable (Note 5)	204,318	204,318
Long term investments (Note 6)	1,283,130	1,281,069
Ottawa trust funds (Note 7)	13,068	12,823
Restricted cash (Note 12)	1,121,817	1,040,386
Restricted funds - moveable assets reserve (Note 13)	45,166	43,674
	<u>3,117,479</u>	<u>2,937,656</u>
<b>LIABILITIES</b>		
Bank indebtedness (Note 8)	110,154	224,755
Accounts payable and accrued liabilities (Note 9)	665,931	842,649
Short term debt (Note 10)	145,359	-
Long term debt (Note 11)	5,148,317	4,109,386
Replacement reserves (Note 12)	1,121,817	1,040,386
Moveable assets reserve (Note 13)	45,166	43,674
Due to Keeseekoowenin First Nation Trust (Note 5)	204,318	204,318
	<u>7,441,062</u>	<u>6,465,168</u>
<b>NET FINANCIAL DEBT</b>	<u>(4,323,583)</u>	<u>(3,527,512)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	-	44,326
Tangible capital assets (Note 14)	12,562,024	11,589,289
	<u>12,562,024</u>	<u>11,633,615</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 8,238,441</u>	<u>\$ 8,106,103</u>

ON BEHALF OF THE MEMBERS

 Chief  
 Councillor  
 Councillor

 Councillor  
 Councillor

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2017**

	2017	2016
<b>REVENUES</b>		
Indigenous and Northern Affairs Canada	\$ 5,029,844	\$ 4,901,687
Video lottery terminals	1,887,812	1,811,691
Health Canada	1,434,459	1,352,758
Rental	400,732	338,203
First Peoples Development Inc.	375,253	336,627
Canada Mortgage and Housing Corporation	703,013	259,442
Parks Canada	195,075	195,000
Administration fees	161,284	135,499
Other	197,128	107,408
Province of Manitoba	140,043	99,082
User fees	44,138	43,676
Band contribution to rent	48,239	39,680
Income from investments in First Nation businesses	31,117	39,194
Manitoba First Nations Education Resource Centre	30,000	30,000
Work opportunity program	30,208	22,489
Tobacco rebates (net)	28,023	19,186
Unconditional grant	17,847	17,847
Daycare fees	10,293	2,060
Decommissioned accounts receivable	(18,427)	-
Prior year recoveries	(3,843)	(77,027)
	10,742,238	9,674,502
<b>EXPENSES</b>	9,942,459	9,146,818
<b>SURPLUS BEFORE AMORTIZATION</b>	799,779	527,684
<b>AMORTIZATION</b>	733,664	691,310
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 66,115	\$ (163,626)



**KEESECKOOWENIN FIRST NATION**

**Consolidated Expenses**

**Year Ended March 31, 2017**

	2017	2016
Administration	\$ 207,955	\$ 178,943
Advertising and promotion	8,477	2,960
Allocation to operating reserve (Note 12)	75,975	5,470
Allocation to replacement reserve (Note 12)	66,223	65,289
Allowances	381,915	374,716
Band projects	60,546	15,051
Donations	78,576	74,015
Fuel	126,828	115,395
Funeral	18,534	30,430
Graduation	20,744	14,575
Homemakers	101,393	74,846
Honoraria	236,523	224,936
Income support - employable	565,950	520,481
Income support - unemployable	511,560	586,213
Insurance	128,068	103,892
Interest and bank charges	26,883	28,122
Interest on long term debt	70,971	72,666
Manitoba Lotteries Commission share	71,104	66,740
Moveable asset reserve allocation (Note 13)	1,492	1,492
Non-treaty assistance	51,620	55,388
Office and miscellaneous	64,194	100,270
Professional fees	118,341	196,803
Program support	52,107	57,763
Rent	172,078	186,797
Repairs and maintenance	717,641	398,947
Special activities	41,263	46,791
Special events and holidays	900	2,134
Special needs	36,105	37,097
Student expenses	26,454	18,509
Sub-contracts	425,276	330,795
Supplies	306,738	249,992
Telephone	58,992	49,303
Training	85,939	135,163
Transportation	51,758	46,011
Travel	416,792	291,589
Tuition	630,382	652,487
Utilities	120,128	90,945
Video lottery terminal payouts	1,506,336	1,471,761
Wages and employee benefits	2,299,698	2,138,728
Work opportunity program	-	33,313
	<b>\$ 9,942,459</b>	<b>\$ 9,146,818</b>



**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended March 31, 2017**

	2017	2016
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 8,106,103</b>	<b>\$ 8,204,440</b>
<u>Annual surplus (deficit)</u>	<u>66,115</u>	<u>(163,626)</u>
	<b>8,172,218</b>	<b>8,040,814</b>
<u>Allocation to replacement reserve</u>	<u>66,223</u>	<u>65,289</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 8,238,441</b>	<b>\$ 8,106,103</b>

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Changes in Net Financial Debt**  
**Year Ended March 31, 2017**

	2017	2016
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 66,115</b>	<b>\$ (163,626)</b>
Amortization of tangible capital assets	733,664	691,310
Purchase of tangible capital assets	(1,706,399)	(1,370,918)
Decrease (increase) in prepaid expenses	44,326	(20,771)
Allocation to replacement reserve	66,223	65,289
	<b>(862,186)</b>	<b>(635,090)</b>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(796,071)</b>	<b>(798,716)</b>
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	<b>(3,527,512)</b>	<b>(2,728,796)</b>
<b>NET FINANCIAL DEBT - END OF YEAR</b>	<b>\$ (4,323,583)</b>	<b>\$ (3,527,512)</b>

**KEESECKOOWENIN FIRST NATION**  
**Consolidated Statement of Cash Flow**  
**Year Ended March 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 66,115	\$ (163,626)
Items not affecting cash:		
Amortization	733,664	691,310
Allocation to replacement reserve	66,223	65,289
	866,002	592,973
Changes in non-cash working capital:		
Accounts receivable	(94,594)	439,133
Accounts payable and accrued liabilities	(176,718)	(359,322)
Prepaid expenses	44,326	(20,771)
Long term investments	(2,061)	-
Moveable assets reserve	1,492	1,492
Replacement reserves	81,431	90,267
	(146,124)	150,799
Cash flow from operating activities	719,878	743,772
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(1,706,399)	(1,370,918)
Increase (decrease) in Ottawa trust fund	(245)	(259)
Increase (decrease) in restricted cash	(81,431)	(90,267)
Increase (decrease) in restricted funds - moveable asset reserve	(1,492)	(1,492)
Cash flow used by investing activities	(1,789,567)	(1,462,936)
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term financing	145,359	-
Proceeds from long term financing	1,495,638	1,190,620
Repayment of long term debt	(456,707)	(420,222)
Cash flow from financing activities	1,184,290	770,398
<b>INCREASE IN CASH</b>	114,601	51,234
Deficiency - beginning of year	(224,755)	(275,989)
<b>DEFICIENCY - END OF YEAR</b>	\$ (110,154)	\$ (224,755)



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

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**1. DESCRIPTION OF THE ORGANIZATION**

The Keeseekoowenin First Nation is a non-profit Indian Band as defined by The Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services in all areas of the community.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards.

Measurement uncertainty

The preparation of 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 are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The long term investments in the Keeseekoowenin Gaming Centre and in KRW Limited Partnership are recorded on a modified equity basis

Long term investments in entities not owned, controlled, or influenced by the organization are recorded at cost less any provision for other than temporary impairment.

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**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
CMHC Housing		annual principle reduction
Equipment	20%	declining balance method
Lagoon	3%	declining balance method
Roads	3%	declining balance method
Vehicles	30%	declining balance method

The organization regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Capital assets acquired under Canada Mortgage and Housing Corporation sponsored housing projects are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for CMHC reporting purposes.

Revenue recognition

Revenue from government agencies is recognized as it becomes receivable under the terms of applicable funding agreements.

Rent revenue is recognized when the tenants' rent is invoiced at the start of each month based on the details of each signed lease agreement.

Other revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**3. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2016.

***(a) Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from funders and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of funders and members which minimizes concentration of credit risk.

*(continues)*



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**3. FINANCIAL INSTRUMENTS (continued)**

**(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, bank indebtedness, accounts payable and accrued liabilities, short term debt, long-term debt, reserves, and amounts due to Keeseekoowenin First Nation Trust.

**(c) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**4. ACCOUNTS RECEIVABLE**

	2017	2016
Indigenous and Northern Affairs Canada		
- Tuition Agreement - PAYE	\$ 4,997	\$ 20,032
Indigenous and Northern Affairs Canada		
- Response- PAYE	4,000	-
Indigenous and Northern Affairs Canada		
- Recovery - PAYE	-	6,725
Canada Mortgage and Housing Corporation	190,709	23,881
Other government agencies	48,121	145,508
Goods and services tax	30,603	25,440
Members	137,918	51,170
Other	50,377	93,798
Subtotal	466,725	366,554
Allowance for doubtful accounts	(16,745)	(11,168)
	\$ 449,980	\$ 355,386



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**5. LOANS RECEIVABLE**

	2017	2016
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2019.	\$ 35,133	\$ 35,133
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2020.	45,061	45,061
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2021.	61,681	61,681
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2022.	24,817	24,817
Keeseekoowenin First Nation Trust loan, non-interest bearing and unsecured. The loan matures on December 31, 2023.	37,626	37,626
	<b>\$ 204,318</b>	<b>\$ 204,318</b>

**6. LONG TERM INVESTMENTS**

	2017	2016
KRW Limited Partnership	\$ 1,263,996	\$ 1,263,996
Paintings	14,134	14,134
Treaty 2 Development Inc.	5,000	5,000
Keeseekoowenin Gaming Centre	-	(2,061)
	<b>\$ 1,283,130</b>	<b>\$ 1,281,069</b>

The organization's investment in KRW Limited Partnership was established to develop, lease, manage, and operate real property for the purposes of pursuing economic development opportunities on lands acquired at 1-11-19WPM (the "Brandon Lands"). The organization shares interest in the partnership along with Rolling River First Nation and Waywayseecappo First Nation. The partnership had no development activity during the current year.

**7. OTTAWA TRUST FUNDS**

The Ottawa Trust Accounts arise 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.

As at the end of the year, the funds held in trust consisted of the following balances:

	2017	2016
Capital account	\$ 10,587	\$ 10,587
Revenue account	2,481	2,236
	<b>\$ 13,068</b>	<b>\$ 12,823</b>

**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**8. BANK INDEBTEDNESS**

The organization has a line of credit on its operating account with Sunrise Credit Union in the amount of \$200,000 which is repayable on demand, bears interest at 7.0%, and is secured by a general security agreement and band council resolution. An interest rate of 24% is charged on balances in excess of the maximum line of credit and on overdrafts on all other bank accounts. As at March 31, 2017, \$89,846 (2016 - \$24,755) of this line of credit remained unused.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2017	2016
Indigenous and Northern Affairs Canada	\$ 57,630	\$ 57,630
Source deductions	10,395	6,518
Trade and other	538,191	718,188
Wages and benefits	59,715	60,313
	<b>\$ 665,931</b>	<b>\$ 842,649</b>

**10. SHORT TERM DEBT**

	2017	2016
Sunrise Credit Union payroll operating loan, bearing interest at 3.5% per annum, and due on demand.	\$ 25,000	\$ -
Sunrise Credit Union payroll bridge loan, bearing interest at 5.5% per annum, and due on demand.	120,359	-
	<b>\$ 145,359</b>	<b>\$ -</b>



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**11. LONG TERM DEBT**

	2017	2016
Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$3,243. The loan matures on July 1, 2017 and is secured by a Ministerial Guarantee.	\$ 12,920	\$ 51,262
Canada Mortgage and Housing Corporation loan bearing interest at 2.04% per annum, repayable in monthly blended payments of \$3,154. The loan matures on March 1, 2019 and is secured by a Ministerial Guarantee.	74,119	110,064
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$3,095. The loan matures on October 1, 2018 and is secured by a Ministerial Guarantee.	60,548	96,837
Canada Mortgage and Housing Corporation loan bearing interest at 1.68% per annum, repayable in monthly blended payments of \$1,736. The loan matures on December 1, 2019 and is secured by a Ministerial Guarantee.	57,665	75,652
Canada Mortgage and Housing Corporation loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$3,289. The loan matures on August 1, 2024 and is secured by a Ministerial Guarantee.	273,713	307,897
Canada Mortgage and Housing Corporation loan bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,262. The loan matures on December 1, 2026 and is secured by a Ministerial Guarantee.	137,497	149,108
Canada Mortgage and Housing Corporation loan bearing interest at 1.39% per annum, repayable in monthly blended payments of \$1,337. The loan matures on May 1, 2030 and is secured by a Ministerial Guarantee.	194,362	206,303
Canada Mortgage and Housing Corporation loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$2,249. The loan matures on September 1, 2032 and is secured by a Ministerial Guarantee.	367,433	387,989
Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$3,496. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee.	633,164	663,297
Canada Mortgage and Housing Corporation loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$1,876. The loan matures on November 1, 2034 and is secured by a Ministerial Guarantee.	339,790	355,961

*(continues)*



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**11. LONG TERM DEBT (continued)**

	2017	2016
Canada Mortgage and Housing Corporation loan bearing interest at 2.17% per annum, repayable in monthly blended payments of \$1,761. The loan matures on November 1, 2035 and is secured by a Ministerial Guarantee.	323,789	337,337
Canada Mortgage and Housing Corporation loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,731. The loan matures on December 1, 2040 and is secured by a Ministerial Guarantee.	426,153	439,598
Canada Mortgage and Housing Corporation loan bearing interest at 1.19% per annum, repayable in monthly blended payments of \$2,855. The loan matures on December 1, 2065 and is secured by a Ministerial Guarantee.	706,641	735,234
Canada Mortgage and Housing Corporation loan bearing interest at 1.44% per annum, repayable in monthly blended payments of \$7,149. The loan matures on February 1, 2037 and is secured by a Ministerial Guarantee.	1,485,229	-
Sunrise Credit Union loan bearing interest at 5.25% per annum, repayable in monthly blended payments of \$12,034. The loan matures on August 1, 2017 and is secured by general security agreement on Band Council Resolution.	55,294	192,847
	<b>\$ 5,148,317</b>	<b>\$ 4,109,386</b>

Principal repayment terms are approximately:

2018	\$ 415,945
2019	337,025
2020	276,767
2021	264,366
2022	268,457
Thereafter	3,585,757
	<u>\$ 5,148,317</u>

Canada Mortgage and Housing Corporation (CMHC) mortgages have maturity dates of 25 years and call for renewal every 5 years. Since CMHC will in all likelihood renew each mortgage at the renewal date, the repayment schedule reflects repayment over the entire period of the mortgage.



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**12. REPLACEMENT RESERVES**

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited with an amount of \$66,223 (2016 - \$65,289) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC. Withdrawals are credited to interest first and then principal.

As at March 31, 2017, the Replacement Reserve Fund bank account had a balance of \$7 (2016 - \$(219)) and was underfunded by \$740,582 (2016 - \$735,351).

Surplus revenue from Post 1996 projects is to be retained by the organization within an operating reserve fund and interest earned must accrue to and be maintained in the operating reserve fund. Funds may be withdrawn to cover current operating deficits.

As at March 31, 2017, the Operating Reserve bank account had a balance of \$505 (2016 - \$505) and was underfunded by \$380,723 (2016 - \$304,748).

Replacement reserves expenses have been made in accordance with Schedule "D" of the operating agreement with CMHC.

	Operating	Pre-1997	Post-1996	2017	2016
Balance, beginning of year	\$ 305,253	\$ 319,894	\$ 415,239	\$ 1,040,386	\$ 808,369
Prior period adjustment	-	-	-	-	142,530
Annual allocation	-	13,980	52,243	66,223	65,289
Surplus allocation	75,975	-	-	75,975	48,470
Expenses	-	(35,706)	(25,061)	(60,767)	(24,272)
	381,228	298,168	442,421	1,121,817	1,040,386
	\$ 381,228	\$ 298,168	\$ 442,421	\$ 1,121,817	\$ 1,040,386

**13. MOVEABLE ASSETS RESERVE**

Under the terms of the Health Services Block Funding Agreement the initial lump sum, interest, and annual amounts are to be placed in a reserve for the replacement of assets. Expenses for the replacement are to be charged to the reserve during the year.

As at March 31, 2017, the moveable asset reserve bank account had a balance of \$1 (2016 - \$18,364) and was underfunded by \$45,165 (2016 - \$25,310).

	2017	2016
Balance, beginning of year	\$ 43,674	\$ 42,182
Amount provided in agreement for MAR	1,492	1,492
Balance, end of year	\$ 45,166	\$ 43,674



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

**14. TANGIBLE CAPITAL ASSETS**

Cost	2016 Balance	Additions	Disposals	2017 Balance
Land	\$ 170,000	\$ -	\$ -	\$ 170,000
Buildings	6,342,748	-	-	6,342,748
CMHC Housing	9,679,101	1,463,933	-	11,143,034
Equipment	690,289	40,000	-	730,289
Lagoon	2,888,682	-	-	2,888,682
Roads	2,129,877	-	-	2,129,877
Vehicles	1,312,843	202,466	-	1,515,309
	<b>\$ 23,213,540</b>	<b>\$ 1,706,399</b>	<b>\$ -</b>	<b>\$ 24,919,939</b>

Accumulated Amortization	2016 Balance	Amortization	Accumulated Amortization on Disposals	2017 Balance
Land	\$ -	\$ -	\$ -	\$ -
Buildings	3,713,895	105,154	-	3,819,049
CMHC Housing	3,726,039	396,924	-	4,122,963
Equipment	621,805	21,697	-	643,502
Lagoon	587,086	69,048	-	656,134
Roads	1,907,333	6,676	-	1,914,009
Vehicles	1,068,093	134,165	-	1,202,258
	<b>\$ 11,624,251</b>	<b>\$ 733,664</b>	<b>\$ -</b>	<b>\$ 12,357,915</b>

Net book value	2017	2016
Land	\$ 170,000	\$ 170,000
Buildings	2,523,699	2,628,853
CMHC Housing	7,020,071	5,953,062
Equipment	86,787	68,484
Lagoon	2,232,548	2,301,596
Roads	215,868	222,544
Vehicles	313,051	244,750
	<b>\$ 12,562,024</b>	<b>\$ 11,589,289</b>

**15. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUES**

	2017	2016
Indigenous and Northern Affairs Canada per financial statements	\$ 5,029,844	\$ 4,901,687
Indigenous and Northern Affairs Canada per confirmation	\$ 5,029,844	\$ 4,901,687



**KEESECKOOWENIN FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2017**

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**16. CONTINGENT LIABILITY**

The organization is contingently liable for loans from Canada Mortgage and Housing Corporation under the RRAP program. Since each loan is forgiven (usually over a 4 or 5 year period) no liability has been recorded in the these statements for these loans.

**17. ECONOMIC DEPENDENCE**

The organization receives substantially all of its revenues from government sources.

**18. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**KEESEKOOOWENIN FIRST NATION**  
**Consolidated Segment Disclosure (Schedule 2)**  
**Year Ended March 31, 2017**

Segmented information presents the revenues generated and expenses incurred by major revenue type and main object of expense for the organization's distinguishable programs or activities.  
The segment results for the period are as follows:

	Education		Health		Housing & Infrastructure		Band Government		Social Services		Business Enterprises		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>														
Federal Government	\$ 2,468,175	\$ 2,233,908	\$ 1,448,459	\$ 1,366,758	\$ 1,511,666	\$ 1,128,870	\$ 619,201	\$ 601,821	\$ 1,314,890	\$ 1,300,703	\$ -	\$ -	\$ 7,362,391	\$ 6,631,860
Provincial Government	-	-	-	-	-	-	82,873	40,954	57,170	58,128	-	-	140,043	99,082
Economic Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income from investments in government businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	25,634	63,771	41,393	30,453	395,833	403,694	2,746,736	2,522,773	30,208	12,561	-	-	3,239,804	3,033,252
<b>Total Revenue</b>	<b>2,493,809</b>	<b>2,297,679</b>	<b>1,489,852</b>	<b>1,397,211</b>	<b>1,907,499</b>	<b>1,532,564</b>	<b>3,448,810</b>	<b>3,165,348</b>	<b>1,402,268</b>	<b>1,371,392</b>	<b>-</b>	<b>-</b>	<b>10,742,238</b>	<b>9,764,194</b>
<b>Expenses</b>														
Wages and benefits	827,442	697,433	723,977	719,930	199,687	211,886	514,085	474,317	34,507	35,161	-	-	2,299,698	2,138,727
Amortization	85,328	98,488	49,341	37,567	396,924	387,164	202,071	173,581	-	-	-	-	733,664	696,780
Debt servicing	6,295	5,693	2,169	1,127	65,905	69,083	20,133	22,485	3,352	2,420	-	-	97,854	100,788
Other expenses	1,642,416	1,498,990	656,476	575,765	1,233,249	1,058,485	2,672,456	2,487,331	1,340,312	1,370,954	-	-	7,544,907	6,991,525
<b>Total Expenses</b>	<b>2,561,481</b>	<b>2,300,604</b>	<b>1,431,963</b>	<b>1,334,389</b>	<b>1,895,765</b>	<b>1,726,618</b>	<b>3,408,745</b>	<b>3,157,674</b>	<b>1,378,171</b>	<b>1,408,535</b>	<b>-</b>	<b>-</b>	<b>10,676,123</b>	<b>9,927,820</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ (67,672)</b>	<b>\$ (2,925)</b>	<b>\$ 57,889</b>	<b>\$ 62,822</b>	<b>\$ 11,734</b>	<b>\$ (194,054)</b>	<b>\$ 40,065</b>	<b>\$ 7,674</b>	<b>\$ 24,097</b>	<b>\$ (37,143)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,115</b>	<b>\$ (163,626)</b>