

Shamattawa First Nation
Consolidated Financial Statements
March 31, 2018

Shamattawa First Nation

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For the year ended March 31, 2018

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Management's Responsibility

To the Members of Shamattawa First Nation:

The accompanying consolidated financial statements of Shamattawa 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 principles 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 fair preparation of consolidated financial statements.

The Shamattawa 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 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.

August 26, 2020



Independent Auditors' Report

To the Members of Shamattawa First Nation:

We have audited the accompanying consolidated financial statements of Shamattawa First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies, supporting schedules 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 consolidated financial statements. The procedures selected depend on the auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

We were unable to observe the counting of inventory at Kisemattawa Pimukamik Gas Bar at the beginning and end of the year or satisfy ourselves concerning inventory by alternative means. Since inventory enters into the determination of the results of operations, changes in net debt and cash flows, we were unable to determine whether adjustments to inventory, expenses, annual surplus, accumulated surplus, net debt and cash provided from operations might be necessary.

We were also unable to obtain assurance over the amounts recorded into construction in progress and the related existence of payables, therefore we were unable to determine whether adjustments to construction in progress, accounts payable, expenses, annual surplus, accumulated surplus, net debt and cash used for capital activities might be necessary.

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 Shamattawa First Nation as at March 31, 2018 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.

Winnipeg, Manitoba

August 26, 2020

MNP LLP

Chartered Professional Accountants




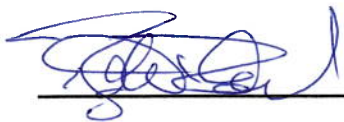
Shamattawa First Nation

Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017 (Restated)
Financial assets		
Cash	611,305	-
Accounts receivable (Note 3)	3,126,936	4,078,003
Inventory for resale	781,431	578,246
Restricted cash (Note 4)	532,308	1,500,945
Investment in GIC	-	98,008
	5,051,980	6,255,202
Liabilities		
Bank indebtedness (Note 5)	-	306,097
Accounts payable and accruals	16,617,115	12,593,434
Payable to ISC	750,176	738,325
Long-term debt (Note 6)	6,325,408	6,958,365
Deferred revenue (Note 7)	223,243	1,016,598
	23,915,942	21,612,819
Net debt	(18,863,962)	(15,357,617)
Contingencies (Note 8)		
Subsequent event (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	95,856,944	91,665,134
Inventories of supplies	576,269	943,454
Construction in progress (Note 10)	4,504,693	1,158,973
	100,937,906	93,767,561
Accumulated surplus (Note 13)	82,073,944	78,409,944

Approved on behalf of the First Nation

  	<p>Chief</p> <p>Councillor</p> <p>Councillor</p>	 	<p>Councillor</p> <p>Councillor</p> <p>Councillor</p>
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Shamattawa First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017 (Restated)</i>
Revenue				
Indigenous Services Canada (ISC) (Note 11)		11,244,275	27,333,678	22,235,858
First Nations and Inuit Health (FNIH) (Note 12)		3,250,432	4,461,735	1,834,494
Canada Mortgage and Housing Corporation (CMHC)		-	868,937	481,882
Human Resources and Skills Development Canada		506,566	376,144	497,964
		15,001,273	33,040,494	25,050,198
Gas and diesel sales		-	1,703,142	896,981
Rental income		-	44,286	45,375
Other revenue		505,849	1,290,920	5,864,528
Repayment of funding		-	(91,953)	(334,209)
Deferred revenue from prior year (Note 7)		-	1,016,598	1,304,669
Deferred revenue to subsequent year (Note 7)		-	(223,243)	(1,016,598)
		15,507,122	36,780,244	31,810,944
Expenses				
Health	4	2,282,000	3,121,394	2,224,810
Education	5	5,387,779	7,489,838	7,455,191
Social	6	3,981,231	3,283,726	3,391,867
Public Works	7	1,110,497	10,382,688	9,182,704
Housing	8	-	1,275,251	1,262,949
Band Government	9	1,244,976	3,898,824	2,735,220
Employment and Training	10	599,747	378,249	651,563
Economic Development	11	112,153	882,732	535,132
Gar Bar	12	-	2,403,542	1,451,184
		14,718,383	33,116,244	28,890,620
Annual surplus		788,739	3,664,000	2,920,324
Accumulated surplus, beginning of year		78,409,944	78,409,944	75,489,620
Accumulated surplus, end of year		79,198,683	82,073,944	78,409,944

Shamattawa First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2018

	2018 Budget	2018	2017 <i>(Restated)</i>
Annual surplus	788,739	3,664,000	2,920,324
Purchases of tangible capital assets, net	-	(9,845,305)	(2,010,409)
Amortization of tangible capital assets	-	6,812,468	6,192,482
Change in supplies inventory	-	367,185	(412,166)
Purchases of construction in progress	-	(4,504,693)	(1,158,973)
Decrease (increase) in net debt	788,739	(3,506,345)	5,531,258
Net debt, beginning of year	(15,357,617)	(15,357,617)	(20,888,875)
Net debt, end of year	(14,568,878)	(18,863,962)	(15,357,617)

Shamattawa First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,664,000	2,920,324
Non-cash items		
Amortization	6,812,468	6,192,482
Bad debts	20,781	-
	10,497,249	9,112,806
Changes in working capital accounts		
Accounts receivable	930,286	(3,131,781)
Accounts payable and accruals	4,023,681	(2,507,436)
Payable to ISC	11,851	-
Deferred revenue	(793,355)	(288,071)
Inventory	164,000	(491,300)
	14,833,712	2,694,218
Financing activities		
Repayment of long-term debt	(632,957)	(667,400)
Capital activities		
Purchases of tangible capital assets, net	(9,845,305)	(2,010,409)
Purchases of construction in progress	(4,504,693)	(1,158,973)
	(14,349,998)	(3,169,382)
Investing activities		
Change in restricted cash	968,637	1,820,837
Redemption (purchase) of GIC	98,008	(98,008)
	1,066,645	1,722,829
Change in cash resources (deficiency)	917,402	580,265
Cash deficiency, beginning of year	(306,097)	(886,362)
Cash resources (deficiency), end of year	611,305	(306,097)

1. Operations

The Shamattawa First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its Members. Shamattawa First Nation includes the First Nation's government and all related entities that 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 including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. Trusts administered on behalf of third parties by Shamattawa First Nation are excluded from the First Nation reporting entity.

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

- Shamattawa First Nation Administration
- Kisemattawa Pimukamik
- Shamattawa First Nation Health Authority
- Shamattawa First Nation Employment and Training
- Shamattawa First Nation Education Authority

All inter-entity balances have been eliminated on consolidation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes 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.

Cash resources

Cash resources 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.

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 as a component of restricted cash. 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.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Tangible capital assets

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

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

Amortization

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

	Method	Rate
Infrastructure	straight-line	25 years
Housing	straight-line	25 years
Buildings	straight-line	15-40 years
Vehicles	straight-line	3-5 years
Equipment	straight-line	5 years

Long-lived assets and discontinued operations

Long-lived assets consist of 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 amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in operations for the year.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventories of supplies and construction in progress.

Net debt

The First Nation's 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 combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Government Transfers

Government transfer revenue, including, but not limited to, Indigenous Services Canada, First Nations and Inuit Health, Human Resources and Skills Development Canada and Canada Mortgage and Housing Corporation funding, is recognized as the funding 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. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Rent and resident fees is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collectability is reasonably assured.

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

Liability for contaminated site

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, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is 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.

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 considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Provisions are made for slow moving and obsolete inventory. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the consolidated statement of operations in the year in which they become known.

Employee future benefits

The First Nation's employee future benefit programs consist of defined contribution pension plans. The First Nation's contributions to the defined contribution plans are expensed as incurred.

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

Financial instruments

Amortized cost

The First Nation has classified the following financial assets in the amortized cost category: cash, restricted cash and accounts receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instruments initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash, restricted cash and accounts receivable are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The First Nation has classified the following liabilities in the amortized cost category: bank indebtedness, payable to ISC, accounts payable and accruals and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Bank indebtedness, payable to ISC, accounts payable and accruals and long-term debt are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Fair value

The First Nation has classified investments in the fair value category. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Investments are subsequently measured at their fair value. Investments in equity instruments that do not have quoted market prices in an active market are measured at fair value using alternative means of estimation.

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Segments

The First Nation conducts its business through nine reportable segments as identified 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 reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Health - activities include the delivery of programs to promote community-based health and to address environmental issues and non-insured health benefits.

Education - activities include overseeing many aspects of the educational opportunities for its members at all levels of learning both within the community and externally.

Social - activities include satisfying the economic, social or health related needs of members of the community who require assistance.

Public Works - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

Housing - activities include the management and maintenance of Band owned and CMHC houses for community members.

Band Government - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

Employment and Training - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

Economic Development - business opportunities within the community and creating a better economic environment.

Kisemattawa Pimukamik (Gas bar) - operates a gas bar and convenience store on reserve.

3. Accounts receivable

	2018	2017
ISC	1,376,415	1,550,191
Human Resource and Skills Development Canada	9,754	50,426
Canada Mortgage and Housing Corporation	454,036	40,157
FNIH	33,965	53,705
Payroll advances	91,737	85,364
Insurance proceeds	-	1,886,433
Arnason Industries Ltd.	654,474	368,033
Other	558,021	72,859
Less: allowance for doubtful accounts	(51,466)	(29,165)
	3,126,936	4,078,003

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Restricted cash

	2018	2017
Ottawa Trust Fund	4,174	4,084
Soil remediation project - PM Associates	48,830	48,969
Nursing station project	164,272	129,370
New school project	136,086	57,025
Soil remediation project - Ayshukum Engineering	178,946	1,261,497
	532,308	1,500,945

Ottawa Trust Fund

The Ottawa Trust Fund arises 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 similarly governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and when collection is reasonably assured. Capital and Revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with consent of the First Nation's Chief and Council.

Capital trust \$1,426 (2017 - \$1,426); 2018 interest revenue - \$0 (2017 - \$0)
Revenue trust \$2,748 (2017 - \$2,658); 2018 interest revenue - \$90 (2017 - \$76);

External cash held in restricted accounts

External cash held in restricted accounts (2018 - \$528,134 / 2017 - \$1,496,861) consists of funding received that must be spent on particular capital projects and is held in bank accounts that require a co-signature from the general construction contractor in order to release funds.

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. At March 31, 2018, the replacement reserve bank account was underfunded by \$1,119,599 (2017 - \$1,042,302).

CMHC operating surplus reserve

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in an operating surplus reserve. The reserve is to be comprised of monies deposited 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 from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants. As at March 31, 2018, a separate bank account has not been maintained for this reserve. The operating surplus reserve requirement is \$nil (2017 - \$nil).

5. Bank indebtedness

Bank indebtedness includes accounts overdrawn at year end as well as cheques issued in excess of cash on hand.

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Long-term debt

	2018	2017
Mortgage repaid August 1, 2017.	-	30,313
Mortgage repayable in monthly payments of \$4,812 including interest at 1.83%, with a scheduled renewal on December 1, 2019, maturing November 1, 2024, secured by a Ministerial guarantee and assignment of fire insurance.	362,212	412,850
Mortgage repayable in monthly payments of \$933 including interest at 1.83%, with a scheduled renewal on December 1, 2019, maturing November 1, 2024, secured by a Ministerial guarantee and assignment of fire insurance.	70,198	80,011
Mortgage repayable in monthly payments of \$3,544 including interest at 1.76%, maturing August 1, 2020, secured by a Ministerial guarantee and assignment of fire insurance.	100,542	141,037
Mortgage repayable in monthly payments of \$3,250 including interest at 2.02%, with a scheduled renewal on August 1, 2018, maturing June 1, 2033, secured by a Ministerial guarantee and assignment of fire insurance.	511,771	540,163
Mortgage repayable in monthly payments of \$3,065 including interest at 2.35%, with a scheduled renewal on September 1, 2018, maturing August 1, 2033, secured by a Ministerial guarantee and assignment of fire insurance.	475,642	500,976
Mortgage repayable in monthly payments of \$4,597 including interest at 2.35%, with a scheduled renewal on September 1, 2018, maturing August 1, 2033, secured by a Ministerial guarantee and assignment of fire insurance.	713,352	751,346
Peace Hills Trust mortgage payable in blended monthly installments of \$14,956 including interest at prime (3.25%) plus 2%, with a maturity date of January 2023, secured by a Band Council Resolution. If a payment is missed, the full amount of delinquent interest (\$827,563) which was written-down would immediately become due and payable.	859,120	1,038,558
Mortgage repayable in monthly payments of \$6,461 including interest at 1.97%, maturing September 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance.	64,027	139,494
Mortgage repayable in monthly payments of \$6,210 including interest at 1.83%, with the next scheduled renewal on December 1, 2019, maturing December 1, 2034, secured by a Ministerial guarantee and assignment of fire insurance.	1,074,929	1,129,314
Mortgage repayable in monthly payments of \$5,607 including interest at 1.30%, with the next scheduled renewal on December 1, 2020, maturing March 1, 2035, secured by a Ministerial guarantee and assignment of fire insurance.	1,026,028	1,079,632
Mortgage repayable in monthly payments of \$5,534 including interest at 1.97%, with the next scheduled renewal on December 1, 2022, maturing July 1, 2037, secured by a Ministerial guarantee and assignment of fire insurance.	1,067,586	1,114,670
	6,325,408	6,958,365

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. 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:

2019	543,420
2020	505,335
2021	488,072
2022	484,469
2023	506,594

7. Deferred revenue

	<i>Contributor</i>	2018	<i>2017 (Restated)</i>
Nursing station - Schedule 4	FNIH	149,998	100,163
Soil remediation - Schedule 7	ISC	63,587	906,777
Rent - Schedule 9	Northern Store	9,658	9,658
		223,243	1,016,598

8. Contingencies

Funding recoveries

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2018 might be recovered.

First Nations Financial Transparency Act

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2018. Since the audit report 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.

Peace Hills Trust Loan

If the First Nation becomes delinquent on their debt consolidation loan of \$859,120 noted in Note 6, \$827,563 of interest charges which have been previously written off would become due immediately. As at the report date, the loan is in good standing.

9. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak will cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the First Nation's business and financial condition.

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. Construction in progress

	2018	2017 <i>(Restated)</i>
Housing	1,719,993	-
Teacherages	-	520,351
Band Office	-	638,622
Wellness Project	2,784,700	-
	4,504,693	1,158,973

11. Indigenous Services Canada funding

	2018	2017
Indigenous Services Canada confirmation balance	27,301,254	22,186,456
Indigenous Services Canada per consolidated financial statements	27,333,678	22,235,858
2017-18 Basic Needs adjustment	(81,826)	-
2016-17 Basic Needs adjustment	49,402	(49,402)
	27,301,254	22,186,456

12. First Nations and Inuit Health Funding

	2018	2017
First Nations and Inuit Health confirmation balance	4,461,735	1,834,494
First Nations and Inuit Health per consolidated financial statements	4,461,735	1,834,494

13. Accumulated surplus

Accumulated surplus is comprised of the following:

	2018	2017
Equity in tangible capital assets and construction in progress	94,895,348	86,904,300
CMHC replacement reserve	1,119,599	1,042,302
Unrestricted accumulated deficit	(13,941,003)	(9,536,658)
	82,073,944	78,409,944

14. Economic dependence

Shamattawa First Nation receives substantially all of its revenue from Indigenous Services Canada (ISC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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.

15. Budget information

The disclosed budget information has been approved by the Chief and Council of the Shamattawa First Nation.

16. Comparative figures

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

17. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The First Nation believes that it is not exposed to significant credit risk from its accounts receivable. Accounts receivable balances from government funding sources at March 31, 2018 (45% of total accounts receivable; 2017 - 42%) are deemed to have minimal risk associated with collection pursuant to the terms of the related funding agreements.

Liquidity risk

The First Nation manages its liquidity risks by maintaining adequate cash and credit facilities and by updating and reviewing multi-year cash flow projections on a regular basis.

Price risk

Foreign currency risk:

The First Nation's functional currency is the Canadian dollar and virtually all purchases and revenue receipts are transacted in Canadian dollars. Management believes that foreign exchange risk from currency conversions is negligible.

Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities. All loans except one are at fixed rates.

Shamattawa First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. 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.

19. Correction of an error

During the year, the First Nation determined that the deferred revenue related to the soil remediation project was overstated by \$1,114,992, soil remediation expenses were understated by \$1,114,992, construction in progress was overstated by \$1,017,108, and accounts payables was understated by \$97,884. The error had no effect on annual surplus or accumulated surplus. The following adjustment has been made as at and for the year ended March 31, 2017:

	<i>As Previously Stated</i>	<i>Adjustment</i>	<i>Restated</i>
Consolidated Statement of Financial Position			
Construction in progress	2,176,081	(1,017,108)	1,158,973
Deferred revenue	2,131,590	(1,114,992)	1,016,598
Accounts payable	12,495,550	97,884	12,593,434
Consolidated Statement of Operations			
Deferred revenue to subsequent year	2,131,590	(1,114,992)	1,016,598
Expenses	27,775,628	1,114,992	28,890,620

Shamattawa First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Infrastructure</i>	<i>Housing</i>	<i>Buildings</i>	<i>Vehicles and equipment</i>	<i>2018</i>	<i>2017</i>
Cost						
Balance, beginning of year	40,222,960	18,753,612	111,307,076	4,390,244	174,673,892	116,945,198
Acquisition of tangible capital assets	6,392,668	1,404,023	1,490,765	610,365	9,897,821	2,010,409
Construction-in-progress	638,622	-	520,351	-	1,158,973	57,902,985
Disposal of tangible capital assets	-	-	(52,516)	-	(52,516)	(2,184,700)
Balance, end of year	47,254,250	20,157,635	113,265,676	5,000,609	185,678,170	174,673,892
Accumulated amortization						
Balance, beginning of year	23,930,017	9,929,045	45,221,278	3,928,418	83,008,758	79,000,976
Annual amortization	1,879,184	713,583	3,934,624	285,077	6,812,468	6,192,482
Accumulated amortization on disposals	-	-	-	-	-	(2,184,700)
Balance, end of year	25,809,201	10,642,628	49,155,902	4,213,495	89,821,226	83,008,758
Net book value of tangible capital assets	21,445,049	9,515,007	64,109,774	787,114	95,856,944	91,665,134
2017 Net book value of tangible capital assets	16,292,943	8,824,567	66,085,798	461,826	91,665,134	

Shamattawa First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Consolidated expenses by object			
Amortization	-	6,812,468	6,192,482
Bad debts	-	20,781	-
Bank charges and interest	19,890	64,489	46,239
Community donations and assistance	50,381	293,736	153,026
Funeral	5,100	282,202	115,960
Gas and diesel	839,702	2,100,739	1,506,916
Graduation expenses	4,973	500	14,663
Honouraria	102,153	561,295	410,157
Insurance	7,079	515,451	439,394
Interest on long-term debt	-	178,759	126,959
Office supplies and other	235,544	411,062	388,429
Professional development	105,125	114,474	194,771
Professional fees	521,684	1,204,618	904,981
Programming and activities	68,528	180,355	289,343
Rent	100,269	-	10,800
Repairs and maintenance	2,282,107	382,663	410,907
Salaries and benefits	4,616,868	7,575,577	6,667,967
Social assistance	3,610,629	2,686,525	2,720,304
Soil remediation	-	4,522,764	4,026,312
Special needs	103,087	118,106	128,683
Student and training allowances	371,535	434,610	129,652
Supplies	295,213	791,054	697,383
Telephone	53,413	97,584	93,033
Training	8,324	32,571	82,199
Travel	456,954	1,219,881	908,571
Tuition	37,402	42,947	123,812
User fees	-	23,978	26,187
Utilities	822,423	2,447,055	2,081,490
	14,718,383	33,116,244	28,890,620

Shamattawa First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
Health	2,548,292	3,121,394	(573,102)	443,783
Education	8,858,495	7,489,838	1,368,657	1,410,208
Social	3,314,454	3,283,726	30,728	(139,458)
Public Works	13,455,844	10,382,688	3,073,156	(1,129,269)
Housing	953,387	1,275,251	(321,864)	(259,595)
Band Government	3,229,617	3,898,824	(669,207)	(1,104,999)
Employment and Training	368,879	378,249	(9,370)	-
Economic Development	1,092,147	882,732	209,415	2,769,978
Gar Bar	2,959,130	2,403,542	555,588	929,673
	36,780,244	33,116,244	3,664,000	2,920,324

Shamattawa First Nation
Health

Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
First Nations and Inuit Health (FNIH)	2,429,612	2,640,915	1,834,494
Repayment of funding	-	-	(317,879)
Deferred revenue from prior year	-	100,163	1,295,011
Deferred revenue to subsequent year	-	(149,998)	(100,163)
	2,429,612	2,591,080	2,711,463
Expenses			
Amortization	-	814,356	431,810
Bad debts	-	20,455	-
Bank charges and interest	-	18,295	7,617
Community donations and assistance	4,481	27,019	14,335
Gas and diesel	20,223	30,398	13,708
Honouraria	-	-	150
Insurance	3,600	-	-
Office supplies and other	102,132	49,812	87,741
Professional development	5,800	-	-
Professional fees	-	78,787	95,326
Programming and activities	31,380	9,844	8,598
Rent	100,269	-	10,500
Repairs and maintenance	1,225,089	23,978	5,873
Salaries and benefits	673,710	941,817	982,186
Telephone	-	-	15,351
Travel	89,947	111,373	67,401
Utilities	25,369	995,260	484,214
	2,282,000	3,121,394	2,224,810
Surplus (deficit) before transfers	147,612	(530,314)	486,653
Transfers between segments	(51,172)	(42,788)	(42,870)
Surplus (deficit)	96,440	(573,102)	443,783

Shamattawa First Nation
Education

Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada (ISC)	5,041,167	8,181,840	6,959,573
First Nations and Inuit Health (FNIH)	820,820	820,820	-
	5,861,987	9,002,660	6,959,573
Rental income	-	44,286	45,375
Repayment of funding	-	(84,689)	(7,493)
Other revenue	-	83,021	2,339,830
	5,861,987	9,045,278	9,337,285
Expenses			
Amortization	-	1,229,410	1,126,089
Bank charges and interest	1,530	4,643	5,753
Gas and diesel	429,213	50,602	65,200
Graduation expenses	4,973	500	14,663
Honouraria	33,150	144,095	142,367
Insurance	3,479	21,296	14,027
Office supplies and other	51,981	187,941	80,702
Professional development	99,325	114,474	194,771
Professional fees	64,798	249,845	274,907
Programming and activities	32,660	151,184	231,474
Repairs and maintenance	861,961	76,687	180,512
Salaries and benefits	2,667,190	3,598,991	3,407,184
Student and training allowances	238,054	434,610	123,802
Supplies	91,510	69,566	145,189
Telephone	12,240	15,276	19,649
Travel	197,436	301,269	154,050
Tuition	23,585	38,458	107,626
Utilities	574,694	800,991	1,167,226
	5,387,779	7,489,838	7,455,191
Surplus before transfers	474,208	1,555,440	1,882,094
Transfers between segments	-	(186,783)	(471,886)
Surplus (deficit)	474,208	1,368,657	1,410,208

Shamattawa First Nation
Social

Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada (ISC)	4,315,036	4,350,126	4,461,838
Repayment of funding	-	-	(8,837)
	4,315,036	4,350,126	4,453,001
Expenses			
Funeral	-	72,084	90,882
Gas and diesel	19,401	19,042	86,155
Office supplies and other	1,354	4,250	61,332
Professional fees	118,046	-	-
Salaries and benefits	61,588	175,574	114,188
Social assistance	3,610,629	2,686,525	2,720,304
Special needs	103,087	118,106	128,683
Training	-	2,543	-
Travel	67,126	7,976	30
User fees	-	23,978	26,187
Utilities	-	173,648	164,106
	3,981,231	3,283,726	3,391,867
Surplus before transfers	333,805	1,066,400	1,061,134
Transfers between segments	-	(1,035,672)	(1,200,592)
Surplus (deficit)	333,805	30,728	(139,458)

Shamattawa First Nation
Public Works

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017 (Restated)</i>
Revenue			
Indigenous Services Canada (ISC)	1,095,265	11,612,654	8,903,796
First Nations and Inuit Health (FNIH)	-	1,000,000	-
	1,095,265	12,612,654	8,903,796
Other revenue	-	-	56,416
Deferred revenue from prior year	-	906,777	-
Deferred revenue to subsequent year	-	(63,587)	(906,777)
	1,095,265	13,455,844	8,053,435
Expenses			
Amortization	-	4,107,495	3,849,419
Community donations and assistance	20,400	18,600	32,288
Gas and diesel	335,400	3,318	68,149
Office supplies and other	5,585	1,000	9,208
Professional fees	35,700	-	-
Programming and activities	4,488	-	(21,010)
Repairs and maintenance	59,772	217,058	181,760
Salaries and benefits	223,979	904,490	563,106
Soil remediation	-	4,522,764	4,026,312
Supplies	200,907	612,403	216,544
Travel	1,906	810	1,998
Utilities	222,360	(5,250)	254,930
	1,110,497	10,382,688	9,182,704
Surplus (deficit)	(15,232)	3,073,156	(1,129,269)

**Shamattawa First Nation
Housing**

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018 Budget	2018	2017
Revenue			
Indigenous Services Canada (ISC)	-	80,000	290,000
Canada Mortgage and Housing Corporation (CMHC)	-	868,937	481,882
Other revenue	-	4,450	-
	-	953,387	771,882
Expenses			
Amortization	-	657,422	780,432
Gas and diesel	-	726	1,800
Insurance	-	475,115	324,184
Interest on long-term debt	-	102,394	93,959
Office supplies and other	-	-	1,589
Professional fees	-	7,935	19,400
Repairs and maintenance	-	-	6,840
Salaries and benefits	-	29,234	18,974
Supplies	-	-	1,147
Training	-	-	14,624
Travel	-	2,425	-
	-	1,275,251	1,262,949
Deficit before transfers	-	(321,864)	(491,067)
Transfers between segments	-	-	231,472
Surplus (deficit)	-	(321,864)	(259,595)

Shamattawa First Nation
Band Government
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada (ISC)	681,051	2,999,493	1,511,085
Deferred revenue from prior year	-	9,658	9,658
Deferred revenue to subsequent year	-	(9,658)	(9,658)
Other revenue	505,849	220,868	119,136
	1,186,900	3,220,361	1,630,221
Expenses			
Bad debts	-	326	-
Bank charges and interest	18,360	39,448	20,472
Community donations and assistance	25,500	245,306	104,622
Funeral	5,100	197,968	8,954
Gas and diesel	35,465	5,730	17,800
Honouraria	69,003	186,800	197,840
Insurance	-	19,040	101,183
Interest on long-term debt	-	76,365	-
Office supplies and other	23,835	119,502	135,111
Professional fees	296,826	856,327	489,293
Programming and activities	-	(1,253)	12,331
Repairs and maintenance	23,132	15,190	10,413
Salaries and benefits	631,074	1,030,183	778,602
Supplies	-	(4,585)	257,407
Telephone	41,173	78,171	55,407
Training	8,324	30,028	66,660
Travel	67,184	640,648	479,125
Utilities	-	363,630	-
	1,244,976	3,898,824	2,735,220
Deficit before transfers	(58,076)	(678,463)	(1,104,999)
Transfers between segments	516	9,256	-
Surplus (deficit)	(57,560)	(669,207)	(1,104,999)

Shamattawa First Nation
Employment and Training
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Human Resources and Skills Development Canada	506,566	376,144	497,963
Other revenue	-	-	153,600
Repayment of funding	-	(7,265)	-
	506,566	368,879	651,563
Expenses			
Bank charges and interest	-	-	9,910
Office supplies and other	50,657	49,852	11,452
Professional fees	6,314	-	8,138
Rent	-	-	300
Salaries and benefits	359,327	317,296	534,983
Student and training allowances	133,481	-	5,850
Supplies	2,796	300	20,933
Training	-	-	915
Travel	33,355	6,312	42,896
Tuition	13,817	4,489	16,186
	599,747	378,249	651,563
Surplus (deficit) before transfers	(93,181)	(9,370)	-
Transfers to segments	50,657	-	-
Surplus (deficit)	(42,524)	(9,370)	-

Shamattawa First Nation
Economic Development
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada (ISC)	111,756	109,565	109,565
Other revenue	-	982,582	3,195,545
	111,756	1,092,147	3,305,110
Expenses			
Community donations and assistance	-	2,811	1,781
Funeral	-	12,151	16,123
Gas and diesel	-	-	85,538
Honouraria	-	230,400	69,800
Interest on long-term debt	-	-	33,000
Office supplies and other	-	(1,295)	1,295
Professional fees	-	6,850	17,917
Programming and activities	-	20,581	57,950
Repairs and maintenance	112,153	49,750	25,509
Salaries and benefits	-	285,811	39,673
Supplies	-	23,048	29,999
Travel	-	147,143	154,874
Utilities	-	105,482	1,673
	112,153	882,732	535,132
Surplus (deficit)	(397)	209,415	2,769,978

Shamattawa First Nation
Gar Bar

Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018 Budget	2018	2017
Revenue			
Gas and diesel sales	-	1,703,143	896,981
Expenses			
Amortization	-	3,785	4,732
Bank charges and interest	-	2,103	2,486
Gas and diesel	-	1,990,923	1,168,566
Professional fees	-	4,875	-
Salaries and benefits	-	292,180	229,071
Supplies	-	90,323	26,164
Telephone	-	4,136	2,626
Travel	-	1,923	8,196
Utilities	-	13,294	9,343
	-	2,403,542	1,451,184
Surplus (deficit) before transfers	-	(700,399)	(554,203)
Transfers between segments	-	1,255,987	1,483,876
Surplus (deficit)	-	555,588	929,673