

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Shoal Lake Cree Nation are the responsibility of management and have been approved by the First Nation's 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 the Canadian Institute of Chartered Accountants 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 First Nation's Council is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation's Council meets periodically with management, as well as the external auditors, to discuss internal controls over the 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 external auditor's report.

The external auditors, NeuPath Group Chartered Professional Accountants, 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 financial management of Shoal Lake Cree Nation and meet when required.



Chief Carlton Bear

Bernelda Young, Band Manager

Pakwaw Lake, Saskatchewan
August 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Shoal Lake Cree Nation

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

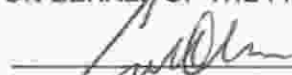
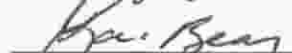
Opinion

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

SHOAL LAKE CREE NATION
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial Assets		
Cash	\$ 3,604	\$ 44,151
Accounts receivable (Note 3)	888,530	690,299
Restricted cash - capital projects (Note 4)	162,226	253,435
Restricted cash - CMHC replacement reserve (Note 5)	611,665	609,094
Portfolio investments (Note 6)	20,000	20,000
Investments in government business enterprises (Note 7)	1,884,963	1,882,701
Trust funds held by federal government (Note 8)	34,884	34,231
	3,605,872	3,533,911
Liabilities		
Bank indebtedness (Note 9)	397,735	32,815
Accounts payable and accrued liabilities (Note 10)	1,840,231	733,426
Deferred revenue (Note 11)	535,269	209,070
Long term debt (Note 12)	4,654,037	5,537,872
	7,427,272	6,513,183
Net Debt	(3,821,400)	(2,979,272)
Non-Financial Assets		
Tangible Capital Assets (Schedule 1)	20,360,482	19,762,307
Prepaid expenses	-	5,400
	20,360,482	19,767,707
Accumulated Surplus (Note 14)	\$ 16,539,082	\$ 16,788,435
CONTINGENT LIABILITY (Note 13)		

ON BEHALF OF THE FIRST NATION

 Chief
 Councillor

 Councillor
 Councillor

SHOAL LAKE CREE NATION
Consolidated Statement of Operations
Year Ended March 31, 2017

	Budget 2017	2017	2016
REVENUE			
Indigenous and Northern Affairs Canada	\$ 6,123,512	\$ 5,650,678	\$ 6,309,211
Prince Albert Grand Council	1,526,005	1,547,657	1,169,191
First Nations and Inuit Health Branch	530,704	542,910	989,285
Canada Mortgage and Housing Corporation	-	328,719	348,306
First Nations Trust	338,000	324,358	340,874
Rental revenue	44,600	206,550	181,271
Other revenue	89,198	143,847	475,273
Northern Lights Community Development Corp.	34,091	109,761	132,438
Government business enterprises (Note 15)	50,000	52,261	37,573
INAC forfeited funding	-	(9,739)	(4,426)
FNIHB forfeited funding	-	(50,516)	-
	8,736,110	8,846,486	9,976,996
EXPENDITURES			
Band Administration (Schedule 3)	259,139	736,437	593,992
Band Based Capital/Housing (Schedule 4)	188,698	749,681	853,927
Community Infrastructure (Schedule 6)	258,320	842,844	512,341
Economic Development (Schedule 7)	2,620	18,921	9,078
Education (Schedule 8)	2,909,691	3,132,043	2,947,588
Health (Schedule 9)	991,586	1,197,631	1,170,958
Other Programs (Schedule 10)	320,398	673,262	479,352
Social Development (Schedule 11)	1,592,738	1,745,020	1,752,357
	6,523,190	9,095,839	8,319,593
Annual Surplus (Deficit)	2,212,920	(249,353)	1,657,403
Accumulated surplus at beginning of year	16,788,435	16,788,435	15,131,032
Accumulated surplus at end of year	\$ 19,001,355	\$ 16,539,082	\$ 16,788,435

SHOAL LAKE CREE NATION
Consolidated Statement of Change in Net Debt
Year Ended March 31, 2017

	Budget 2017	2017	2016
Annual surplus (deficit)	2,212,920	(249,353)	1,657,403
Acquisition of tangible capital assets	(1,192,937)	(1,594,537)	(3,488,508)
Proceeds on disposal of tangible capital assets	-	113,442	83,694
Amortization of tangible capital assets	12,000	996,362	834,599
Loss (gain) on sale of tangible capital assets	-	(113,442)	(54,284)
Use (purchase) of prepaid expenses	-	5,400	8,548
Change in net debt	1,031,983	(842,128)	(958,548)
Net debt at beginning of year	(2,979,272)	(2,979,272)	(2,020,724)
Net debt at end of year	\$ (1,947,289)	\$ (3,821,400)	\$ (2,979,272)

SHOAL LAKE CREE NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	\$ (249,353)	\$ 1,657,403
Items not affecting cash:		
Amortization	996,362	834,599
Loss (gain) on disposal of tangible capital assets	(113,442)	(54,284)
Net income from government business enterprises	(52,261)	(37,573)
	581,306	2,400,145
Changes in non-cash working capital:		
Accounts receivable	(198,231)	(166,987)
Restricted cash - capital projects	91,209	455,075
Accounts payable and accrued liabilities	1,106,805	(519,352)
Deferred revenue	326,199	151,112
Prepaid expenses	5,400	8,548
	1,331,382	(71,604)
Cash flow from operating activities	1,912,688	2,328,541
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(1,594,538)	(3,488,508)
Proceeds on disposal of tangible capital assets	113,442	83,694
Increase in trust funds held by federal government	(653)	(690)
Distributions from government business enterprises	50,000	72,464
Decrease (increase) in restricted cash - CMHC replacement reserve	(2,571)	(303,759)
Cash flow used by investing activities	(1,434,320)	(3,636,799)
FINANCING ACTIVITIES		
Proceeds from long term financing	-	2,453,994
Repayment of long term debt	(883,835)	(1,103,674)
Cash flow from (used by) financing activities	(883,835)	1,350,320
INCREASE (DECREASE) IN CASH FLOW	(405,467)	42,062
Cash resources (deficiency) - beginning of year	11,336	(30,726)
CASH RESOURCES - END OF YEAR	\$ (394,131)	\$ 11,336
CASH (DEFICIENCY) CONSISTS OF:		
Cash	\$ 3,604	\$ 44,151
Bank indebtedness	(397,735)	(32,815)
	\$ (394,131)	\$ 11,336

1. NATURE OF OPERATIONS

The Shoal Lake Cree Nation (the "First Nation") is located in the province of Saskatchewan and provides various essential services to its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Reporting entity

The Shoal Lake Cree Nation reporting entity includes the Shoal Lake Cree Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

All controlled entities are fully consolidated on a line by line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Interorganizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Shoal Lake Cree Nation's Investment in the government business enterprise and the enterprise's net income and other change in equity are recorded. No adjustments is made for accounting policies of the enterprise that are different from those of Shoal Lake Cree Nation.

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

Shoal Lake Cree Nation Section 95 Social Housing Operation

Organizations accounted for on a modified equity basis include:

Prince Albert Development Corporation	8.33%
Prince Albert First Nations Business Development LP	8.33%
Eastern Sector Community Development Corporation	33.33%
Eastern Sector Community Development LP	33.33%

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Cash Resources

Cash resources include cash on hand and bank balances.

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

Restricted cash consists of funds held in the CMHC replacement reserve and operating reserve bank accounts and the funds managed by a project manager. The project manager is responsible for the completion of the capital projects and the CMHC replacement and operating reserves are used to pay eligible expenditures of the CMHC housing units.

Trust Funds Held by Federal Government

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund consist of:

- a) capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets; and
- b) revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenues from trust monies are recognized when measurable, earned and collection is reasonably assured. These monies are reported on by the Government of Canada.

Portfolio Investments

Portfolio investments consist of investments held by the First Nation in separate legal entities over which the First Nation does not have the ability to exercise control. Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss that is other than a temporary decline. Entities included in portfolio investments are as follows:

Nipawin Biomass Ethanol New Generation Co-operative Ltd.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a declining balance basis over the expected useful life of the assets as reported in the table that follows. Assets under construction are not amortized.

Automotive equipment	30%
Furniture and equipment	20%
Schools	10%
Commercial buildings	10%
Firetruck	10%
Pipeline, water, sanitation and drainage	5%
Roadways	5%
Housing	4%

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to Shoal Lake Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an 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. 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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Measurement uncertainty

In preparing the consolidated financial statements for Shoal Lake Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

Basis of segmentation

The First Nation has adopted the Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

The segments (functions) are as follows:

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

Social Development: The social development segment is comprised of adult care, home care, day care, headstart, basic needs, special needs, social administration and the National Child Benefit program.

Band Government: The band government segment provides for the administration of the First Nation.

Community Infrastructure: The community infrastructure segment provides for the delivery of water, collecting and treating of wastewater, collection and disposal of solid waste, maintenance of community buildings and roads and fire protection.

Education: The education segment provides for the delivery of educational services, student transportation services, maintenance of teacherages, and post secondary support.

Band Based Capital: The band based capital segment provides for the maintenance of band-owned housing as well as houses operated under the Section 95 Social Housing CMHC Program.

Health: The health segment delivers health services including prevention projects, medical transportation, mental health, solvent abuse, prenatal nutrition and oral health, among others.

Economic Development: The economic development segment delivers services aimed at stimulating economic development.

Other Programs: The other programs segment includes investment income earned from government business enterprises, income earned from trust funds held by the federal government, and the delivery of assistance and community services from the utilization of First Nations Trust gaming revenues and Northern Lights Community Development Corporation revenues.

Asset classification

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

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Accumulated surplus is comprised of two components, financial assets and non-financial assets.

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

Recent accounting pronouncements

A number of new standards and amendments to standards which may impact the First Nation are not yet effective for the year ended March 31, 2017, and have not been applied in preparing these consolidated financial statements.

Assets (PS 3210)

This standard, which is effective April 1, 2017, provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate cannot be made, the reason(s) for this should be disclosed.

Related Party Disclosures (PS 2200) and Inter-entity Transactions (PS 3420)

These standards, which are effective April 1, 2017, address the reporting of transactions between entities controlled by the government's reporting entity from both a provider and recipient perspective. Disclosure of this information is required whether or not the transaction is given accounting recognition.

Foreign Currency Translation (PS 2601)

This standard, which is effective April 1, 2019, requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Unrealised gains and losses are to be presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item.

Contingent Assets (PS 3320)

This standard, which is effective April 1, 2017, addresses the reporting of possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. Disclosure should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made. When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts, unless such a disclosure would have an adverse impact on the outcome.

Contractual Rights (PS 3380)

This standard, which is effective April 1, 2017, addresses the reporting of rights to economic resources arising from contracts or agreement that will result in both an asset and revenue in the future. Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right. Disclosures should include descriptions about nature, extent and timing.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Restructuring Transactions (PS 3430)

This standard, which is effective April 1, 2018, provides guidance to transfers of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that do not involve an exchange of consideration. Individual assets and liabilities transferred in a restructuring transaction are unrecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments. The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense. The financial position and results of operations prior to the restructuring date are not restated.

Financial Instruments (PS 3450)

This standard, which is effective April 1, 2019, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the First Nation. Unrealised gains and losses are presented in a new statement of remeasurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

Portfolio Investments (PS 3041)

This standard, which is effective April 1, 2019, has removed the distinction between temporary and portfolio investments. This section was amended to conform to Financial Instruments (PS 3450), and will include pooled investments in its scope. Upon adoption of PS 3450 and PS 3041, Temporary Investments (PS 3030) will no longer apply.

Financial Statement Presentation (PS 1201)

This standard, which is effective April 1, 2019, was amended to conform to Financial Instruments (PS 3450), and requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealised gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

SHOAL LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

3. ACCOUNTS RECEIVABLE

	2017	2016
Due from members	\$ 619,020	\$ 496,588
Less: allowance for doubtful accounts	(597,367)	(448,209)
	21,653	48,379
Canada Mortgage and Housing Corporation	215,153	64,225
First Nations and Inuit Health Branch	20,415	272,913
First Nations Trust	242,605	-
Government of Canada - GST rebates	21,081	20,985
Indigenous and Northern Affairs Canada	290,610	16,377
Northern Lights Community Development Corporation	22,028	36,582
Other	-	114,975
Prince Albert Grand Council	54,985	97,499
Rent	-	18,364
	\$ 888,530	\$ 690,299

4. RESTRICTED CASH - CAPITAL PROJECTS

Restricted cash relating to capital projects consists of funds managed by capital project managers who are responsible for payment of expenses relating to capital project funding by Indigenous and Northern Affairs Canada.

5. RESTRICTED CASH - CMHC REPLACEMENT RESERVE

Shoal Lake Cree Nation is required under agreement with CMHC to set aside funds to finance future qualifying housing expenditures. The First Nation has \$611,665 (2016 - \$609,094) of cash restricted to fund CMHC reserves. As at March 31, 2017, the reserves are underfunded by \$49,077 (2016 - \$207,633). The CMHC reserve cash consists of funds on deposit with financial institutions for the purpose of funding the CMHC Housing Replacement Reserve.

6. PORTFOLIO INVESTMENTS

Portfolio investments consist of 40 Class C shares in Nipawin Biomass Ethanol New Generation Co-operative Ltd. There is no active trading market for these shares.

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Shoal Lake Cree Nation's investments in government business enterprises consists of the following:

	2017	2016
Prince Albert Development Corporation	\$ 24,815	\$ 24,456
Prince Albert First Nations Business Development LP	1,860,148	1,858,245
	1,884,963	1,882,701

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7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES *(continued)*

Summarized financial information for Prince Albert Development Corporation for the year ending March 31, 2017 is as follows:

Total assets	305,287	298,989
Total liabilities	7,513	5,513
Shareholder's equity	297,774	293,476
Income	6,298	4,526
Expenses	2,000	2,000
Net earnings	4,298	2,526

Summarized financial information for Prince Albert First Nations Business Development Limited Partnership for the year ending March 31, 201 is as follows:

Total assets	22,716,433	22,973,343
Total liabilities	89,376	375,413
Partners' capital	22,627,057	22,597,930
Income	930,943	795,967
Expenses	301,817	343,097
Net earnings	629,126	452,870

Financial statements for Eastern Sector Development Corporation have not been prepared since the year ending March 31, 2015. At that time the corporation had minimal assets and liabilities. It is anticipated that little change has occurred since then as the corporation is inactive.

Financial statements for Eastern Sector Development LP have not been prepared since the year ending March 31, 2015. At that time the partnership had minimal assets and liabilities. It is anticipated that little change has occurred since then as the partnership is inactive.

8. TRUST FUNDS

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds are primarily governed by the Sections 63 to 69 of the Indian Act.

	Capital	Revenue	2017	2016
Balance, beginning of year	\$ -	\$ 34,231	\$ 34,231	\$ 33,541
Interest earned	-	653	653	690
	\$ -	\$ 34,884	\$ 34,884	\$ 34,231

9. BANK INDEBTEDNESS

Bank indebtedness consists of cheques issued in excess of deposits. The First Nation has an operating loan with an authorized credit limit of \$200,000 with First Nations Bank, bearing interest at prime plus 1.85%. The operating loan is secured by a Band Council Resolution authorizing redirection of INAC funding, a general security agreement and access to on-reserve assets.

10. ACCOUNTS PAYABLE

	2017	2016
First Nations and Inuit Health Branch	\$ 42,963	\$ -
Indigenous and Northern Affairs Canada	273,094	321,901
Prince Albert Grand Council	170,532	-
Trade payables - operating	471,796	316,360
Trade payables - construction	881,846	95,165
	\$ 1,840,231	\$ 733,426

11. DEFERRED REVENUE

	2017	2016
INAC - Drainage capital project	\$ 9,903	\$ 9,903
INAC - Immediate needs housing	360,524	-
INAC - Multi-units project	16,504	-
INAC - Strategic plan	7,125	-
INAC - Water treatment plant capital project	141,213	189,167
Northern Lights Community Development Corporation	-	10,000
	\$ 535,269	\$ 209,070

12. LONG TERM DEBT

	2017	2016
Scotiabank Phase III loan bearing interest at 5.19% per annum, repayable in monthly blended payments of \$1,255. The loan matured on March 1, 2017 and was secured by guarantee of the Government of Canada.	\$ -	\$ 14,568
Scotiabank Phase IV loan bearing interest at 3.09% per annum, repayable in monthly blended payments of \$1,352. The loan matures on February 1, 2018 and is secured by guarantee of the Government of Canada.	14,337	29,524
CMHC Phase V loan bearing interest at 1.82% per annum, repayable in monthly blended payments of \$803. The loan matures on June 1, 2024 and is secured by guarantee of the Government of Canada.	65,372	73,737
CMHC Phase VI loan bearing interest at 1.13% per annum, repayable in monthly blended payments of \$1,495. The loan matures on October 1, 2025 and is secured by guarantee of the Government of Canada.	146,691	162,518
CMHC Phase VII loan bearing interest at 2.11% per annum, repayable in monthly blended payments of \$1,364. The loan matures on November 1, 2028 and is secured by guarantee of the Government of Canada.	169,170	181,842

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Notes to Consolidated Financial Statements

Year Ended March 31, 2017

12. LONG TERM DEBT (continued)

	2017	2016
CMHC Phase VIII loan bearing interest at 1.92% per annum, repayable in monthly blended payments of \$4,146. The loan matures on February 1, 2029 and is secured by guarantee of the Government of Canada.	529,766	568,999
CMHC Phase IX loan bearing interest at 1.04% per annum, repayable in monthly blended payments of \$2,066. The loan matures on October 1, 2025 and is secured by guarantee of the Government of Canada.	203,497	226,053
CMHC Phase X loan bearing interest at 1.14% per annum, repayable in monthly blended payments of \$3,987. The loan matures on May 1, 2026 and is secured by guarantee of the Government of Canada.	416,293	458,347
CMHC Phase XI loan bearing interest at 2.11% per annum, repayable in monthly blended payments of \$3,714. The loan matures on February 1, 2028 and is secured by guarantee of the Government of Canada.	463,673	498,130
CMHC Phase XII loan bearing interest at 1.92% per annum, repayable in monthly blended payments of \$2,609. The loan matures on April 1, 2029 and is secured by guarantee of the Government of Canada.	337,486	362,095
CMHC Phase XIII loan bearing interest at 1.01% per annum, repayable in monthly blended payments of \$3,222. The loan matures on February 1, 2036 and is secured by guarantee of the Government of Canada.	665,544	700,559
FNB loan bearing interest at prime plus 2.1% per annum, repayable in monthly payments of \$19,097 plus interest. The loan matures on March 1, 2021 and is secured by a Band Council Resolution authorizing redirection of 100% of First Nations Trust gaming distributions and 100% of Northern Lights Community Development Corporation distributions.	1,145,833	1,375,000
FNB loan bearing interest at prime plus .75% per annum, repayable in monthly payments of \$4,948 plus interest. The loan matures on March 1, 2021 and is secured by a Band Council Resolution authorizing redirection of 100% of First Nations Trust gaming distributions and 100% of Northern Lights Community Development Corporation distributions and assignment of term deposits and credit balances issued by the First Nation in the amount of \$475,000.	415,625	475,000
FNB loan bearing interest at prime plus 2.1% per annum, repayable in quarterly payments of \$20,188 plus interest. The loan matures on January 1, 2018 and is secured by a Band Council Resolution authorizing redirection of 100% of First Nations Trust gaming distributions and 100% of Northern Lights Community Development Corporation distributions.	80,750	411,500
	\$ 4,654,037	\$ 5,537,872

(continues)

SHOAL LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2017

12. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2018	\$ 619,736
2019	528,333
2020	532,082
2021	535,893
2022	539,765
Thereafter	<u>1,898,228</u>
	<u>\$ 4,654,037</u>

13. CONTINGENT LIABILITY

These financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments to funding amounts could be made based on the results of their reviews. Such adjustments will be recognized in the year the adjustment is made.

14. ACCUMULATED SURPLUS

	2017	2016
Invested in tangible capital assets	\$ 17,348,653	\$ 16,485,935
CMHC reserves	741,739	816,727
Equity in government business enterprises	1,884,962	1,882,701
Operating deficit	<u>(3,436,272)</u>	<u>(2,396,928)</u>
	<u>\$ 16,539,082</u>	<u>\$ 16,788,435</u>

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation has established a replacement reserve of \$660,742 (2016 - \$654,870) to ensure replacement of capital equipment and for major repairs to CMHC housing units. An operating reserve of \$80,997 (2016 - \$161,857) has also been established for housing units under the post 1997 Fixed Subsidy Program which requires surpluses to be deposited to an operating reserve bank account to offset future operating losses. At March 31, 2017 \$611,665 (2016 - \$609,094) has been set aside to fund these two reserves.

15. INCOME FROM INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2017	2016
Share of earnings - PADC	\$ 358	\$ 211
Share of earnings - PAFNBDLP	<u>51,903</u>	<u>37,362</u>
	<u>\$ 52,261</u>	<u>\$ 37,573</u>

16. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. BUDGET AMOUNTS

The First Nation's management prepares all the budget amounts disclosed in the consolidated financial statements. These amounts are presented for information purposes and have not been audited.

18. EXPENDITURE BY OBJECT

	Budget 2017	Actual 2017	Actual 2016
Administration fees	\$ 22,240	\$ -	\$ -
Amortization	12,000	996,362	834,599
Bad debts	-	149,416	22,983
Bank charges and interest	8,400	36,594	51,639
Contracted services	37,916	92,335	46,203
Insurance	69,956	170,499	152,631
Interest on long-term debt	75,000	141,091	121,357
Loss (gain) on disposal of capital assets	-	(113,442)	(54,284)
Member assistance	129,000	405,737	246,124
Professional fees	40,000	57,624	85,655
Program activities	489,803	496,836	460,189
Repairs and maintenance	212,337	466,076	416,513
Salaries and benefits	2,926,584	3,138,932	2,879,673
Social assistance - basic needs	1,096,687	1,222,851	1,330,905
Social assistance - special needs	105,298	85,285	69,575
Student expenses	289,200	262,397	300,892
Supplies	224,431	256,063	295,334
Telephone and utilities	213,162	282,446	189,732
Transportation program costs	412,000	525,036	442,947
Travel	159,176	423,701	426,926
	\$ 6,523,190	\$ 9,095,839	\$ 8,319,593

19. COMPARATIVE FIGURES

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

Consolidated Schedule of Tangible Capital Assets by Object (Schedule 1)

Year Ended March 31, 2017

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals, Write- offs & Other Adjustments	Closing Balance	Total 2017	Total 2016
Tangible Capital Assets										
Commercial buildings	\$ 14,788,138	\$ 1,095,621	\$ -	\$ 15,883,759	\$ 11,381,296	\$ 397,465	\$ -	\$ 11,758,761	\$ 4,124,998	\$ 3,426,842
Residential buildings	10,546,376	168,900	-	10,715,276	5,684,830	200,276	-	5,885,106	4,830,170	4,861,548
Roads	264,475	-	-	264,475	176,855	4,381	-	181,236	83,239	87,620
Water and sanitation systems	4,881,892	5,976,798	-	10,858,690	2,689,295	259,050	-	2,948,345	7,910,345	2,192,597
Land improvements	4,406,464	-	-	4,406,464	2,284,661	106,090	-	2,390,751	2,015,713	2,121,803
Automotive equipment	760,120	-	-	760,120	690,274	19,214	-	709,488	50,632	69,846
Other equipment	513,887	-	-	513,887	464,457	9,886	-	474,343	39,544	49,430
	36,161,352	7,241,319	-	43,402,671	23,351,668	996,362	-	24,348,030	19,054,641	12,809,684
Assets Under Construction										
Residential Buildings	-	1,305,841	-	1,305,841	-	-	-	-	1,305,841	-
Water and Sanitation systems	5,885,950	58,054	5,944,004	-	-	-	-	-	-	5,885,950
Commerical buildings	1,066,673	28,948	1,095,621	-	-	-	-	-	-	1,066,673
	6,952,623	1,392,843	7,039,625	1,305,841	-	-	-	-	1,305,841	6,952,623
Total	\$ 43,113,975	\$ 8,634,162	\$ 7,039,625	\$ 44,708,512	\$ 23,351,668	\$ 996,362	\$ -	\$ 24,348,030	\$ 20,360,482	\$ 19,762,307

Consolidated Schedule of Tangible Capital Assets by Function (Schedule 2)

Year Ended March 31, 2017

	Band Government	Band Based Capital/Housing	Community Infrastructure	Economic Development	Education	Health	Total 2017	Total 2016
Asset cost								
Opening asset cost	\$ 945,568	\$ 10,633,373	\$ 15,628,069	\$ 140,000	\$ 14,049,544	\$ 1,717,420	\$ 43,113,974	\$ 39,625,466
Additions during the year	-	1,474,741	90,848	-	-	28,949	1,594,538	3,488,509
Disposals during the year	-	-	-	-	-	-	-	-
Closing asset cost	945,568	12,108,114	15,718,917	140,000	14,049,544	1,746,369	44,708,512	43,113,975
Accumulated amortization cost								
Opening accumulated amortization cost	900,607	5,768,479	5,326,210	120,975	10,741,590	493,807	23,351,668	22,517,069
Add: Amortization	7,573	201,281	371,604	1,902	341,781	72,221	996,362	834,599
Closing accumulated amortization cost	908,180	5,969,760	5,697,814	122,877	11,083,371	566,028	24,348,030	23,351,668
Net book value	\$ 37,388	\$ 6,138,354	\$ 10,021,103	\$ 17,123	\$ 2,966,173	\$ 1,180,341	\$ 20,360,482	\$ 19,762,307

Consolidated Schedule of Revenues and Expenses - Band Administration (Schedule 3)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	\$ 414,091	\$ 452,996	\$ 403,014
Other revenue	39,996	108,207	154,442
Prince Albert Grand Council	-	19,929	6,231
Rental revenue	4,800	-	-
INAC forfeited funding	-	-	(62)
	458,887	581,132	563,625
Expenses			
Administration fees	(273,767)	(280,330)	(321,188)
Amortization	12,000	6,003	12,890
Bad Debts	-	149,416	22,983
Bank charges and interest	8,400	36,593	51,640
Contracted services	1,034	45,408	8,422
Insurance	18,053	13,490	24,546
Interest on long term debt	75,000	86,070	58,137
Member assistance	4,000	6,427	3,660
Professional fees	40,000	47,624	70,581
Program activities	-	-	4,370
Salaries and benefits	297,774	362,542	378,628
Supplies	12,000	32,227	54,517
Telephone and utilities	22,145	39,271	9,306
Travel	42,500	191,696	215,500
	259,139	736,437	593,992
Annual Surplus (Deficit)	\$ 199,748	\$ (155,305)	\$ (30,367)

SHOAL LAKE CREE NATION
Consolidated Schedule of Revenues and Expenses - Band Based Capital/Housing
(Schedule 4)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Canada Mortgage and Housing Corporation	\$ -	\$ 328,719	\$ 346,306
Rental revenue	-	187,350	148,351
Indigenous and Northern Affairs Canada	216,360	182,483	182,483
Other revenue	-	5,795	3,936
	216,360	704,347	681,076
Expenses			
Administration fees	32,100	75,916	73,380
Amortization	-	241,379	304,521
Insurance	37,656	143,733	117,093
Interest on long-term debt	-	55,021	63,220
Loss (gain) on disposal of capital assets	-	(113,442)	(54,284)
Professional fees	-	10,000	10,925
Repairs and maintenance	108,942	307,555	298,995
Salaries and benefits	-	7,091	26,765
Supplies	10,000	2,867	4,089
Travel	-	19,561	9,223
	188,698	749,681	853,927
Annual Surplus (Deficit)	\$ 27,662	\$ (45,334)	\$ (172,851)

SHOAL LAKE CREE NATION

Consolidated Schedule of Revenues and Expenses - Capital Projects (Schedule 5)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	\$ 1,667,924	\$ 1,348,950	\$ 2,203,833
First Nations and Inuit Health Branch	-	-	450,000
Other revenue	-	-	250,000
Prince Albert Grand Council	-	-	150,000
Northern Lights Community Development Corp.	34,091	-	64,388
	\$ 1,702,015	\$ 1,348,950	\$ 3,118,221

SHOAL LAKE CREE NATION
Consolidated Schedule of Revenues and Expenses - Community Infrastructure
(Schedule 6)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	\$ 202,725	\$ 236,531	\$ 236,007
Other revenue	20,202	15,880	13,367
Prince Albert Grand Council	129,300	134,704	104,506
	352,227	387,115	353,880
Expenses			
Administration fees	8,000	7,227	9,767
Amortization	-	389,759	122,803
Contracted services	36,882	43,425	37,781
Insurance	4,464	4,400	4,400
Repairs and maintenance	37,987	75,188	62,440
Salaries and benefits	110,570	187,851	151,347
Supplies	18,684	25,022	35,924
Telephone and utilities	30,233	95,120	70,347
Travel	13,500	14,852	17,532
	258,320	842,844	512,341
Loss from operations	\$ 93,907	\$ (455,729)	\$ (158,461)

Consolidated Schedule of Revenues and Expenses-Economic Development (*Schedule 7*)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Prince Albert Grand Council	\$ 18,100	\$ 18,100	\$ 18,100
Expenses			
Amortization	-	1,793	-
Contracted services	-	3,000	-
Professional fees	-	-	4,149
Salaries and benefits	-	13,280	-
Supplies	500	-	80
Travel	2,120	848	4,849
	2,620	18,921	9,078
Annual Surplus (Deficit)	\$ 15,480	\$ (821)	\$ 9,022

SHOAL LAKE CREE NATION
Consolidated Schedule of Revenues and Expenses - Education (Schedule 8)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	\$ 2,028,665	\$ 2,090,575	\$ 2,000,649
Prince Albert Grand Council	872,811	872,930	381,395
Rental revenue	39,800	19,200	32,920
Other revenue	-	-	2,013
	2,941,276	2,982,705	2,416,977
Expenses			
Administration fees	161,146	95,853	144,425
Amortization	-	341,781	375,663
Insurance	7,383	7,019	3,800
Program activities	46,670	15,354	11,584
Repairs and maintenance	55,608	71,081	37,666
Salaries and benefits	2,029,492	2,013,116	1,813,831
Student expenses	289,200	273,926	300,892
Supplies	137,931	134,533	114,104
Telephone and utilities	132,612	106,826	92,110
Travel	49,649	72,554	53,513
	2,909,691	3,132,043	2,947,588
Loss from operations	\$ 31,585	\$ (149,338)	\$ (530,611)

SHOAL LAKE CREE NATION
Consolidated Schedule of Revenues and Expenses - Health (Schedule 9)
Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
First Nations and Inuit Health Branch	\$ 530,704	\$ 542,910	\$ 539,285
Prince Albert Grand Council	482,450	478,650	485,614
Other revenue	29,000	6,744	44,178
FNIHB forfeited funding	-	(50,516)	-
	1,042,154	977,788	1,069,077
Expenses			
Administration fees	29,501	26,648	26,358
Amortization	-	15,647	18,723
Contracted services	-	502	-
Insurance	2,400	1,857	2,792
Program activities	87,407	80,542	122,409
Repairs and maintenance	9,800	12,252	17,411
Salaries and benefits	355,660	364,340	364,374
Supplies	39,000	54,836	72,946
Telephone and utilities	28,172	41,229	17,968
Transportation	412,000	525,036	442,947
Travel	27,646	74,742	85,030
	991,586	1,197,631	1,170,958
Loss from operations	\$ 50,568	\$ (219,843)	\$ (101,881)

SHOAL LAKE CREE NATION

Consolidated Schedule of Revenues and Expenses - Other Programs (Schedule 10)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
First Nations Trust	\$ 338,000	\$ 324,358	\$ 340,874
Northern Lights Community Development Corp.	-	109,761	68,050
Investment income	50,000	52,261	37,573
Other revenue	-	7,221	7,339
	388,000	493,601	453,836
Expenses			
Administration fees	52,248	52,248	52,250
Member assistance	125,000	399,310	242,464
Program activities	117,150	158,002	160,638
Salaries and benefits	26,000	63,702	24,000
	320,398	673,262	479,352
Loss from operations	\$ 67,602	\$ (179,661)	\$ (25,516)

SHOAL LAKE CREE NATION

Consolidated Schedule of Revenues and Expenses - Social Development (Schedule 11)

Year Ended March 31, 2017

	Budget 2017	2017	2016
Revenues			
Indigenous and Northern Affairs Canada	\$ 1,593,747	\$ 1,339,143	\$ 1,283,225
Prince Albert Grand Council	23,344	23,345	23,345
INAC forfeited funding	-	(9,739)	(4,364)
	1,617,091	1,352,749	1,302,206
Expenses			
Administration fees	15,012	10,909	15,008
Basic needs	1,096,687	1,222,851	1,330,905
Program activities	238,576	242,939	161,188
Salaries and benefits	107,088	127,010	120,729
Special needs	105,298	85,285	69,575
Supplies	6,316	6,578	13,674
Travel	23,761	49,448	41,278
	1,592,738	1,745,020	1,752,357
Loss from operations	\$ 24,353	\$ (392,271)	\$ (450,151)