

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018**

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**INDEPENDENT AUDITORS' REPORT**

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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, 2018 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, 2018, 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 19, 2018

  
Chartered Professional Accountants

**SHESHATSHIU INNU FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2018**

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**FINANCIAL ASSETS**

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents (Note 2)		
Trust funds held by federal government (Note 3)	\$ 5,350,828	\$ 5,919,159
Accounts receivable (Note 4)	28,912	61,028
Due from governments (Note 5)	2,197,790	1,638,990
Investment in government business enterprises (Note 7)	2,174,847	1,054,912
	<u>13,848,650</u>	<u>9,144,264</u>
	<u>23,601,027</u>	<u>17,818,349</u>

**LIABILITIES**

Payables and accruals (Note 8)		
Due to government (Note 9)	1,933,783	1,420,017
Deferred revenue (Note 10)	260,330	231,733
Due to related parties (Note 11)	4,098,227	3,024,100
Long term debt (Note 12)	400,729	380,745
	<u>11,329,884</u>	<u>12,601,104</u>
<b>Net Financial Assets</b>	<b><u>18,022,953</u></b>	<b><u>17,657,699</u></b>
	<b><u>5,578,074</u></b>	<b><u>180,644</u></b>

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 13)		
Prepaid expenses	59,829,868	62,293,335
	<u>695,557</u>	<u>233,443</u>
	<u>60,525,425</u>	<u>62,526,778</u>
Guarantees (Note 16)		
Contingent liability (Note 21)		

Accumulated surplus

ON BEHALF OF THE COUNCIL

\$ 66,103,492      \$ 62,687,422

Chief

Councillor

WINSOR • COOMBS

**SHESHATSHIU INNU FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGE IN ACCUMULATED**  
**SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Budget 2018</u>	<u>Actual 2018</u>	<u>Actual 2017</u>
<b>Revenue</b>			
Federal government operating transfers (Note 14)	\$ 13,642,615	\$ 10,957,112	\$ 8,866,623
Federal government transfers for capital (Note 14)	1,228,150	1,228,150	-
Provincial government transfers for capital	-	5,096	-
Sheshatshiu and Mushuau Innu			
First Nations trust	10,099,975	7,625,427	7,786,114
Innu Nation	1,237,599	1,087,534	1,302,297
Provincial government operating transfers (Note 14)	1,259,047	1,140,942	1,281,211
Share of income in business enterprises (Note 7)	3,374,172	7,974,718	2,266,496
Infrastructure park	-	612,000	612,000
Miscellaneous revenues	729,030	729,628	893,101
Rental income	322,525	491,343	530,437
Innu Development Limited Partnership	-	96,097	80,000
Interest	-	59,830	38,951
Insurance claim	<u>171,286</u>	<u>171,286</u>	-
<b>Total revenue</b>	<u>32,064,399</u>	<u>32,159,163</u>	<u>23,657,230</u>
<b>Expenditure</b>			
Aboriginal head start	315,270	236,676	216,051
Arena operations	380,000	248,023	244,549
Band support	4,165,656	4,236,399	3,997,976
Community youth network	53,075	52,531	50,262
Community justice	319,043	190,815	260,717
Economic development	236,169	205,893	249,606
Education			
Group home	-	1,006,163	991,589
Social Workers	821,300	832,829	814,976
Sewage treatment	487,403	484,229	182,948
Adult care	406,872	318,729	229,868
Housing and infrastructure	189,889	189,877	188,069
Outpost program	6,846,890	7,620,420	6,714,327
ASETS	600,000	595,608	684,756
Health	965,320	774,507	749,180
Public works	4,539,837	4,659,286	4,556,965
Recreation	1,041,079	963,637	771,195
Safe house	1,191,384	1,232,861	800,760
Shelter	404,000	422,338	422,566
Group home transition	439,676	439,697	449,597
Community assistance	1,108,525	1,109,019	138,762
	<u>3,079,155</u>	<u>2,923,549</u>	<u>3,670,671</u>
<b>Total expenditure</b>	<u>27,590,543</u>	<u>28,743,086</u>	<u>26,385,390</u>
<b>Annual Surplus (deficit)</b>	<u>4,473,856</u>	<u>3,416,077</u>	<u>(2,728,160)</u>
<b>Accumulated surplus, beginning of year</b>	<u>62,687,422</u>	<u>62,687,422</u>	<u>65,415,582</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 67,161,278</u>	<u>\$ 66,103,499</u>	<u>\$ 62,687,422</u>

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**SHESHATSHIU INNU FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Budget</u> <u>2018</u>	<u>Actual</u> <u>2018</u>	<u>Actual</u> <u>2017</u>
<b>Annual Surplus (deficit)</b>	<b>\$ 4,473,856</b>	<b>\$ 3,416,077</b>	<b>\$ (2,728,160)</b>
Acquisition of tangible capital assets	(4,473,856)	(3,032,793)	(1,659,283)
Amortization of tangible capital assets	-	5,496,259	5,463,945
Acquisition of prepaid expense	-	(695,557)	(233,444)
Use of prepaid expenses	-	<u>233,444</u>	<u>200,452</u>
<b>Change in net financial assets (debt)</b>	<b>-</b>	<b>5,417,430</b>	<b>1,043,510</b>
<b>Net assets (debt), beginning of year</b>	<b><u>160,644</u></b>	<b><u>160,644</u></b>	<b><u>(882,866)</u></b>
<b>Net assets, end of year</b>	<b><u>\$ 160,644</u></b>	<b><u>\$ 5,578,074</u></b>	<b><u>\$ 160,644</u></b>

**SHESHATSHIU INNU FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED MARCH 31, 2018**

**Cash from (used for)**

	<b>2018</b>	<b>2017</b>
<b>Operating transactions</b>		
Annual deficit	\$ 3,416,077	\$ (2,728,160)
Amortization	5,496,259	5,463,945
Non-cash items (Note 17)	(472,259)	1,258,924
Share of income in earnings of business enterprises	<u>(7,974,718)</u>	<u>(2,266,496)</u>
	<u>465,359</u>	<u>1,728,213</u>
<b>Capital activity</b>		
Purchases of capital assets	<u>(3,032,793)</u>	<u>(1,659,283)</u>
<b>Financing activities</b>		
Proceeds from long term debt	200,000	200,000
Repayment of long term debt	<u>(1,471,220)</u>	<u>(1,250,721)</u>
	<u>(1,271,220)</u>	<u>(1,050,721)</u>
<b>Investing activities</b>		
Distribution of earnings in business enterprises	<u>3,270,323</u>	<u>1,683,258</u>
<b>Increase (decrease) in cash</b>	<u>(568,331)</u>	<u>701,467</u>
<b>Cash, beginning of year (Note 2)</b>	<u>5,919,159</u>	<u>5,217,692</u>
<b>Cash, end of year (Note 2)</b>	<u>\$ 5,350,828</u>	<u>\$ 5,919,159</u>

Interest paid during the year was \$308,754 (2017 - \$353,790).  
Interest received during the year was \$59,830 (2017 - \$38,951).

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**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, 2018**

**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, 2018**

**2. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
Unrestricted cash	\$ 4,667,396	\$ 5,085,717
Cash restricted for CMHC reserves	<u>683,432</u>	<u>833,442</u>
	<b>\$ 5,350,828</b>	<b>\$ 5,919,159</b>

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

	<b>2018</b>	<b>2017</b>
Opening balance	\$ 61,028	\$ 31,544
Additions	6,253	66,673
Withdrawals	<u>(38,369)</u>	<u>(37,189)</u>
Closing balance	<b>\$ 28,912</b>	<b>\$ 61,028</b>

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**

	<b>2018</b>	<b>2017</b>
Due from members	\$ 26,822	\$ 30,905
Due from non-members	<u>2,197,790</u>	<u>1,638,990</u>
	<b>2,224,612</b>	<b>1,669,895</b>
Less: allowance for doubtful accounts	<u>26,822</u>	<u>30,905</u>
	<b>\$ 2,197,790</b>	<b>\$ 1,638,990</b>

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**5. Due from governments**

	<b>2018</b>	<b>2017</b>
Aboriginal Affairs and Northern Development Canada	\$ 1,160,607	\$ -
Public Health Agency	11,323	19,174
CMHC	98,150	-
Health Canada	224,013	54,120
Canada Revenue Agency - HST	377,954	307,567
Service Canada	16,153	164,146
Department of Justice	-	30,217
Government of Newfoundland and Labrador	<u>286,647</u>	<u>479,688</u>
	<u><u>\$ 2,174,847</u></u>	<u><u>\$ 1,054,912</u></u>

**6. CMHC reserve**

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 644,055	\$ 824,861
Additions to reserve	104,775	104,091
Reserve funds used	<u>(174,435)</u>	<u>(284,897)</u>
Balance, end of year	<u><u>\$ 574,395</u></u>	<u><u>\$ 644,055</u></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 \$683,432 (2016 - \$833,442).

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018**

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**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>2018</u>	<u>2017</u>
Cash		
Accounts Receivable	\$ 3,332,795	\$ 1,512,305
Due from Related Parties	145,248	206,468
Prepads	8,097,983	7,926,326
Tangible Capital Assets	5,104	2,300
Long Term Investments	34,873	29,686
Intangible Assets	16,149,918	10,695,338
	<u>562,000</u>	<u>562,000</u>
<b>Total Assets</b>	<b>\$ 28,327,921</b>	<b>\$ 20,934,423</b>
Accounts Payable	\$ 132,080	\$ 198,161
Equity	<u>28,195,841</u>	<u>20,736,262</u>
<b>Total Liabilities and Equity</b>	<b>\$ 28,327,921</b>	<b>\$ 20,934,423</b>
Revenue		
Expenses	\$ 18,449,095	\$ 8,176,558
	<u>3,058,012</u>	<u>3,306,865</u>
<b>Net Income</b>	<b>\$ 15,391,083</b>	<b>\$ 4,869,693</b>

**8. Accounts payable and accrued liabilities**

	<u>2018</u>	<u>2017</u>
Trade payables and accrued liabilities		
Accrued salaries and benefits payable	\$ 1,846,357	\$ 1,356,155
	<u>87,426</u>	<u>63,862</u>
	<b>\$ 1,933,783</b>	<b>\$ 1,420,017</b>

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**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**9. Due to governments**

	<b>2018</b>	<b>2017</b>
Aboriginal Affairs and Northern Development Canada	\$ 102,599	\$ 172,995
Health Canada	93,510	-
Canada Revenue Agency - Employee deductions payable	<u>64,221</u>	<u>58,738</u>
	<b><u>\$ 260,330</u></b>	<b><u>\$ 231,733</u></b>

**10. Deferred revenue**

	<b>Opening</b>	<b>Used</b>	<b>Current Year</b>	<b>2018</b>	<b>2017</b>
AANDC	\$ 1,999,862	\$(1,999,862)	\$ 2,051,561	\$ 2,051,561	\$ 1,999,862
Govt of NL	25,621	(25,621)	14,191	14,191	25,621
Public Health	-	-	42,338	42,338	-
Service Canada	7,394	(7,394)	182,290	182,290	7,394
Trust	<u>991,223</u>	<u>(991,223)</u>	<u>1,807,847</u>	<u>1,807,847</u>	<u>991,223</u>
	<b><u>\$ 3,024,100</u></b>	<b><u>\$(3,024,100)</u></b>	<b><u>\$ 4,098,227</u></b>	<b><u>\$ 4,098,227</u></b>	<b><u>\$ 3,024,100</u></b>

**11. Due to related parties**

	<b>2018</b>	<b>2017</b>
Due to Innu Development Limited Partnership	\$ 464,477	\$ 464,477
Due to (from) Innu Round Table Secretariat	(63,748)	(83,732)
Due to (from) Sheshatshiu Innu Tourism Inc.	(282,892)	(282,892)
Allowance for related party doubtful account	<u>282,892</u>	<u>282,892</u>
	<b><u>\$ 400,729</u></b>	<b><u>\$ 380,745</u></b>

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

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018**

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**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 \$240,698 (2017 - \$178,454) paid or payable to a related party

Revenue includes \$347,041 (2017 - \$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>2018</u>	<u>2017</u>
a) CMHC 1.13% mortgage, maturing July 1, 2041 renewable July 1, 2021, payable in monthly principal and interest installments of \$406	\$ 100,059	\$ 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.	1,257,415	1,557,415
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.	279,866	419,866
d) Royal Bank term loan bearing interest at 3.73%, repayable in monthly blended payments of \$50,211 due June 4, 2020.	3,354,734	3,822,979
e) CMHC 1.08% mortgage, maturing August 1, 2025 renewable August 1, 2020, payable in monthly principal and interest installments of \$1,065.	91,134	102,874
f) CMHC 1.31% mortgage, maturing September 1, 2026 renewable December 1, 2021, payable in monthly principal and interest installments of \$1,391.	134,353	149,203
g) CMHC 1.97% mortgage, maturing October 1, 2027 renewable December 1, 2022, payable in monthly principal and interest installments of \$1001.	<u>105,006</u>	<u>115,006</u>
<b>Sub total</b>	<b>\$ 5,322,567</b>	<b>\$ 6,271,130</b>

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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

	<u>2018</u>	<u>2017</u>
<b>Sub total</b>	<b>\$ 5,322,567</b>	<b>\$ 6,271,130</b>
g) CMHC 1.43% mortgage, maturing April 1, 2042 renewable April 1, 2022, payable in monthly principal and interest installments of \$422.	103,350	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.	125,428	135,409
i) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$1,006.	150,264	160,711
j) CMHC 0.94% mortgage, maturing September 1, 2035 renewable September 1, 2020, payable in monthly principal and interest installments of \$961.	186,212	195,958
k) CMHC 0.94% mortgage, maturing September 1, 2035 renewable September 1, 2020, payable in monthly principal and interest installments of \$2,096.	406,115	427,370
l) CMHC 1.82% mortgage, maturing September 1, 2034 renewable September 1, 2019, payable in monthly principal and interest installments of \$1,685.	288,621	303,495
m) CMHC 1.82% mortgage, maturing September 1, 2034 renewable September 1, 2019, payable in monthly principal and interest installments of \$2,903.	497,234	522,857
n) CMHC 1.85% mortgage, maturing June 1, 2034 renewable August 1, 2019, payable in monthly principal and interest installments of \$1,887.	318,325	334,976
o) CMHC 1.50% mortgage, maturing June 1, 2037 renewable June 1, 2022, payable in monthly principal and interest installments of \$1,095.	219,865	229,628
p) CMHC 1.84% mortgage, maturing July 1, 2032 renewable September 1, 2022, payable in monthly principal and interest installments of \$3,554.	538,035	570,671
q) CMHC 1.84% mortgage, maturing July 1, 2032 renewable September 1, 2022, payable in monthly principal and interest installments of \$2,678.	<u>405,502</u>	<u>430,099</u>
<b>Sub total</b>	<b>\$ 8,561,518</b>	<b>\$ 9,678,195</b>

**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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

	<b>2018</b>	<b>2017</b>
<b>Sub total</b>	<b>\$ 8,561,518</b>	<b>\$ 9,678,195</b>
r) CMHC 1.84% mortgage, maturing July 1, 2032 renewable September 1, 2022, payable in monthly principal and interest installments of \$5,938.	898,950	953,479
s) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$2,117.	316,306	338,296
t) CMHC 1.05% mortgage, maturing July 1, 2031 renewable August 1, 2021, payable in monthly principal and interest installments of \$1,694.	253,023	270,613
u) CMHC 1.14% mortgage, maturing July 1, 2036 renewable June 1, 2021, payable in monthly principal and interest installments of \$943.	187,434	196,578
v) CMHC 1.11% mortgage, maturing March 1, 2036 renewable April 1, 2021, payable in monthly principal and interest installments of \$1,337.	261,962	275,042
w) CMHC 1.43% mortgage, maturing April 1, 2037 renewable April 1, 2022, payable in monthly principal and interest installments of \$904.	181,263	189,514
x) CMHC 1.85% mortgage, maturing June 1, 2034 renewable August 1, 2019, payable in monthly principal and interest installments of \$1,272.	214,459	225,677
y) CMHC 1.50% mortgage, maturing June 1, 2037 renewable June 1, 2022, payable in monthly principal and interest installments of \$722.	144,969	151,406
z) CMHC 1.50% mortgage, maturing June 1, 2037 renewable June 1, 2022, payable in monthly principal and interest installments of \$364.	73,289	76,544
aa) CMHC 2.02% mortgage, maturing August 1, 2038 renewable August 1, 2018, payable in monthly principal and interest installments of \$383.	77,028	80,050
bb) CMHC 1.85% mortgage, maturing August 1, 2039 renewable August 1, 2019, payable in monthly principal and interest installments of \$751.	159,683	165,710
	<u>\$ 11,329,884</u>	<u>\$ 12,601,104</u>

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**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**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:

2019 - \$1,432,000
2020 - \$1,176,000
2021 - \$1,200,000
2022 - \$1,225,000
2023 - \$1,252,000

### 13. Temple capital | दगड़ी

	Cost						Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Total 2018	Total 2017		
<b>Tangible Capital Assets</b>												
<b>Roads</b>	1,856,140	1,106,798	2,962,938	869,980	224,653	-	1,094,603	1,868,335	986,190			
Residential buildings	43,553,886	483,595	2,725,002	41,302,479	19,672,854	2,023,783	2,725,002	19,000,635	23,861,032			
Community buildings	36,098,478	120,604	-	36,219,082	15,311,830	1,787,960	-	17,099,790	19,117,293	20,784,649		
Water and sewer system	25,946,872	-	-	25,946,872	10,099,819	1,156,259	-	11,256,058	14,690,814	15,847,053		
Recreation	134,517	-	22,975	111,542	39,706	1,154	22,975	27,885	83,657	94,811		
Equipment	154,382	53,931	9,698	198,615	58,032	5,098	9,698	103,432	95,183	96,350		
Vehicles	1,447,707	97,748	454,722	1,090,733	995,160	208,372	454,722	799,810	340,923	451,547		
<b>Assets Under Construction</b>												
Community buildings	109,169,982	1,872,676	3,212,397	107,830,261	47,048,351	5,496,259	3,212,397	49,332,213	58,498,048	62,121,631		
	171,704	1,160,116	-	1,331,820	-	-	-	-	1,331,820	171,704		
<b>Total</b>	109,341,586	3,032,792	3,212,397	109,162,081	47,048,351	5,496,259	3,212,397	49,332,213	59,829,458	62,283,335		

**SHESHATSHIU INNU FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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#### 14. Government transfers

	2018		
	Operating	Capital	Total
Aboriginal Affairs and Northern Development Canada			
Health Canada	\$ 5,354,636	\$ 1,112,652	\$ 6,467,288
Service Canada	3,794,307	115,498	3,909,805
Public Health Agency	788,114	-	788,114
Department of Justice	222,132	-	222,132
CMHC	95,000	-	95,000
	<u>702,923</u>	<u>-</u>	<u>702,923</u>
Government of Newfoundland and Labrador	10,957,112	1,228,150	12,185,262
	<u>1,140,942</u>	<u>5,096</u>	<u>1,146,038</u>
	<u>\$ 12,098,054</u>	<u>\$ 1,233,246</u>	<u>\$ 13,331,300</u>
	2017		
	Operating	Capital	Total
Aboriginal Affairs and Northern Development Canada			
Health Canada	\$ 3,738,397	\$ -	\$ 3,738,397
Service Canada	3,502,207	-	3,502,207
Public Health Agency	758,785	-	758,785
Department of Justice	191,745	-	191,745
CMHC	74,250	-	74,250
	<u>601,239</u>	<u>-</u>	<u>601,239</u>
total	8,866,623	-	8,866,623
Government of Newfoundland and Labrador	1,281,211	-	1,281,211
	<u>\$ 10,147,834</u>	<u>\$ -</u>	<u>\$ 10,147,834</u>

**SHESHTATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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**15. Expenses by Object**

	<b>2018</b>	<b>2017</b>
Wages and benefits	\$ 9,975,800	\$ 8,960,224
Amortization	5,496,259	5,463,945
Travel	2,195,307	2,331,764
Professional Fees	888,321	555,880
Repairs and Maintenance	3,587,975	2,307,058
Supplies	479,537	478,429
Insurance	523,448	521,384
Community payouts	955,000	921,500
Telephone	231,470	205,935
Other	4,101,216	4,285,481
Interest	<u>308,753</u>	<u>353,790</u>
	<u>\$ 28,743,086</u>	<u>\$ 26,385,390</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, 2018, these loans have unforgiven balances of \$269,504.

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, 2018 is \$96,166.

**17. Non-cash items**

	<b>2018</b>	<b>2017</b>
Trust funds held by federal government	\$ 32,116	\$ (29,484)
Accounts receivable	(558,800)	(183,996)
Due from government	(1,119,935)	(67,215)
Prepaid expenses	(462,114)	(32,986)
Payables and accruals	513,766	(331,193)
Due to government	28,597	(13,149)
Deferred revenue	1,074,127	2,005,998
Due to (from) related party	<u>19,984</u>	<u>(89,051)</u>
	<u>\$ (472,259)</u>	<u>\$ 1,258,924</u>

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**SHESHATSHIU INNU FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**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 DCPP 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 \$294,243 to the DCPP during the fiscal period ending March 31, 2018.

Sheshatshiu Innu First Nation does not have any other obligation with regards to the DCPP as at March 31, 2018.

**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, 2018 the total balance of these accounts is \$324,460.

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, 2018

22. Segmentation dilemmas

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 2018	Actual 2018	Actual 2017	Budget 2018	Actual 2018	Budget 2018
<b>Revenue</b>						
Federal government	\$ 1,151,032	\$ 1,010,246	\$ 950,530	\$ 4,550,108	\$ 4,387,097	\$ 3,871,553
Provincial government	67,300	25,147	7,398	96,477	0	237,986
Other revenue	62,308	22,866	18,065	570,044	348,509	416,954
Share of income in business enterprises	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,280,640</b>	<b>1,058,259</b>	<b>975,991</b>	<b>5,217,129</b>	<b>4,736,108</b>	<b>4,526,473</b>
<b>Expenditures</b>						
Wages and benefits	856,073	595,708	564,995	3,468,530	3,370,850	2,705,775
Amortization	-	1,004,683	991,539	-	426,322	432,948
Interest expense	624,587	416,954	400,286	1,748,599	1,538,419	1,789,260
<b>Total Expenses</b>	<b>1,280,640</b>	<b>2,017,345</b>	<b>1,956,820</b>	<b>5,217,129</b>	<b>5,333,391</b>	<b>4,927,983</b>
<b>Annual Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (958,086)</b>	<b>\$ (980,829)</b>	<b>\$ -</b>	<b>\$ (597,285)</b>	<b>\$ (401,510)</b>

Sheeshatshui Innu First Nation  
Notes to the Financial Statements  
March 31, 2018

22. Segment disclosure (continued)

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	Budget 2018	Capital Actual 2018	Actual 2017	Budget 2018	Community Services	Actual 2017	Budget 2018	Governance Actual 2018	Actual 2017
<b>Revenue</b>									
Federal government	\$ 4,753,412	\$ 3,242,498	\$ 1,213,564	\$ 2,793,048	\$ 1,977,201	\$ 1,238,347	\$ 1,454,157	\$ 1,399,211	\$ 1,428,584
Provincial government									
Other revenue	5,624,384	5,061,355	4,504,988	3,805,921	3,134,089	4,939,895	196,516	196,516	184,384
Share of income in business enterprises									
	942,850	942,850	7,000	2,001,722	6,602,268	1,030,288	2,404,976	2,069,616	1,267,448
<b>Total Revenue</b>	<b>11,320,746</b>	<b>9,246,803</b>	<b>5,725,562</b>	<b>9,525,086</b>	<b>12,637,483</b>	<b>8,079,984</b>	<b>4,484,649</b>	<b>4,29,000</b>	<b>1,229,208</b>
<b>Expenditures</b>									
Wages and benefits	315,848	405,264	389,698	2,915,775	2,758,438	2,487,445	2,855,389	2,711,854	4,098,343
Amortization									
Interest expense	364,000	3,666,177	3,674,870	-	225,621	204,915	-	173,456	2,626,130
Other expense	10,640,898	3,240,227	353,789	-	-	-	-	-	159,673
<b>Total Expenses</b>	<b>11,320,746</b>	<b>7,820,420</b>	<b>6,714,326</b>	<b>9,525,086</b>	<b>6,609,291</b>	<b>6,154,759</b>	<b>5,585,601</b>	<b>1,629,260</b>	<b>1,541,809</b>
<b>Annual Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 1,626,383</b>	<b>\$ (988,764)</b>	<b>\$ -</b>	<b>\$ 3,498,667</b>	<b>\$ (197,977)</b>	<b>\$ -</b>	<b>\$ (322,876)</b>	<b>\$ (159,060)</b>

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CHARITABLE PROFESSIONAL ACCOUNTANTS

Sheeshatshui Innu First Nation  
 Notes to the Financial Statements  
 March 31, 2018

**22. Segment disclosure (continued)**

	Budget 2018	Actual 2018	Total 2018	Actual 2017
<b>Revenue</b>				
Federal government	\$ 14,870,766	\$ 12,185,262	\$ 8,886,623	
Provincial government	1,284,668	1,145,588	1,261,210	
Other revenue	12,534,793	10,853,595	11,242,901	
<b>Share of income in business enterprises</b>				
	<u>3,374,172</u>	<u>7,974,718</u>	<u>2,286,496</u>	
<b>Total Revenue</b>	<u><u>32,064,399</u></u>	<u><u>32,159,163</u></u>	<u><u>23,657,230</u></u>	
<b>Expenditures</b>				
Wages and benefits	10,338,931	9,975,800	8,980,224	
Amortization	-	5,498,259	5,463,945	
Interest expense	364,000	308,732	359,789	
Other expense	21,361,468	12,962,274	11,607,732	
<b>Total Expenses</b>	<u><u>32,064,399</u></u>	<u><u>28,743,086</u></u>	<u><u>26,385,390</u></u>	
<b>Annual Surplus (deficit)</b>				
	<u><u>\$ -</u></u>	<u><u>\$ 3,416,077</u></u>	<u><u>\$ (2,728,160)</u></u>	

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CHARLIE FRED PROFESSIONAL ACCOUNTANT