

**SHESHATSHIU INNU FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2019**

SHESHATSHIU INNU FIRST NATION
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Year Ended March 31, 2019

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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 judgments 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 non-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 non-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, Eugene Hart



Greg Pastishi, Director of Operations

Sheshatshiu, NL
July 29, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Sheshatshiu Innu First Nation

Opinion

We have audited the consolidated financial statements of Sheshatshiu Innu First Nation (the Organization), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

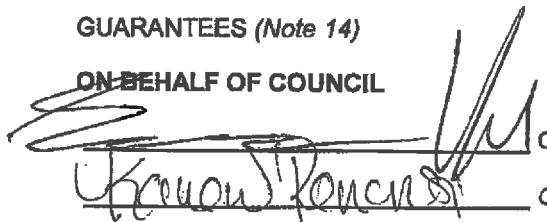
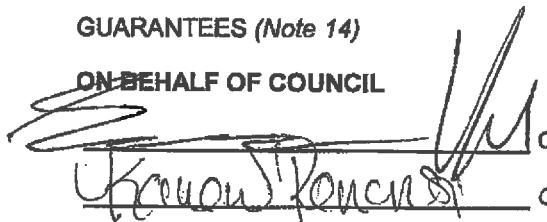
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mount Pearl, NL
July 29, 2019

Winsor Coombs
CHARTERED PROFESSIONAL ACCOUNTANTS

SHESHATSHIU INNU FIRST NATION
Consolidated Statement of Financial Position
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 6,107,723	\$ 4,667,395
Cash restricted for CMHC reserves	683,432	683,432
Trust funds held by federal government (Note 2)	272,045	28,912
Accounts receivable (Note 3)	1,843,364	2,197,790
Due from governments (Note 4)	3,067,680	2,174,847
Long term Investments (Note 6)	15,129,983	13,848,650
	27,104,227	23,601,026
LIABILITIES		
Accounts payable (Note 7)	1,672,813	1,933,777
Due to governments (Note 8)	133,346	260,330
Due to related parties (Note 9)	187,163	400,729
Deferred income (Note 10)	5,513,976	4,098,227
Long term debt (Note 11)	9,904,949	11,329,884
	17,412,247	18,022,947
NET FINANCIAL ASSETS	9,691,980	5,578,079
NON-FINANCIAL ASSETS		
Prepaid expenses	143,662	695,557
Tangible capital assets	63,141,639	59,829,868
	63,285,301	60,525,425
ACCUMULATED SURPLUS	\$ 72,977,281	\$ 66,103,504
CONTINGENT LIABILITY (Note 17)		
GUARANTEES (Note 14)		
ON BEHALF OF COUNCIL		
	Chief	
	Councillor	

See notes to financial statements

SHESHATSHIU INNU FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus
Year Ended March 31, 2019

	Budget 2019	Total 2019	Total 2018
REVENUES			
Federal government operating transfers (Note 12)	\$ 16,725,426	\$ 10,960,390	\$ 10,957,112
Federal government capital transfers (Note 12)	-	1,026,770	1,228,150
Sheshatshiu and Mushuau Innu First Nations Trust	12,604,470	12,526,144	7,625,427
Miscellaneous revenues	1,334,625	857,098	729,628
Provincial government operating transfers (Note 12)	6,117,682	5,793,455	1,140,942
Provincial government capital transfers (Note 12)	-	107,395	5,096
Infrastructure Park	-	612,000	612,000
Rental income	388,500	557,504	491,343
Insurance proceeds	170,850	170,850	171,286
Innu Nation	1,171,525	957,281	1,067,534
Interest income	-	118,482	59,830
Innu Development Limited Partnership	-	19,180	96,097
Share of income in business enterprises (Note 6)	2,356,727	3,257,043	7,974,718
	40,869,805	36,963,592	32,159,163
EXPENSES			
ASETS	1,192,999	821,161	774,507
Aboriginal head start	513,989	435,812	236,675
Adult care	191,870	191,812	189,877
Arena operations	382,391	383,352	248,023
Band support	5,152,394	4,704,938	4,282,261
Community assistance	3,770,295	3,737,376	2,923,550
Community justice	310,518	158,531	190,816
Community youth network	51,600	51,684	52,530
Economic development	258,335	265,444	205,894
Education	-	1,212,493	1,006,163
Group home	863,874	412,800	832,828
Group home transition	-	-	1,109,019
Health	5,480,218	5,045,891	4,659,285
Shushepeshipan Ishpitentamun Mitshuap Inc.	2,331,582	1,244,662	-
Housing	3,450,774	2,441,838	2,540,476
Capital	12,651,941	4,624,767	5,079,944
Outpost program	608,500	608,541	595,607
Public works	1,156,658	1,157,472	963,636
Recreation	1,014,669	1,104,781	1,186,999
Safe house	404,000	442,620	422,338
Sewage treatment	184,119	140,142	318,729
Shelter	420,676	424,440	439,696
Social workers	478,403	479,258	484,229
	40,869,805	30,089,815	28,743,082
ANNUAL SURPLUS			
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	6,873,777	3,416,081
ACCUMULATED SURPLUS - END OF YEAR	\$ 66,103,504	\$ 72,977,281	\$ 66,103,504

See notes to financial statements

SHESHATSHIU INNU FIRST NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2019

	2019	2018
<u>ANNUAL SURPLUS</u>	\$ 6,873,777	\$ 3,416,081
Amortization of tangible capital assets	5,703,271	5,496,263
Purchase of tangible capital assets	(9,015,044)	(3,032,793)
<u>Decrease (increase) in prepaid expenses</u>	551,897	(462,116)
	(2,759,876)	2,001,354
INCREASE IN NET FINANCIAL ASSETS	4,113,901	5,417,435
<u>NET FINANCIAL ASSETS - BEGINNING OF YEAR</u>	5,578,079	160,644
<u>NET FINANCIAL ASSETS - END OF YEAR</u>	\$ 9,691,980	\$ 5,578,079

See notes to financial statements

SHESHATSHIU INNU FIRST NATION
Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Surplus	\$ 6,873,777	\$ 3,416,081
Items not affecting cash:		
Amortization of capital assets	5,703,271	5,496,263
Share of income in earnings of business enterprises	(3,257,043)	(7,974,718)
	9,320,005	937,626
Changes in non-cash working capital:		
Accounts receivable	354,426	(558,800)
Due from governments	(892,833)	(1,119,935)
Accounts payable	(260,960)	513,762
Prepaid expenses	551,895	(462,119)
Trust funds held by federal government	(243,133)	32,116
Deferred income	1,415,749	1,074,127
Due to governments	(126,984)	28,597
	798,160	(492,252)
Cash flow from operating activities	10,118,165	445,374
INVESTING ACTIVITIES		
Purchase of capital assets	(9,015,044)	(3,032,793)
Distribution of earnings from business enterprises	1,975,708	3,270,323
Cash flow from (used by) investing activities	(7,039,336)	237,530
FINANCING ACTIVITIES		
Advances from related parties	(213,566)	19,984
Proceeds from long term financing	-	200,000
Repayment of long term debt	(1,424,935)	(1,471,220)
Cash flow used by financing activities	(1,638,501)	(1,251,236)
INCREASE (DECREASE) IN CASH FLOW	1,440,328	(568,332)
Cash - beginning of year	5,350,827	5,919,159
CASH - END OF YEAR	\$ 6,791,155	\$ 5,350,827
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 118,482	\$ 59,830
Interest paid	\$ 300,450	\$ 308,752
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 6,107,723	\$ 4,667,395
Bank - CMHC account	683,432	683,432
	\$ 6,791,155	\$ 5,350,827

See notes to financial statements

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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.

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 entity, Innu Development Limited Partnership, is included in these consolidated statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's new income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation.

Sheshatshiu Innu First Nation Operations Fund and Shushepeshipan Ishpitentamun Mitshuap Inc. are consolidated in these financial statements.

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 not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

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

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.

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SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. In the first year of use capital assets are amortized at 50% of the normal rate

Roads	10 years	straight-line method
Houses	20 years	straight-line method
Buildings	20 years	straight-line method
Water and Sewer	25 years	straight-line method
Recreation	10 years	straight-line method
Equipment	3 years	straight-line method
Vehicles	5 years	straight-line method

Tangible Capital Assets acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Measurement uncertainty

In preparing the financial statements for the government of 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;
- the allowance for doubtful accounts.

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2019	2018
Opening balance	\$ 28,912	\$ 61,028
Additions	347,461	6,253
Withdrawals	(104,328)	(38,369)
	\$ 272,045	\$ 28,912

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.

3. ACCOUNTS RECEIVABLE

	2019	2018
Due from non-members	\$ 1,843,364	\$ 2,197,790
Due from members	23,510	26,822
	1,866,874	2,224,612
Allowance for doubtful accounts	(23,510)	(26,822)
	\$ 1,843,364	\$ 2,197,790

4. DUE FROM GOVERNMENT

	2019	2018
Canada Revenue Agency - HST	\$ 690,308	\$ 377,954
CMHC	235,765	98,150
Indigenous Services Canada	1,186,733	1,160,607
Service Canada	1,500	16,153
Government of Newfoundland and Labrador	308,872	286,647
Health Canada	518,076	224,013
Public Health Agency	13,880	11,323
Justice Canada	47,500	-
ACOA	65,046	-
	\$ 3,067,680	\$ 2,174,847

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

5. CMHC RESERVE

	2019	2018
Balance, beginning of year	\$ 574,395	\$ 644,055
Additions to reserve	249,433	104,775
Reserve funds used	(41,783)	(174,435)
	\$ 782,045	\$ 574,395

Use of the 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 \$683,423 (2018 - 683,423)

6. 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:

	2019	2018
Cash	\$ 2,581,083	\$ 3,332,795
Accounts Receivable	90,723	150,662
Due from Related Parties	7,857,412	8,076,691
Prepays	4,587	5,104
Tangible Capital Assets	70,365	34,873
Long Term Investments	19,521,351	15,461,438
Intangible Assets	562,000	562,000
Total Assets	30,687,521	27,623,563
Accounts Payable	231,155	88,095
Equity	30,456,366	27,535,468
Total Liabilities and Equity	30,687,521	27,623,563
Revenue	10,549,115	17,760,614
Expenses	(3,147,637)	(3,058,012)
Net Income	7,401,478	14,702,602

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

7. PAYABLES AND ACCRUALS

	2019	2018
Trade payables and accrued liabilities	\$ 1,579,037	\$ 1,846,351
Accrued salaries and benefits payable	93,776	87,426
	\$ 1,672,813	\$ 1,933,777

8. DUE TO GOVERNMENTS

	2019	2018
Health Canada	\$ 21,043	\$ 93,510
Canada Revenue Agency - Employee Deductions Payable	112,303	64,217
Indigenous Services Canada	-	102,603
	\$ 133,346	\$ 260,330

9. DUE TO RELATED PARTIES

	2019	2018
Due to Innu Development Limited Partnership	\$ 464,477	\$ 464,477
Due from Labrador Innu Round Table Secretariat Inc.	(277,314)	(63,748)
Due from Sheshatshiu Tourism Inc.	(282,892)	(282,892)
Allowance for Doubtful Account for Related Party	282,892	282,892
	\$ 187,163	\$ 400,729

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

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.

The Sheshatshiu Innu First Nation has significant influence over Labrador Round Table Secretariat as it appoints half of its board members.

Expenses include 203,433 (2018 - \$240,698) paid or payable to a related party.

Revenue includes 260,653 (2018 - \$347,041) 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.

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

10. DEFERRED REVENUE

	Opening	Used	Current year	2019	2018
Indigenous Services Canada	\$ 2,051,561	\$ 628,322	\$ 1,371,496	\$ 2,794,735	\$ 2,051,561
Government of Newfoundland and Labrador	14,191	14,191	42,942	42,942	14,191
Public Health Agency	42,338	42,338	9,400	9,400	42,338
Atlantic Canada Opportunities Agency	-	-	65,046	65,046	-
Service Canada	182,290	182,290	282,657	282,657	182,290
Sheshatshiu and Mushuau Innu First Nation Trust	1,807,847	1,762,943	1,531,566	1,576,470	1,807,847
Health Canada	-	-	742,726	742,726	-
	\$ 4,098,227	\$ 2,630,084	\$ 4,045,833	\$ 5,513,976	\$ 4,098,227

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

11. LONG TERM DEBT

	2019	2018
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$5,983. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	\$ 843,598	\$ 898,950
CMHC loan bearing interest at 1.92% per annum, repayable in monthly blended payments of \$1,038. The loan is renewable on April 1, 2019 and matures on May 1, 2029.	115,254	125,428
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$3,554. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	504,906	538,035
CMHC loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$1,694. The loan is renewable on August 1, 2021 and matures on July 1, 2031.	235,247	253,023
CMHC loan bearing interest at 1.84% per annum, repayable in monthly blended payments of \$2,678. The loan is renewable on September 1, 2022 and matures on July 1, 2032.	380,533	405,502
CMHC loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$1,006. The loan is renewable on August 1, 2019 and matures on July 1, 2031.	139,707	150,264
CMHC loan bearing interest at 1.05% per annum, repayable in monthly blended payments of \$2,117. The loan is renewable on August 1, 2021 and matures on July 1, 2031.	294,084	316,306
CMHC loan bearing interest at 1.31% per annum, repayable in monthly blended payments of \$1,391. The loan is renewable on December 1, 2021 and matures on September 1, 2026.	119,310	134,353
CMHC loan bearing interest at 1.85% per annum, repayable in monthly blended payments of \$1,095. The loan is renewable on August 1, 2019 and matures on June 1, 2034.	203,033	214,459
CMHC loan bearing interest at 1.85% per annum, repayable in monthly blended payments of \$1,887. The loan is renewable on August 1, 2019 and matures on June 1, 2034.	301,365	318,325
CMHC loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$2,903. The loan is renewable on September 1, 2019 and matures on September 1, 2034.	471,142	497,234
CMHC loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$1,685. The loan is renewable on September 1, 2019 and matures on September 1, 2034.	273,476	288,621
CMHC loan bearing interest at 2.48% per annum, repayable in monthly blended payments of \$400. The loan is renewable on August 1, 2023 and matures on August 1, 2038.	74,057	77,028

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SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

11. LONG TERM DEBT (continued)

	2019	2018
CMHC loan bearing interest at 0.94% per annum, repayable in monthly blended payments of \$2,096. The loan is renewable on September 1, 2020 and matures on September 1, 2035.	384,660	406,115
CMHC loan bearing interest at 0.94% per annum, repayable in monthly blended payments of \$961. The loan is renewable on September 1, 2020 and matures on September 1, 2035.	176,374	186,212
CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$364. The loan is renewable on June 1, 2022 and matures on June 1, 2037.	69,979	73,289
CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$722. The loan is renewable on June 1, 2022 and matures on June 1, 2037.	138,421	144,969
CMHC loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$943. The loan is renewable on June 1, 2021 and matures on July 1, 2036.	178,186	187,434
CMHC loan bearing interest at 1.11% per annum, repayable in monthly blended payments of \$1,337. The loan is renewable on April 1, 2021 and matures on March 1, 2036.	248,737	261,962
CMHC loan bearing interest at 1.43% per annum, repayable in monthly blended payments of \$904. The loan is renewable on April 1, 2022 and matures on April 1, 2037.	172,939	181,263
CMHC loan bearing interest at 1.5% per annum, repayable in monthly blended payments of \$1,272. The loan is renewable on August 1, 2019 and matures on June 1, 2034.	209,934	219,865
CMHC loan bearing interest at 1.97% per annum, repayable in monthly blended payments of \$1,001. The loan is renewable on December 1, 2022 and matures on October 1, 2027.	94,948	105,006
CMHC loan bearing interest at 1.85% per annum, repayable in monthly blended payments of \$751. The loan is renewable on August 1, 2019 and matures on August 1, 2039.	153,544	159,683
CMHC loan bearing interest at 1.08% per annum, repayable in monthly blended payments of \$1,065. The loan is renewable on August 1, 2020 and matures on August 1, 2025.	79,266	91,134
CMHC loan bearing interest at 1.13% per annum, repayable in monthly blended payments of \$406. The loan is renewable on July 1, 2021 and matures on July 1, 2041.	96,289	100,059
CMHC loan bearing interest at 1.43% per annum, repayable in monthly blended payments of \$422. The loan is renewable on April 1, 2022 and matures on April 1, 2042.	99,727	103,350

(continues)

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

11. LONG TERM DEBT (continued)

	2019	2018
RBC term loan bearing interest at 3.73% per annum, repayable in monthly blended payments of \$50,211. The loan matures on June 4, 2020.	2,888,818	3,354,734
BMO loan bearing interest at prime plus 1.5% per annum, repayable in monthly principal payments of \$25,000. The loan matures on February 1, 2021.	957,415	1,257,415
BMO demand loan bearing interest at 0.5% per annum, repayable in annual principal payments of \$280,000. The loan was repaid during the year.	-	279,866
	\$ 9,904,949	\$ 11,329,884

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 RBC term loan.

The First Nation has provided as 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.

Principal repayment terms are approximately:

2020	\$ 1,314,300
2021	1,198,700
2022	1,223,600
2023	1,004,115
2024	976,000
Thereafter	<u>4,188,234</u>
	<u>\$ 9,904,949</u>

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

12. GOVERNMENT TRANSFERS

	Operating	Capital	2019	2018
Indigenous Services Canada	\$ 4,423,611	\$ 855,182	\$ 5,278,793	\$ 6,467,288
Health Canada	4,561,064	171,588	4,732,652	3,909,805
Justice Canada	95,000	-	95,000	95,000
Service Canada	850,422	-	850,422	788,114
Canadian Housing and Mortgage Corporation	627,162	-	627,162	702,923
Public Health agency	403,131	-	403,131	222,132
	10,960,390	1,026,770	11,987,160	12,185,262
Government of Newfoundland and Labrador	5,793,455	107,395	5,900,850	1,146,038
	\$ 16,753,845	\$ 1,134,165	\$ 17,888,010	\$ 13,331,300

13. EXPENSES BY OBJECT

	2019	2018
Travel	\$ 2,489,046	\$ 2,195,307
Amortization	5,703,272	5,496,259
Salaries & Wages	10,662,947	9,975,800
Other	6,343,012	4,101,212
Professional Fees	531,384	888,321
Repairs & Maintenance	1,694,190	3,587,975
Supplies	618,121	479,537
Insurance	541,080	523,448
Community Payouts	979,000	955,000
Telephone	227,313	231,470
Interest	300,450	308,753
	\$ 30,089,815	\$ 28,743,082

14. GUARANTEES

Canada Mortgage and Housing Corporation has provided forgivable loans for home renovations. These loans are guaranteed by the the individual home owners and the First Nation. These loans are forgiven over a three year period. As at March 31, 2019 these loans have unforgiven balances of \$195,369.

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, 2019 is \$75,833.

SHESHATSHIU INNU FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

15. BUDGETED FIGURES

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

16. PENSION PLAN

Sheshatshiu Innu First Nation provides a defined contribution pension plan ("DCPP") 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 the 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 \$345,326 to the DCPP during the fiscal period ending March 31, 2019.

Sheshatshiu Innu First Nation does not have any other obligation with regards to the DCPP as at March 31, 2019.

17. CONTINGENT LIABILITY

In the 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, 2019 the total balance of these accounts is \$429,033.

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.

SHESHATSHIU INNU FIRST NATION
Schedule of Tangible Capital Assets
March 31, 2019

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance
Tangible Capital Assets								
Roads	2,962,938	515,643	306,255	3,172,326	1,094,603	211,037	306,255	999,385
Residential buildings	41,302,481	6,299,386	2,456,712	45,145,155	19,000,635	2,257,257	2,456,712	18,801,180
Community buildings	37,548,902	1,821,041	448,040	38,921,903	17,099,790	1,864,125	448,039	26,343,975
Water and sewer system	25,946,872	-	-	25,946,872	11,256,058	1,156,239	-	12,412,297
Recreation	111,542	-	-	111,542	27,885	11,154	-	39,039
Equipment	198,615	53,188	40,000	211,803	103,432	37,093	28,728	111,797
Vehicles	1,080,733	235,313	390,860	935,186	749,810	166,367	402,130	514,047
Assets Under Construction								
Community buildings	-	90,473	-	90,473	-	-	-	90,473
Total	109,162,083	9,015,044	3,641,867	114,535,260	49,332,213	5,703,271	3,641,864	51,393,620

SHESHATSHU INNU FIRST NATION
Schedule of Segmented Disclosure
March 31, 2019

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 2019	Actual 2018	Budget 2019	Actual 2019	Budget 2019	Actual 2018
Revenue						
Federal government	\$ 1,568,959	\$ 1,309,554	\$ 1,010,246	\$ 5,716,075	\$ 5,158,009	\$ 4,387,097
Provincial government	-	-	25,147	139,650	139,650	-
Other revenue	194,029	194,029	22,866	294,766	294,766	-
Share of income in business enterprises	-	-	-	-	348,509	36,875
Total Revenue	1,762,988	1,503,583	1,058,259	6,150,491	5,592,425	4,736,106
Expenditures						
Wages and benefits	635,780	554,170	595,708	3,856,820	3,644,818	3,370,650
Amortization	-	1,005,872	1,004,683	-	461,448	426,322
Interest expense	-	-	-	-	-	-
Other expense	1,127,208	909,423	416,954	2,293,671	1,610,695	1,536,419
Total Expenses	1,762,988	2,469,465	2,017,345	6,150,491	5,716,961	5,333,391
Annual Surplus (deficit)	\$ -	\$ (965,882)	\$ (959,086)	\$ -	\$ (124,536)	\$ (597,285)
					\$ -	\$ (7,109)
						\$ 180,275

SHESHATSHIU INNU FIRST NATION
Schedule of Segmented Disclosure
March 31, 2019

	Budget 2019	Capital Actual 2019	Actual 2018	Budget 2019	Community Services Actual 2019	Actual 2018	Budget 2019	Governance Actual 2019	Actual 2018
Revenue									
Federal government	\$ 4,773,679	\$ 2,062,571	\$ 3,242,498	\$ 2,674,887	\$ 1,465,200	\$ 1,977,201	\$ 1,779,546	\$ 1,779,546	\$ 1,399,211
Provincial government	2,286,467	2,286,467	-	2,787,572	2,787,572	923,925	903,993	687,161	196,516
Other revenue	8,750,876	9,306,944	5,061,355	4,135,252	4,135,252	3,134,089	2,258,172	1,850,673	2,069,616
Share of income in business enterprises	291,693	1,192,009	942,950	1,610,653	1,610,653	6,602,268	445,201	445,201	429,000
Total Revenue	16,102,715	14,847,991	9,246,803	11,208,364	9,998,677	12,637,483	5,386,912	4,762,581	4,094,343
Expenditures									
Wages and benefits	525,231	532,351	405,264	3,059,823	2,897,677	2,758,436	3,149,368	2,886,821	2,711,953
Amortization	-	3,779,087	3,666,177	-	235,034	225,621	-	221,831	173,456
Interest expense	756,998	300,450	308,752	-	-	-	-	-	-
Other expense	14,820,486	2,454,716	3,240,227	8,148,541	6,575,159	6,154,759	2,237,544	1,754,819	1,541,807
Total Expenses	16,102,715	7,066,604	7,620,420	11,208,364	9,707,870	9,138,816	5,386,912	4,863,471	4,427,216
Annual Surplus (deficit)	\$ -	\$ 7,781,387	\$ 1,626,383	\$ -	\$ 290,807	\$ 3,498,667	\$ -	\$ (100,890)	\$ (332,873)

SHESHATSHU INNU FIRST NATION
Schedule of Segmented Disclosure
March 31, 2019

	Budget 2019	Actual 2019	Total 2018
Revenue			
Federal government	\$ 16,725,426	\$ 11,987,160	\$ 12,185,712
Provincial government	6,117,682	5,900,850	1,145,588
Other revenue	15,669,970	15,818,539	10,853,145
Share of income in business enterprises	<u>2,356,727</u>	<u>3,257,043</u>	<u>7,974,718</u>
Total Revenue	40,869,805	36,963,592	32,159,163
Expenditures			
Wages and benefits	11,381,916	10,662,945	9,975,800
Amortization	-	5,703,272	5,496,259
Interest expense	756,998	300,450	308,752
Other expense	28,730,891	13,423,148	12,962,271
Total Expenses	40,869,805	30,089,815	28,743,082
Annual Surplus (deficit)	\$ -	\$ 6,873,777	\$ 3,416,081