

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

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**INDEPENDENT AUDITORS' REPORT**

1

To the Chief and Council of the  
Sheshatshiu Innu First Nation

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

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 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 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 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 auditor's 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 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 financial statements.

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

**Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of the Sheshatshiu Innu First Nation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Mount Pearl, Newfoundland and Labrador

July 21, 2017

  
Chartered Professional Accountants



# Sheshatshiu Innu First Nation

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Sheshatshiu Innu First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada and as such include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Winsor Coombs, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Sheshatshiu Innu First Nation and meet when required.

On behalf of the Sheshatshiu Innu First Nation:

Chief

Band Manager

July 21, 2017

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2017**

**FINANCIAL ASSETS**

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents (Note 2)	\$ 5,919,159	\$ 5,217,692
Trust funds held by federal government (Note 3)	61,028	31,544
Accounts receivable (Note 4)	1,638,990	1,454,994
Due from governments (Note 5)	1,054,912	987,697
Investment in government business enterprises (Note 7)	<u>9,144,254</u>	<u>8,561,016</u>
	<u>17,818,343</u>	<u>16,252,943</u>

**LIABILITIES**

Payables and accruals (Note 8)	1,420,011	1,751,204
Due to government (Note 9)	231,733	244,882
Deferred revenue (Note 10)	3,024,100	1,018,102
Due to related parties (Note 11)	380,745	469,796
Long term debt (Note 12)	<u>12,601,104</u>	<u>13,651,825</u>
	<u>17,657,693</u>	<u>17,135,809</u>
<b>Net Financial Debt</b>	<u>160,650</u>	<u>(882,866)</u>

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 13)	62,293,334	66,097,996
Prepaid expenses	<u>233,438</u>	<u>200,452</u>
	<u>62,526,772</u>	<u>66,298,448</u>

**Guarantees (Note 16)**

**Contingent liability (Note 21)**

**Accumulated surplus**

\$ 62,687,422

\$ 65,415,582

**ON BEHALF OF THE COUNCIL**

  
Chief

  
Councillor

**SHESHATSHIU INNU FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGE IN ACCUMULATED**  
**SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	<u>Budget 2017</u>	<u>Actual 2017</u>	<u>Actual 2016</u>
<b>Revenue</b>			
Federal government operating transfers (Note 14)	\$ 10,898,929	\$ 8,866,623	\$ 11,370,121
Federal government transfers for capital (Note 14)	-	-	-
Sheshatshiu and Mushuau Innu			
First Nations trust	8,889,261	7,786,114	10,116,030
Innu Nation	207,000	1,302,297	2,084,829
Provincial government operating transfers (Note 14)	1,404,978	1,281,211	1,423,412
Share of income in business enterprises (Note 7)	1,102,288	2,266,496	1,022,745
IOC revenue	11,662	-	750,000
Infrastructure park	2,078,413	612,000	612,000
Miscellaneous revenues	1,740,975	893,101	538,172
Rental income	133,400	530,437	346,700
Innu Development Limited Partnership	-	80,000	11,711
Interest	-	38,951	10,345
<b>Total revenue</b>	<u>26,466,906</u>	<u>23,657,230</u>	<u>28,286,065</u>
<b>Expenditure</b>			
Aboriginal head start	234,900	216,051	223,666
Arena operations	239,939	244,549	230,640
Band support	3,887,749	3,997,976	3,755,292
Community youth network	52,954	50,262	55,173
Community justice	326,935	260,717	275,170
Economic development	252,541	249,606	351,482
Education	-	991,589	991,639
Group home	798,500	814,976	842,428
Social Workers	182,707	182,948	-
Sewage treatment	268,870	229,868	367,338
Adult care	186,639	188,069	184,518
IRT Health	-	-	1,010,008
Housing and infrastructure	3,580,336	6,714,327	5,915,453
Innu round table	-	-	1,254,487
Outpost program	685,000	684,756	653,325
ASETS	765,356	749,180	638,577
Health	4,157,283	4,556,965	4,206,625
Public works	977,609	771,195	715,669
Recreation	873,331	800,760	715,434
Safe house	404,000	422,566	431,035
Shelter	447,034	449,597	381,109
Group home transition	138,600	138,762	-
Community assistance	2,949,522	3,670,671	3,679,078
<b>Total expenditure</b>	<u>21,409,805</u>	<u>26,385,390</u>	<u>26,878,146</u>
<b>Annual Surplus (deficit)</b>	5,057,101	(2,728,160)	1,407,919
<b>Accumulated surplus, beginning of year</b>	<u>65,415,582</u>	<u>65,415,582</u>	<u>64,007,663</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 70,472,683</u>	<u>\$ 62,687,422</u>	<u>\$ 65,415,582</u>

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED MARCH 31, 2017**

	<u>Budget 2017</u>	<u>Actual 2017</u>	<u>Actual 2016</u>
Annual Surplus (deficit)	\$ 5,057,101	\$ (2,728,160)	\$ 1,407,919
Acquisition of tangible capital assets	(5,057,101)	(1,659,283)	(6,864,881)
Amortization of tangible capital assets	-	5,463,945	5,292,445
Acquisition of prepaid expense	-	(233,438)	(200,452)
Use of prepaid expenses	<u>-</u>	<u>200,452</u>	<u>166,209</u>
Change in net financial assets (debt)	-	1,043,516	(198,760)
<b>Net assets (debt), beginning of year</b>	<u>(882,866)</u>	<u>(882,866)</u>	<u>(684,106)</u>
<b>Net debt, end of year</b>	<u>\$ (882,866)</u>	<u>\$ 160,650</u>	<u>\$ (882,866)</u>

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED MARCH 31, 2017**

**Cash from (used for)**

	<u>2017</u>	<u>2016</u>
<b>Operating transactions</b>		
Annual deficit	\$ (2,728,160)	\$ 1,407,919
Amortization	5,463,945	5,292,445
Non-cash items (Note 17)	1,258,924	(1,197,237)
Share of income in earnings of business enterprises	<u>(2,266,496)</u>	<u>(1,022,745)</u>
	<u>1,728,213</u>	<u>4,480,382</u>
<b>Capital activity</b>		
Purchases of capital assets	<u>(1,659,283)</u>	<u>(6,864,881)</u>
<b>Financing activities</b>		
Proceeds from long term debt	200,000	4,600,000
Repayment of long term debt	<u>(1,250,721)</u>	<u>(1,617,561)</u>
	<u>(1,050,721)</u>	<u>2,982,439</u>
<b>Investing activities</b>		
Distribution of earnings in business enterprises	<u>1,683,258</u>	<u>1,887,602</u>
<b>Increase (decrease) in cash</b>	701,467	2,485,542
<b>Cash, beginning of year (Note 2)</b>	<u>5,217,692</u>	<u>2,732,150</u>
<b>Cash, end of year (Note 2)</b>	<u>\$ 5,919,159</u>	<u>\$ 5,217,692</u>

Interest paid during the year was \$353,791 (2016 - \$346,377).  
Interest received during the year was \$38,951 (2016 - \$10,345).



**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**1. Significant Accounting Policies**

**a) Basis of Accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada.

**b) Reporting Entity**

The Sheshatshiu Innu First Nation reporting entity includes the Sheshatshiu Innu First Nation government and all related entities that are controlled by the First Nation.

**c) Principles of Consolidation**

All activities of the First Nation are included in these statements. A commercial enterprise that meets the definition of a government business enterprise, Innu Development Limited Partnership, is included in these consolidated statements on a modified equity basis.

**d) Cash and Cash Equivalents**

Cash and cash equivalents include balances with banks and term deposits that can be redeemed within three months or less at acquisition which are held for the purpose meeting short-term cash commitments.

**e) Tangible Capital Assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or services.

Tangible capital assets purchased or constructed after March 31, 1997 are reported at net book value. Tangible capital assets purchased or constructed prior to April 1, 1997 are not reflected in the First Nation's tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service. In the first year of use capital assets are amortized at 50% of the normal rate.

Tangible capital assets are amortized over their expected useful life using the straight line method at the following rates:

Roads	10 years
Residential buildings	20 years
Community buildings	20 years
Water and sewer system	25 years
Recreation	10 years
Equipment	3 years
Vehicles	5 years

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**f) 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

**g) 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 liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

**h) Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenues. All revenues are recorded on the accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

**i) Measurement Uncertainty**

In preparing the financial statements for the government of the Sheshatshiu Innu First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets
- the estimated useful lives of assets
- allowance for doubtful accounts

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**2. Cash and cash equivalents**

	<u>2017</u>	<u>2016</u>
Unrestricted cash	\$ 5,085,717	\$ 4,442,327
Cash restricted for CMHC reserves	<u>833,442</u>	<u>775,365</u>
	<u>\$ 5,919,159</u>	<u>\$ 5,217,692</u>

**3. Trust funds held by federal government**

	<u>2017</u>	<u>2016</u>
Opening balance	\$ 31,544	\$ 30,784
Additions	66,673	47,223
Withdrawals	<u>(37,189)</u>	<u>(46,463)</u>
Closing balance	<u>\$ 61,028</u>	<u>\$ 31,544</u>

The trust funds arise from monies derived from 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**4. Accounts receivable**

	<u>2017</u>	<u>2016</u>
Due from members	\$ 30,905	\$ 33,051
Due from non-members	<u>1,638,990</u>	<u>1,454,994</u>
	1,669,895	1,488,045
Less: allowance for doubtful accounts	<u>30,905</u>	<u>33,051</u>
	<u>\$ 1,638,990</u>	<u>\$ 1,454,994</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**5. Due from governments**

	<u>2017</u>	<u>2016</u>
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 26,171
Public Health Agency	19,174	-
Health Canada	54,120	-
Canada Revenue Agency - HST	307,567	364,291
Service Canada	164,146	133,337
Department of Justice	30,217	-
Government of Newfoundland and Labrador	<u>479,688</u>	<u>463,898</u>
	<u>\$ 1,054,912</u>	<u>\$ 987,697</u>

**6. CMHC reserve**

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 824,861	\$ 775,366
Additions to reserve	104,091	104,110
Reserve funds used	<u>(284,897)</u>	<u>(54,615)</u>
Balance, end of year	<u>\$ 644,055</u>	<u>\$ 824,861</u>

Use of CMHC reserve funds are restricted to the replacement and renovation of the CMHC rental properties as directed by the Canada Mortgage and Housing Corporation. Under the terms of the agreement the First Nation is required to hold funds in a specified bank account to fund this reserve. At year-end this reserve was over funded. As of year end the First Nation had funded \$833,442 (2016 - \$775,365).

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**7. Investment in business enterprises**

The commercial government business enterprise that is included in the First Nation reporting entity is the Innu Development Limited Partnership. The First Nation has a 49.995% ownership position in this limited partnership.

Summary draft financial information for the business enterprise in which the First Nation has an interest is as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$ 1,512,305	\$ 662,236
Accounts Receivable	206,468	908,454
Due from Related Parties	7,926,326	7,259,392
Prepays	2,300	2,748
Tangible Capital Assets	29,686	37,573
Long Term Investments	10,160,309	10,060,142
Intangible Assets	<u>562,000</u>	<u>562,000</u>
Total Assets	<u>\$ 20,399,394</u>	<u>\$ 19,492,545</u>
Accounts Payable	\$ 202,881	\$ 125,948
Equity	<u>20,196,513</u>	<u>19,366,597</u>
Total Liabilities and Equity	<u>\$ 20,399,394</u>	<u>\$ 19,492,545</u>
Revenue	\$ 7,638,211	\$ 5,023,140
Expenses	<u>3,516,797</u>	<u>2,782,723</u>
Net Income	<u>\$ 4,121,414</u>	<u>\$ 2,240,417</u>

**8. Accounts payable and accrued liabilities**

	<u>2017</u>	<u>2016</u>
Trade payables and accrued liabilities	\$ 1,356,140	\$ 1,701,848
Accrued salaries and benefits payable	<u>63,861</u>	<u>49,356</u>
	<u>\$ 1,420,001</u>	<u>\$ 1,751,204</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**9. Due to governments**

	<u>2017</u>	<u>2016</u>
Aboriginal Affairs and Northern Development Canada	\$ 172,995	\$ 172,995
Canada Revenue Agency - Employee deductions payable	<u>58,738</u>	<u>71,887</u>
	<u>\$ 231,733</u>	<u>\$ 244,882</u>

**10. Deferred revenue**

	<u>Opening</u>	<u>Used</u>	<u>Current Year</u>	<u>2017</u>	<u>2016</u>
AANDC	\$ -	\$ -	\$ 1,999,862	\$ 1,999,862	\$ -
Govt of NL	10,680	(10,680)	25,621	25,621	10,680
Unearned Rent	116,667	(116,667)	-	-	116,667
Service Canada	12,045	(12,045)	7,394	7,394	12,045
Trust	<u>878,710</u>	<u>(878,710)</u>	<u>991,223</u>	<u>991,223</u>	<u>878,710</u>
	<u>\$ 1,018,102</u>	<u>\$ (1,018,102)</u>	<u>\$ 3,024,100</u>	<u>\$ 3,024,100</u>	<u>\$ 1,018,102</u>

**11. Due to related parties**

	<u>2017</u>	<u>2016</u>
Due to Innu Development Limited Partnership	\$ 464,477	\$ 464,477
Due to (from) Innu Round Table Secretariat	(83,732)	-
Due to Innu Mikun Limited Partnership	-	5,319
Due to (from) Sheshatshiu Innu Tourism Inc.	(282,892)	(225,806)
Allowance for related party doubtful account	<u>282,892</u>	<u>225,806</u>
	<u>\$ 380,745</u>	<u>\$ 469,796</u>

The above amounts are interest free, unsecured, with no specific terms of repayment.

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**11. Due to related parties (continued)**

The Sheshatshiu Innu First Nation holds 100% of the shares in Sheshatshiu Innu Tourism Inc.

The Sheshatshiu Innu First Nation is a limited partner with a 49.995% holding in the Innu Development Limited Partnership

Expenses include \$178,454 (2016 - \$152,445) paid or payable to a related party

Revenue includes \$408,063 received or receivable from a related party

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

**12. Long term debt**

	<u>2017</u>	<u>2016</u>
a) CMHC 1.13% mortgage, maturing July 1, 2041 renewable July 1, 2021, payable in monthly principal and interest installments of \$406	\$ 103,787	\$ -
b) Bank of Montreal demand loan bearing interest at prime plus 1.5% repayable in monthly principal payments of \$25,000 plus interest, due February 2021.	1,557,415	1,857,415
c) Bank of Montreal demand loan bearing interest at prime plus 0.5%, repayable in annual principal payment of \$280,000 commencing April 2013, due April 2017.	419,866	559,866
d) Royal Bank term loan bearing interest at 3.73%, repayable in monthly blended payments of \$50,211 due June 4, 2020.	3,822,979	4,272,894
e) CMHC 1.08% mortgage, maturing August 1, 2025 renewable August 1, 2020, payable in monthly principal and interest installments of \$1,065.	102,874	114,491
f) CMHC 1.31% mortgage, maturing September 1, 2026 renewable December 1, 2021, payable in monthly principal and interest installments of \$1,391.	149,203	163,638
g) CMHC 1.53% mortgage, maturing October 1, 2027 renewable December 1, 2017, payable in monthly principal and interest installments of \$980.	<u>115,006</u>	<u>124,948</u>
Sub total	\$ <u>6,271,130</u>	\$ <u>7,093,252</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**12. Long term debt (continued)**

	<u>2017</u>	<u>2016</u>
Sub total	\$ 6,271,130	\$ 7,093,252
g) CMHC 1.43% mortgage, maturing April 1, 2042 renewable April 1, 20122, payable in monthly principal and interest installments of \$422.	95,891	-
h) CMHC 1.92% mortgage, maturing May 1, 2029 renewable April 1, 2019, payable in monthly principal and interest installments of \$1,038.	135,409	145,206
i) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$1,006.	160,711	170,831
j) CMHC 0.94% mortgage, maturing September 1, 2035 renewable September 1, 2020, payable in monthly principal and interest installments of \$961.	195,958	205,617
k) CMHC 0.94% mortgage, maturing September 1, 2035 renewable September 1, 2020, payable in monthly principal and interest installments of \$2,096.	427,370	448,435
l) CMHC 1.82% mortgage, maturing September 1, 2034 renewable September 1, 2019, payable in monthly principal and interest installments of \$1,685.	303,495	318,113
m) CMHC 1.82% mortgage, maturing September 1, 2034 renewable September 1, 2019, payable in monthly principal and interest installments of \$2,903.	522,857	548,041
n) CMHC 1.85% mortgage, maturing June 1, 2034 renewable August 1, 2019, payable in monthly principal and interest installments of \$1,887.	334,976	351,336
o) CMHC 1.65% mortgage, maturing June 1, 2037 renewable June 1, 2017, payable in monthly principal and interest installments of \$1,110.	229,628	239,119
p) CMHC 1.71% mortgage, maturing July 1, 2032 renewable September 1, 2017, payable in monthly principal and interest installments of \$3,522.	570,671	602,989
q) CMHC 1.71% mortgage, maturing July 1, 2032 renewable September 1, 2017, payable in monthly principal and interest installments of \$2,654.	<u>430,099</u>	<u>454,456</u>
Sub total	\$ <u>9,678,195</u>	\$ <u>10,577,395</u>



**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**12. Long term debt (continued)**

	<u>2017</u>	<u>2016</u>
Sub total	\$ 9,678,195	\$ 10,577,395
r) CMHC 1.71% mortgage, maturing July 1, 2032 renewable September 1, 2017, payable in monthly principal and interest installments of \$5,884.	953,479	1,007,475
s) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$2,117.	338,296	359,599
t) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$1,694.	270,613	287,654
u) CMHC 1.14% mortgage, maturing July 1, 2036 renewable June 1, 2021, payable in monthly principal and interest installments of \$943.	196,578	205,556
v) CMHC 1.11% mortgage, maturing March 1, 2036 renewable April 1, 2021, payable in monthly principal and interest installments of \$1,337.	275,042	288,235
w) CMHC 1.43% mortgage, maturing April 1, 2037 renewable April 1, 2022, payable in monthly principal and interest installments of \$904.	189,514	197,192
x) CMHC 1.85% mortgage, maturing June 1, 2034 renewable August 1, 2017, payable in monthly principal and interest installments of \$1,272.	225,677	236,699
y) CMHC 1.65% mortgage, maturing June 1, 2037 renewable June 1, 2017, payable in monthly principal and interest installments of \$732.	151,406	157,664
z) CMHC 1.65% mortgage, maturing June 1, 2037 renewable June 1, 2017, payable in monthly principal and interest installments of \$370.	76,544	79,708
aa) CMHC 2.02% mortgage, maturing August 1, 2038 renewable August 1, 2018, payable in monthly principal and interest installments of \$383.	80,050	83,015
bb) CMHC 1.85% mortgage, maturing August 1, 2039 renewable August 1, 2019, payable in monthly principal and interest installments of \$751.	165,710	171,633
	<u>\$ 12,601,104</u>	<u>\$ 13,651,825</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**12. Long term debt (continued)**

**Security and conditions:**

The CMHC loans are covered by a ministerial guarantee.

The First Nation has provided a general security agreement and assignment of the First Nations net proceeds of the Innu Infrastructure Park Trust as security for the Royal Bank demand loan.

The First Nation has provided an assignment of fire insurance on a building and an assignment of leases for space in this building as security for the Bank of Montreal prime plus 1.5% demand loan.

A third party has provided a guarantee for the Bank of Montreal prime plus 0.5% loan.

Principal payments required over each of the next five years are as follows:

2018	-	\$1,409,000
2019	-	\$1,291,000
2020	-	\$1,175,000
2021	-	\$1,199,000
2022	-	\$1,205,000

016	117
227	416
292	965
716	245
978	018
996	

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**14. Government transfers**

	<b>2017</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
Aboriginal Affairs and Northern Development Canada	\$ 3,738,397	\$ -	\$ 3,738,397
Health Canada	3,502,207	-	3,502,207
Service Canada	758,785	-	758,785
Public Health Agency	191,745	-	191,745
Department of Justice	74,250	-	74,250
CMHC	<u>601,239</u>	<u>-</u>	<u>601,239</u>
	8,866,623	-	8,866,623
Government of Newfoundland and Labrador	<u>1,281,211</u>	<u>-</u>	<u>1,281,211</u>
	<u>\$ 10,147,834</u>	<u>\$ -</u>	<u>\$ 10,147,834</u>

  

	<b>2016</b>		
	<b>Operating</b>	<b>Capital</b>	<b>Total</b>
Aboriginal Affairs and Northern Development Canada	\$ 5,455,226	\$ -	\$ 5,455,226
Health Canada	4,585,141	-	4,585,141
Service Canada	595,934	-	595,934
Public Health Agency	216,491	-	216,491
Department of Justice	66,417	-	66,417
CMHC	<u>450,912</u>	<u>-</u>	<u>450,912</u>
Total	11,370,121	-	11,370,121
Government of Newfoundland and Labrador	<u>1,423,412</u>	<u>-</u>	<u>1,423,412</u>
	<u>\$ 12,793,533</u>	<u>\$ -</u>	<u>\$ 12,793,533</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**15. Expenses by Object**

	<u>2017</u>	<u>2016</u>
Wages and benefits	\$ 8,962,817	\$ 9,084,921
Amortization	5,463,945	5,292,445
Travel	2,331,758	2,774,624
Professional Fees	555,880	1,348,214
Repairs and Maintenance	2,307,058	1,379,126
Supplies	478,429	461,011
Insurance	521,384	459,401
Community payouts	921,500	895,000
Telephone	205,935	225,282
Other	4,282,891	4,611,750
Interest	<u>353,791</u>	<u>346,377</u>
	<u>\$ 26,385,388</u>	<u>\$ 26,878,151</u>

**16. Guarantees**

Canada Mortgage and Housing Corporation has provided forgivable loans for home renovations. These loans are guaranteed by the individual home owners and the First Nation. These loans are forgiven over a three year period. As at March 31, 2017, these loans have unforgiven balances of \$190,519.

Canada Mortgage and Housing Corporation has provided a forgivable loan for the safe house. This loan is forgiven over a fifteen year period commencing July 1, 2007 as long as the First Nation is not in default under the terms and conditions of the loan agreement and continues to operate the property as a safe house. The unforgiven balance as of March 31, 2017 is \$124,445.

**17. Non-cash items**

	<u>2017</u>	<u>2016</u>
Trust funds held by federal government	\$ (29,484)	\$ (760)
Accounts receivable	(183,996)	(1,343,278)
Due from government	(67,215)	561,638
Prepaid expenses	(32,986)	(34,243)
Payables and accruals	(331,193)	287,322
Due to government	(13,149)	242,611
Deferred revenue	2,005,998	(924,422)
Due to (from) related party	<u>(89,051)</u>	<u>13,895</u>
	<u>\$ 1,258,924</u>	<u>\$ (1,197,237)</u>

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2017**

**18. Comparative Figures**

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

**19. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and have been provided by management.

**20. Pension Plan**

Sheshatshiu Innu First Nation provides a defined contribution pension plan for its eligible members. Participation in the DCPD is mandatory. Each Plan Year, members are required to contribute 5.5% of earnings. A member may make additional voluntary contributions up to the maximum permitted under the applicable Legislation. Each Plan Year, Sheshatshiu Innu First Nation (Plan Sponsor) is required to contribute on behalf of each member 5.5% of a member's earnings. The amount of retirement benefit to be received by eligible members will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Sheshatshiu Innu First Nation contributed \$235,566 to the DCPD during the fiscal period ending March 31, 2017.

Sheshatshiu Innu First Nation does not have any other obligation with regards to the DCPD as at March 31, 2017.

**21. Contingent Liability**

In past years, the First Nation has built houses and provided them to community members. The utility bills for some of these houses remain in the name of the First Nation. No payments have been made on these accounts and as of March 31, 2017 the total balance of these accounts is \$242,544.

The First Nation does not intend to pay these bills and Newfoundland Hydro has not taken action to collect these accounts. No provision for this matter has been made in these financial statements.

**Sheshatshui Innu First Nation**  
**Notes to the Financial Statements**  
**March 31, 2017**

**22. Segment disclosure**

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

		Education		Health		Economic Development	
		Budget 2017	Actual 2017	Budget 2017	Actual 2017	Budget 2017	Actual 2017
			Actual 2016		Actual 2016		Actual 2016
Revenue							
Federal government	\$ 961,772	\$ 950,530	\$ 868,425	\$ 3,871,553	\$ 4,769,534	\$ 190,009	\$ 164,145
Provincial government	-	7,396	-	237,966	152,433	-	85,564
Other revenue	38,584	18,065	13,570	416,954	132,194	62,532	120,000
Share of income in business enterprises	-	-	-	-	-	-	-
Total Revenue	1,000,356	975,991	881,995	4,526,629	5,054,161	252,541	369,709
Expenditures							
Wages and benefits	596,803	564,995	553,090	2,705,775	2,723,481	209,226	321,663
Amortization	-	991,539	991,539	432,948	432,948	-	-
Interest expense	-	-	-	-	-	-	-
Other expense	403,553	400,286	309,253	1,789,260	2,244,722	43,315	29,820
Total Expenses	1,000,356	1,956,820	1,853,882	4,927,983	5,401,151	252,541	351,483
Annual Surplus (deficit)	\$ -	\$ (980,829)	\$ (971,887)	\$ (401,510)	\$ (346,990)	\$ -	\$ 18,226

**Sheshatshui Innu First Nation**  
**Notes to the Financial Statements**  
**March 31, 2017**

**22. Segment disclosure (continued)**

	Budget 2017	Capital Actual 2017	Actual 2016	Community Services		Governance	
				Budget 2017	Actual 2017	Budget 2017	Actual 2016
<b>Revenue</b>							
Federal government	\$ 3,175,185	\$ 1,213,564	\$ 2,339,983	\$ 1,238,347	\$ 1,238,347	\$ 1,462,063	\$ 2,532,422
Provincial government	-	-	-	851,454	851,454	276,416	230,015
Other revenue	5,455,252	4,504,998	7,875,045	4,763,548	4,959,895	2,362,827	922,021
Share of income in business enterprises	7,000	7,000	50,000	1,030,288	1,030,288	65,000	200,000
<b>Total Revenue</b>	<b>8,637,437</b>	<b>5,725,562</b>	<b>10,265,028</b>	<b>7,883,637</b>	<b>8,079,984</b>	<b>4,166,306</b>	<b>3,884,458</b>
<b>Expenditures</b>							
Wages and benefits	382,647	369,698	513,765	2,473,984	2,487,445	2,597,460	2,748,851
Amortization	-	3,674,870	3,599,336	-	204,915	-	159,673
Interest expense	474,783	353,789	346,377	-	-	-	-
Other expense	7,780,007	2,315,969	1,455,975	5,409,653	5,585,601	1,568,846	2,376,423
<b>Total Expenses</b>	<b>8,637,437</b>	<b>6,714,326</b>	<b>5,915,453</b>	<b>7,883,637</b>	<b>8,277,961</b>	<b>4,166,306</b>	<b>5,284,947</b>
<b>Annual Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (988,764)</b>	<b>\$ 4,349,575</b>	<b>\$ -</b>	<b>\$ (197,977)</b>	<b>\$ -</b>	<b>\$ (1,400,489)</b>



**Sheshatshui Innu First Nation**  
**Notes to the Financial Statements**  
**March 31, 2017**

**22. Segment disclosure (continued)**

	Budget 2017	Total Actual 2017	Actual 2016
Revenue			
Federal government	\$ 10,898,929	\$ 8,866,623	\$ 11,370,091
Provincial government	1,404,978	1,281,210	1,423,412
Other revenue	13,060,711	11,242,901	14,469,817
Share of income in business enterprises	1,102,288	2,266,496	1,022,745
<b>Total Revenue</b>	<b>26,466,906</b>	<b>23,657,230</b>	<b>28,286,065</b>
Expenditures			
Wages and benefits	9,045,309	8,962,816	9,084,921
Amortization	-	5,463,945	5,292,445
Interest expense	474,783	353,789	346,377
Other expense	16,946,814	11,604,840	12,154,403
<b>Total Expenses</b>	<b>26,466,906</b>	<b>26,385,390</b>	<b>26,878,146</b>
<b>Annual Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (2,728,160)</b>	<b>\$ 1,407,919</b>