

**Nekaneet First Nation
Consolidated Financial Statements
March 31, 2017**

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Nekaneet First Nation
Management's Responsibility for Financial Reporting
March 31, 2017

The accompanying consolidated financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they contain certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen what it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

The Chief and Council review and approve the financial statements for issuance to Band members. The Chief and Council meet periodically with management, as well as 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 review the financial statements and the external auditor's report.

Chalupiak & Associates, an independent firm of Chartered Professional Accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements, follows.

Signature on file
Nekaneet First Nation

November 20, 2017
Date

Chalupiak & Associates
Chartered Professional Accountants
3261 Saskatchewan Drive, Regina, SK S4T 6S4
Phone (306) 359-3711 Fax (306) 569-3030

Independent Auditors' Report

To the Members of
Nekaneet First Nation

We have audited the accompanying consolidated financial statements of Nekaneet First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, accumulated surplus, change in net debt, cash flows and the related schedules 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation'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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

In some instances we were unable to examine sufficient supporting documentation, with properly authorized signatures, to satisfy ourselves that the expenses were properly authorized, that they were classified properly and charged against the appropriate funding source, and that the purpose of the expenses was recorded properly. We were unable to satisfy ourselves as to the completeness and accuracy of the fixed assets, accounts payable and accounts receivable. As a result, we were unable to determine whether adjustments were required in respect of recorded or unrecorded assets and liabilities and the components making up the Consolidated Statement of Financial Position and the Consolidated Statement of Operations.

Opinion

Except as noted in the above paragraph, in our opinion, present fairly, in all material respects, the financial position of the First Nation as at March 31, 2017 and the results of its operations then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan
November 20, 2017

Chalupiak & Associates

Chartered Professional Accountants

Nekaneet First Nation
Consolidated Statement of Financial Position
March 31, 2017

| | 2017 | 2016 |
|--|---------------------|---------------------|
| Financial Assets | | |
| Restricted cash - capital projects (Note 3) | \$ 809 | \$ 24,077 |
| Restricted cash - CMHC reserves (Note 3) | 84,443 | 83,798 |
| Restricted cash - other (Note 3) | - | 121 |
| Trust funds held by federal government (Note 3 and 4) | 348,229 | 533,525 |
| Accounts receivable (Notes 5 and 6) | 887,715 | 485,354 |
| Due from New Horizon First Nations Administration (Note 7) | 273,623 | 198,146 |
| Portfolio investment (Note 8) | 60,000 | 60,000 |
| | <u>1,654,819</u> | <u>1,385,021</u> |
| Liabilities | | |
| Bank indebtedness (Note 3 and 9) | 112,072 | 221,592 |
| Accounts payable (Note 10 and 11) | 626,210 | 498,895 |
| Deferred revenue - unexpended funds - INAC (Note 12) | 28,248 | 92,523 |
| Deferred revenue - unexpended funds - non INAC (Note 13) | 74,755 | - |
| Deferred revenue (Note 14) | 244,631 | 27,087 |
| Current portion of long-term debt (Note 15) | 606,072 | 535,162 |
| Current portion of CMHC mortgages (Note 16) | 65,152 | 73,782 |
| Long-term debt (Note 15) | 4,181,624 | 671,300 |
| CMHC mortgages (Note 16) | 505,832 | 543,352 |
| Reserve for losses in related business entity (Note 17) | 1,277,254 | 1,270,878 |
| | <u>7,721,850</u> | <u>3,934,571</u> |
| Net debt | <u>(6,067,031)</u> | <u>(2,549,550)</u> |
| Non-financial Assets | | |
| Capital assets (Note 18) | 8,802,471 | 6,356,415 |
| Prepaid expenses (Note 19) | 17,906 | 2,496 |
| | <u>8,820,377</u> | <u>6,358,911</u> |
| Accumulated Surplus (Note 20) | <u>\$ 2,753,346</u> | <u>\$ 3,809,361</u> |

Approved on behalf of the Nekaneet First Nation:

Signature on file

Signature on file

The accompanying notes are an integral part of the financial statements

Nekaneet First Nation
Consolidated Statement of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|----------------|----------------|----------------|
| Revenue | | | |
| INAC - grant | \$ 206,538 | \$ 210,899 | \$ 206,538 |
| INAC - fixed | 452,951 | 519,222 | 479,652 |
| INAC - set | 400,976 | 370,655 | 284,723 |
| INAC - flexible | - | - | 97,281 |
| INAC - current year receivable (payable) | - | 1,841 | (19,123) |
| Health Canada | 199,182 | 275,085 | 245,190 |
| CMHC - subsidy | - | 61,207 | 62,833 |
| Funds held in trust by Federal Government | - | 134,705 | 137,910 |
| FHQ Tribal Council | 53,449 | 190,622 | 136,367 |
| First Nation GST | 375,305 | 373,196 | 345,583 |
| First Nations Trust | 173,075 | 163,165 | 174,214 |
| Specific Claims Settlement Trust | - | 334,988 | 344,887 |
| Keseechiwan Holdings - monetary benefit agreement | - | 251,916 | 144,283 |
| Community Development Corporation | - | 28,811 | 35,477 |
| CMHC rental income | - | 30,748 | 40,848 |
| Interest revenue | - | 3 | 1,804 |
| Other revenue | 32,123 | 484,974 | 225,253 |
| Administration fees (Note 2.k) | 18,214 | 54,718 | 48,210 |
| Unexpended funds transferred - prior year | - | 92,523 | 170,385 |
| Deferred revenue - prior | - | 27,087 | 66,822 |
| Deferred revenue - current | - | (244,631) | (27,087) |
| | 1,911,813 | 3,361,734 | 3,202,050 |
| Expenses | | | |
| Community Development (Schedule 1) | 238,625 | 385,580 | 204,938 |
| Economic Development (Schedule 2) | 33,369 | 500 | 21,454 |
| Education (Schedule 3) | 322,831 | 349,558 | 351,423 |
| Indian Government Support (Schedule 4) | 503,000 | 1,120,196 | 1,062,261 |
| Social Development (Schedule 5) | 292,115 | 336,854 | 293,537 |
| Indian Registration (Schedule 6) | 5,000 | 14,910 | 5,040 |
| Health Services (Schedule 7) | 210,952 | 209,760 | 257,863 |
| CMHC Operations (Schedule 8) | - | 45,326 | 17,651 |
| Band Programs (Schedule 9) | 187,515 | 1,460,237 | 879,018 |
| Amortization (Schedule 10) | - | 391,821 | 391,820 |
| | 1,793,407 | 4,314,742 | 3,485,005 |
| Current deficit before unexpended funds | 118,406 | (953,008) | (282,957) |
| Unexpended funds | | | |
| Unexpended funds transferred to deferred revenue | - | (103,003) | (92,523) |
| Current deficit | \$ 118,406 | \$ (1,056,011) | \$ (375,480) |

The accompanying notes are an integral part of the financial statements

Nekaneet First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2017

| | 2017 | 2016 |
|-------------------------------------|--------------|--------------|
| Surplus at beginning of year | \$ 3,809,360 | \$ 4,184,840 |
| Current deficit | (1,056,011) | (375,480) |
| Surplus at end of year | \$ 2,753,349 | \$ 3,809,360 |

The accompanying notes are an integral part of the financial statements

Nekaneet First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|-----------------------|-----------------------|-----------------------|
| Current deficit | \$ 118,406 | \$ (1,056,011) | \$ (375,480) |
| Acquisition of tangible capital assets | - | (2,837,882) | (125,332) |
| Amortization of tangible capital assets | - | 391,822 | 391,820 |
| | - | (2,446,060) | 266,488 |
| Acquisition of prepaid asset | (17,906) | (17,906) | (2,496) |
| Use of prepaid asset | 2,496 | 2,496 | - |
| | (15,410) | (15,410) | (2,496) |
| Increase (decrease) in net financial assets | 102,996 | (3,517,481) | (111,488) |
| Net debt at beginning of year | (2,549,550) | (2,549,550) | (2,438,062) |
| Net debt at end of year | \$ (2,446,554) | \$ (6,067,031) | \$ (2,549,550) |

The accompanying notes are an integral part of the financial statements

Nekaneet First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

| | 2017 | 2016 |
|---|----------------|--------------|
| Cash flows from | | |
| Operating activities | | |
| Current deficit | \$ (1,056,011) | \$ (375,480) |
| Items not affecting cash | | |
| Amortization | 391,821 | 391,820 |
| | (664,190) | 16,340 |
| Change in non-cash operating working capital | | |
| Accounts receivable | (402,361) | (19,539) |
| Prepaid expenses | (15,410) | (2,496) |
| Accounts payable | 127,313 | 126,101 |
| Deferred revenue - unexpended funds - INAC | (64,275) | (64,360) |
| Deferred revenue - unexpended funds - non INAC | 74,755 | - |
| Deferred revenue | 217,544 | (39,735) |
| Trust funds held by federal government | 185,296 | 119,089 |
| | (541,328) | 135,400 |
| Capital activities | | |
| Capital asset purchases | (2,837,877) | (125,334) |
| Financing activities | | |
| Due from New Horizon First Nations Administration | (75,477) | (20,000) |
| CMHC mortgages | (46,150) | (69,939) |
| Long term debt - proceeds | 3,730,986 | 486,409 |
| Long term debt - repaid | (149,753) | (446,317) |
| | 3,459,606 | (49,847) |
| Investing activities | | |
| Loss (gain) on investments | 6,375 | 45,341 |
| Restricted cash - CMHC reserves | (645) | (1,646) |
| Restricted cash - other | 121 | - |
| | 5,851 | 43,695 |
| Increase in cash and cash equivalents | 86,252 | 3,914 |
| Cash and cash equivalents, beginning of year | (197,515) | (201,429) |
| Cash and cash equivalents, end of year | \$ (111,263) | \$ (197,515) |
| Represented by | | |
| Cash | \$ (112,072) | \$ (221,592) |
| Restricted cash - capital projects | 809 | 24,077 |
| | \$ (111,263) | \$ (197,515) |

The accompanying notes are an integral part of the financial statements

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

1. General

Nekaneet First Nation is an Indian Band subject to the provisions of the Indian Act. These financial statements include Nekaneet First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Basis of presentation and significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board.

(a) Reporting entity

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

(b) 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 government business enterprise, which are included in the consolidated statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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

Organizations accounted for on a modified equity basis include:
New Horizon First Nations Administration Inc.

(c) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to 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 assets, prepaid expenses and inventory of supplies.

(d) Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial asset is determined by financial assets less liabilities. Net debt or net financial assets, is comprised of two components, non-financial assets and accumulated surplus.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

2. Basis of presentation and significant accounting policies (continued)

(f) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(g) 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Nekaneet First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives. No amortization is recorded in the year of acquisition.

| | |
|-------------------------|------------------------|
| Buildings | 25 years Straight line |
| Automotive equipment | 4 years Straight line |
| Furniture and equipment | 5 years Straight line |
| Infrastructure | 40 years Straight line |
| CMHC houses | 40 years Straight line |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Nekaneet First 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.

2. Basis of presentation and significant accounting policies (continued)

(h) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

(i) Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(j) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(k) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

(l) Revenue recognition

Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Funds received in advance of making the related expenses are reflected as deferred revenue in the year of receipt and classified as such in the financial statements. Any funding received pursuant to an agreement that does not have a provision for the deferral of unexpended funds is reported as a repayment of revenue.

(m) Expense recognition

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

(n) Comparative figures

Prior years' comparative amounts have been reclassified, where necessary, to conform to the current year's presentation.

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

3. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Nekaneet First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Subsidy Fund.

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Funds held in trust are held by the federal government in trust for the First Nation.

| | 2017 | 2016 |
|--|--------------|--------------|
| Unrestricted cash | | |
| Bank indebtedness | \$ (112,072) | \$ (221,592) |
| Restricted cash - capital projects | | |
| Lagoon project | 809 | 24,077 |
| Restricted cash - CMHC reserves | | |
| Replacement reserve | 4,443 | 3,798 |
| Replacement reserve term deposits | 80,000 | 80,000 |
| | 84,443 | 83,798 |
| Restricted cash - other | | |
| Lawyer's trust - Olive, Waller, Zinkhan & Waller | - | 121 |
| Restricted cash - trust funds held by federal government | | |
| Capital | 38,564 | 38,564 |
| Revenue | 309,665 | 494,961 |
| | 348,229 | 533,525 |
| | \$ 321,409 | \$ 419,929 |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

4. Restricted cash - Trust funds held by federal government

| | 2017 Revenue | 2017 Capital | 2017 Total | 2016 Total |
|----------------------------|-----------------|-----------------|---------------|---------------|
| Surplus, beginning of year | \$ 494,960 | \$ 38,564 | \$ 533,524 | \$ 395,614 |
| Withdrawals | (320,000) | - | (320,000) | - |
| Lease revenue | 127,646 | - | 127,646 | 127,644 |
| Interest earnings | 7,059 | - | 7,059 | 10,267 |
| Surplus, end of year | \$ 309,665 | \$ 38,564 | \$ 348,229 | \$ 533,525 |

5. Accounts receivable

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Due from members | | |
| Advances | \$ 66,360 | \$ 60,308 |
| Due from others | | |
| Nekaneet Treaty Benefits Claims Trust | 240,812 | - |
| File Hills Qu'Appelle Tribal Council | 33,694 | 16,586 |
| New Horizon First Nation Administration - funds held in trust | 268,308 | 268,308 |
| BMO | 7,849 | 7,849 |
| | 550,663 | 292,743 |
| Due from government and other government organizations | | |
| INAC | 107,720 | 3,715 |
| Health Canada | 23,756 | 2,336 |
| CMHC | 194,340 | 133,134 |
| First Nation GST | - | 31,334 |
| Other | 19,084 | 19,084 |
| | 344,900 | 189,603 |
| Allowance for doubtful accounts | 961,923 (74,208) | 542,654 (57,300) |
| | \$ 887,715 | \$ 485,354 |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

6. INAC - accounts receivable

| | 2017 | 2016 |
|--------------------|-------------------|-----------------|
| Basic needs | \$ 10,307 | \$ - |
| BEB | - | 3,715 |
| Institutional Care | 132 | - |
| Band based capital | 97,281 | - |
| | <u>\$ 107,720</u> | <u>\$ 3,715</u> |

7. Due from New Horizon First Nations Administration Inc.

Transactions with related parties are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties. Amounts payable and receivable bear no interest and have no fixed terms of repayment.

8. Portfolio investments

| | 2017 | 2016 |
|---|-----------|-----------|
| Keseechiwan Holdings LP (8.3% interest) | \$ 60,000 | \$ 60,000 |

9. Bank indebtedness

The First Nation has a line of credit with Peace Hills Trust (PHT) of \$50,000 bearing interest at prime plus 2%, any amounts in excess of \$50,000 bear interest at 24%; on March 31, 2017 PHT accounts were overdrawn \$59,723 (2016-\$149,453) and there were cheques issued in excess of deposits totalling \$43,004 (2016-\$81,906).

The First Nation does not have any approved overdraft protection with the Bank of Montreal (BMO), any amounts overdrawn bear interest at 21%; on March 31, 2017 BMO accounts were overdrawn \$9,849 (2016-\$nil) and there were cheques issued in excess of deposits totalling \$255 (2016-\$255).

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

10. Accounts payable

| | 2017 | 2016 |
|---|------------|------------|
| Accrued payroll | \$ 13,250 | \$ - |
| Due to others | | |
| Trade payables | 583,032 | 405,493 |
| FHQ | - | 30,000 |
| Group pension | 4,054 | 2,635 |
| Group insurance | 8,312 | - |
| BMO Trust | - | 30,558 |
| | 595,398 | 468,686 |
| Due to government and other government organizations | | |
| INAC | 8,598 | 22,838 |
| Health Canada | 6,000 | 6,000 |
| CRA payroll deductions | 2,964 | 1,371 |
| | 17,562 | 30,209 |
| | \$ 626,210 | \$ 498,895 |

11. INAC payable

| | 2017 | 2016 |
|------------------------------------|----------|-----------|
| Special Needs | \$ 2,224 | \$ 12,604 |
| Band Employee Benefits - Statutory | 5,118 | - |
| Basic Needs | - | 10,216 |
| Institutional Care | - | 18 |
| Home Care | 1,256 | - |
| | \$ 8,598 | \$ 22,838 |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

12. Deferred revenue - unexpended funds - INAC

INAC funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement the unexpended funds may be retained by the recipient, repaid to INAC, deferred to the following year, or transferred to another INAC program area. Any funding arrangements that have a provision that allows the recipient to retain the excess funds are recorded as surpluses. All other excess funds are recorded as a liability and classified as "Deferred revenue - unexpended funds" on the financial statements.

| | 2017 | 2016 |
|------------------------|------------------|------------------|
| Band Based Capital | \$ 28,248 | \$ 91,985 |
| Student Transportation | - | 538 |
| | <u>\$ 28,248</u> | <u>\$ 92,523</u> |

13. Deferred revenue - unexpended funds - non INAC

| | 2017 | 2016 |
|------------------------|------------------|-------------|
| Brighter Futures | \$ 4,158 | \$ - |
| Solvent Abuse | 5,345 | - |
| Prenatal Nutrition | 3,310 | - |
| Support Services | 3,656 | - |
| NNADAP | 52,901 | - |
| Medical Transportation | 5,385 | - |
| | <u>\$ 74,755</u> | <u>\$ -</u> |

14. Deferred revenue

| | March 31, 2016 | Funding received, 2017 | Revenue recognized, 2017 | March 31, 2017 |
|---------------------------------------|-------------------|------------------------------|--------------------------------|-------------------|
| Federal government | | | | |
| Water Treatment Plant | \$ 27,087 | \$ - | \$ (23,268) | \$ 3,819 |
| Other | | | | |
| Nekaneet Treaty Benefits Claims Trust | - | 334,989 | (94,177) | 240,812 |
| | <u>\$ 27,087</u> | <u>\$ 334,989</u> | <u>\$ (117,445)</u> | <u>\$ 244,631</u> |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

15. Long-term debt

| | 2017 | 2016 |
|--|-----------|------------|
| Peace Hills Trust #12 Land Purchase bearing interest at 5% per annum, repayable in monthly payments of \$8,900 including interest, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on December 15, 2017. | \$ - | \$ 179,740 |
| Peace Hills Trust #17 Capital Equipment bearing interest at 7% per annum, repayable in quarterly payments of \$23,650 including interest, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on April 1, 2019. | - | 251,087 |
| Peace Hills Trust #18 Overdraft legal fees & cash flow bearing interest at 7.5% per annum, repayable in monthly payments of \$10,373 including interest, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on September 30, 2016. | - | 69,999 |
| Peace Hills Trust #21 Rewrite loan & term out O/D bearing interest at 7.5% per annum, repayable in monthly payments of \$3,000 including interest and quarterly principal payments of \$5,480, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on September 01, 2020. | - | 214,176 |
| Peace Hills Trust #22 Purchase bus bearing interest at 5% per annum, repayable in monthly payments of \$2,500 including interest, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on November 1, 2018. | - | 73,769 |
| Peace Hills Trust #23 Rewrite from loan #19 bearing interest at 7.5% per annum, repayable in quarterly payments of \$8,522 including interest, and annual blended payments of \$150,000 and \$50,000, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on December 16, 2017. | - | 417,691 |
| Peace Hills Trust #25 Pow Wow & Operational expenses bearing interest at 7.0% per annum, repayable in monthly interest payments of \$583.33, and a principal payments of \$100,000, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on April 1, 2017. | 100,000 | - |
| Peace Hills Trust #26 Christmas Per Capita Distribution bearing interest at 7.0% per annum, repayable in monthly interest payments of \$1,414.58, and a principal payments of \$242,500, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on March 1, 2017. | 242,500 | - |
| Peace Hills Trust #27 Rewrite from loan #24 bearing interest at 7.00% per annum, repayable in monthly payments of \$20,000 including interest, due on demand. The loan is secured by GSA, INAC, FNT & FNGST. The loan matures on September 30, 2022. | 1,700,000 | - |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

15. Long-term debt, continued

| | 2017 | 2016 |
|---|--------------|------------|
| BMO demand loan non-revolving - Construction of 14 new housing units bearing interest at prime rate plus 2.00% payable monthly after each draw down of loan and principle payment of 137,500 is due annually beginning on March 30, 2017 amortized over 20 years. Final payment due March 30, 2036. | 2,745,196 | - |
| | 4,787,696 | 1,206,462 |
| Current portion | 606,072 | 535,162 |
| | \$ 4,181,624 | \$ 671,300 |

Principal portion of long-term debt due within the next five years:

| | |
|---------------------|--------------|
| 2018 | \$ 606,072 |
| 2019 | 270,544 |
| 2020 | 280,162 |
| 2021 | 290,475 |
| 2022 and thereafter | 3,340,443 |
| | \$ 4,787,696 |

| | 2017 | 2016 |
|---|------------|-----------|
| Interest expense for the year on long-term debt | \$ 199,557 | \$ 87,192 |

16. CMHC mortgages

| | Phase number | Maturity date | Interest rate | Monthly payment | 2017 | 2016 |
|----------------------|-----------------|---------------|------------------|--------------------|------------|------------|
| PHT | 5 | 2017-04-01 | 2.94% | \$ 730 | \$ 1,070 | \$ 9,341 |
| Scotia | 6 | 2019-07-01 | 4.79% | 665 | 36,545 | 40,622 |
| Scotia | 7 | 2017-06-01 | 4.99% | 394 | 2,425 | 5,433 |
| Scotia | 8 | 2018-01-01 | 3.09% | 647 | 12,615 | 17,467 |
| Scotia | 9 | 2019-12-01 | 4.79% | 676 | 23,236 | 27,808 |
| CMHC | 10 | 2020-09-01 | 0.94% | 1,107 | 106,916 | 113,641 |
| CMHC | 11 | 2018-02-01 | 1.69% | 1,342 | 157,373 | 164,093 |
| CMHC | 12 | 2020-10-01 | 1.04% | 1,477 | 230,804 | 238,729 |
| | | | | | 570,984 | 617,134 |
| Less current portion | | | | | 65,152 | 73,782 |
| Total | | | | | \$ 505,832 | \$ 543,352 |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

17. Reserve for losses in related business entity

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| <u>New Horizon First Nation Administration Inc.</u> | <u>\$ (1,277,254)</u> | <u>\$ (1,270,878)</u> |
| | December 31, 2016 | December 31, 2015 |
| Cash | \$ - | \$ 1,446 |
| Accounts receivable | 9,789 | 6,415 |
| Prepaid expenses | - | 6,942 |
| Fixed assets | 208,508 | 217,703 |
| <u>Total assets</u> | <u>\$ 218,297</u> | <u>\$ 232,506</u> |
| Bank indebtedness | \$ 6,205 | \$ - |
| Accounts payable | 74,981 | 101,167 |
| Tenant deposits | 12,594 | 12,594 |
| Due to Ottawa Trust Fund | 268,308 | 268,308 |
| Due to related party | 244,480 | 198,146 |
| Long-term debt | 886,613 | 923,169 |
| Deferred revenue | 2,370 | - |
| <u>Total liabilities</u> | <u>1,495,551</u> | <u>1,503,384</u> |
| Contributed surplus | 260,596 | 260,596 |
| Deficit | (1,537,850) | (1,531,474) |
| <u>Total equity</u> | <u>(1,277,254)</u> | <u>(1,270,878)</u> |
| <u>Total liabilities and equity</u> | <u>\$ 218,297</u> | <u>\$ 232,506</u> |
| | December 31, 2016 | December 31, 2015 |
| <u>Revenue</u> | <u>\$ 170,826</u> | <u>\$ 154,794</u> |
| <u>Expenses</u> | <u>177,202</u> | <u>200,135</u> |
| <u>Net income</u> | <u>\$ (6,376)</u> | <u>\$ (45,341)</u> |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

18. Tangible capital assets

| | Cost | Additions | Accumulated amortization | 2017 Net book value |
|-------------------------|----------------------|---------------------|-----------------------------|---------------------------|
| Land | \$ 1,377,971 | \$ - | \$ - | \$ 1,377,971 |
| Buildings | 6,544,719 | - | 4,542,592 | 2,002,127 |
| Automotive equipment | 333,427 | - | 278,209 | 55,218 |
| Furniture and equipment | 501,080 | - | 461,921 | 39,159 |
| Infrastructure | 2,051,727 | - | 212,518 | 1,839,209 |
| CMHC houses | 2,379,378 | - | 1,728,468 | 650,910 |
| Work in Progress | - | 2,837,877 | - | 2,837,877 |
| Total | \$ 13,188,302 | \$ 2,837,877 | \$ 7,223,708 | \$ 8,802,471 |

| | Cost | Additions | Accumulated amortization | 2016 Net book value |
|-------------------------|----------------------|-------------------|-----------------------------|---------------------------|
| Land | \$ 1,377,971 | \$ - | \$ - | \$ 1,377,971 |
| Buildings | 6,544,719 | - | 4,320,133 | 2,224,586 |
| Automotive equipment | 251,427 | 82,000 | 232,980 | 100,447 |
| Furniture and equipment | 497,481 | 3,599 | 407,309 | 93,771 |
| Infrastructure | 2,011,992 | 39,735 | 161,078 | 1,890,649 |
| CMHC houses | 2,379,378 | - | 1,710,387 | 668,991 |
| Total | \$ 13,062,968 | \$ 125,334 | \$ 6,831,887 | \$ 6,356,415 |

19. Prepaid expenses

| | 2017 | 2016 |
|---------------|------------------|-----------------|
| Insurance | \$ 6,598 | \$ 2,496 |
| Special needs | 11,308 | - |
| | \$ 17,906 | \$ 2,496 |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

20. Accumulated surplus

| | 2017 | 2016 |
|---|--------------|--------------|
| Restricted | | |
| Invested in tangible capital assets | \$ 5,181,921 | \$ 5,233,231 |
| Funds held in trust by federal government | 348,229 | 533,525 |
| CMHC reserves | 464,754 | 435,806 |
| Equity in related entity | (1,277,254) | (1,270,878) |
| | 4,717,650 | 4,931,684 |
| Unrestricted | | |
| Operating deficit | (1,964,304) | (1,122,325) |
| | \$ 2,753,346 | \$ 3,809,359 |

21. Revenue, expenditures and surplus (deficit) by segment

| | Revenue | Expenditures | Transfers | Surplus (deficit) |
|---------------------------|-----------|--------------|-----------|----------------------|
| Community Development | 335,886 | 385,581 | (326,240) | (375,935) |
| Economic Development | 33,369 | 500 | - | 32,869 |
| Education | 347,427 | 349,559 | (31,010) | (33,142) |
| Indian Government Support | 222,029 | 1,120,196 | 303,510 | (594,657) |
| Social Development | 307,754 | 336,854 | - | (29,100) |
| Indian Registration | 5,000 | 14,910 | - | (9,910) |
| Health Services | 221,207 | 209,758 | - | 11,449 |
| CMHC Operations | 98,056 | 45,326 | (18,081) | 34,649 |
| Band Programs | 1,688,003 | 1,460,239 | (320,000) | (92,236) |
| Amortization | - | 391,821 | 391,821 | - |
| | 3,258,731 | 4,314,744 | - | (1,056,013) |

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

22. INAC reconciliation

| | 2017 | 2016 |
|------------------------------------|---------------------|---------------------|
| Total per INAC confirmation | \$ 1,104,491 | \$ 1,069,036 |
| Receivable (payable) previous year | | |
| Basic Needs | - | (646) |
| Band Employee Benefits | (3,715) | (196) |
| Summer work experience | - | - |
| Current year receivable (payable) | | |
| Basic Needs | 10,307 | (10,216) |
| Band Employee Benefits | (5,118) | 3,715 |
| Home Care | (1,256) | - |
| Institutional Care | 132 | (18) |
| Special Needs | (2,224) | (12,604) |
| | <u>\$ 1,102,617</u> | <u>\$ 1,049,071</u> |

23. Government Transfers

| | 2017 | | |
|---|---------------------|------------------|---------------------|
| | Operating | Capital | Total |
| Federal government transfers | | | |
| Indigenous and Northern Affairs Canada | \$ 1,005,336 | \$ 97,281 | \$ 1,102,617 |
| Health Canada | 275,085 | - | 275,085 |
| Canada Mortgage and Housing Corporation | 61,207 | - | 61,207 |
| Total | 1,341,628 | 97,281 | 1,438,909 |
| Provincial government transfers | - | - | - |
| | <u>\$ 1,341,628</u> | <u>\$ 97,281</u> | <u>\$ 1,438,909</u> |
| | 2016 | | |
| | Operating | Capital | Total |
| Federal government transfers | | | |
| Indigenous and Northern Affairs Canada | \$ 951,790 | \$ 97,281 | \$ 1,049,071 |
| Health Canada | 245,190 | - | 245,190 |
| Canada Mortgage and Housing Corporation | 62,833 | - | 62,833 |
| Total | 1,259,813 | 97,281 | 1,357,094 |
| Provincial government transfers | - | - | - |
| | <u>\$ 1,259,813</u> | <u>\$ 97,281</u> | <u>\$ 1,357,094</u> |

24. CMHC housing restricted funds

It is a requirement of the CMHC operating agreements that subsidy surplus, operating and replacement reserves be established and monies be set aside in separate bank accounts. On March 31, 2017 the reserve accounts were under-funded by \$380,312 (2016-\$352,008). The amount required to be set aside was \$464,754 (2016-\$435,806) and the amount in the reserve bank account was \$84,442 (2016-\$83,798). (The reserve amount of \$464,754 is not reported separately on these financial statements, but is included in equity).

25. Employee benefit obligations

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Post-employment benefits

Nekaneet First Nation does not provide extended health, dental and life insurance benefits to retirees and their surviving spouses and therefore has no obligations with regards to post employment benefits.

Pension plan

Nekaneet First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary and Nekaneet First Nation contributes a matching portion. Nekaneet First Nation does not have any other obligations with regards to the pension plan as at March 31, 2017.

26. Contractual Obligations

The nature of Nekaneet First Nation's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. There are no significant contractual obligations.

27. Contingent liabilities

Nekaneet First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Nekaneet First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Nekaneet First Nation's financial statements.

The First Nation is contingently liable for a loan of New Horizon First Nation Administration Inc. with Peace Hills Trust. As of December 31, 2016 there was an outstanding balance of \$886,613 (2015 - \$923,169).

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

28. Related party transactions

Transactions with related parties are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties.

29. Trusts under administration

Nekaneet First Nation acts as a trustee for a number of third parties, holding assets and administering them on their behalf. These assets held in trust are not included on the statement of financial position as assets of Nekaneet First Nation. Amounts held in trust at the year-end are the following:

| | 2017 | 2016 |
|---------------------------------------|----------------------|----------------------|
| Nekaneet Treaty Benefits Claims Trust | \$ 10,492,729 | \$ 10,030,321 |
| | <u>\$ 10,492,729</u> | <u>\$ 10,030,321</u> |

30. Economic dependence

Nekaneet First Nation receives a major portion of its revenue pursuant to funding agreements with Indigenous and Northern Affairs Canada and Health Canada.

31. Subsequent events

There are no subsequent events to report.

32. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by Nekaneet First Nation.

Nekaneet First Nation
Notes to Consolidated Financial Statements
March 31, 2017

33. Expenses by object

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|---------------------|---------------------|---------------------|
| Administration | \$ 31,636 | \$ 45,719 | \$ 46,710 |
| Amortization | - | 391,821 | 391,820 |
| Assistance | 178,566 | 600,068 | 390,517 |
| Bad debts | - | 16,908 | 57,300 |
| Consultants and contractors | 281,280 | 3,460,843 | 252,763 |
| Cultural programs | 27,300 | 321,950 | 57,813 |
| Elders | 500 | 5,804 | 200 |
| Equipment | 60,875 | - | 82,000 |
| First Nations Trust | 123,500 | 41,705 | 146,727 |
| Fuel | 21,500 | 41,744 | 21,736 |
| Funeral assistance | - | 11,400 | - |
| Governance | - | 24,900 | 43,100 |
| Graduation, awards, prizes | 4,900 | 2,500 | 5,610 |
| Honorariums | - | 319,005 | 347,000 |
| Insurance | 37,500 | 32,754 | 27,933 |
| Interest and bank charges | 25,000 | 62,814 | 46,050 |
| Janitorial | - | 5,158 | 8,449 |
| Long-term debt - CMHC mortgage interest | - | 24,648 | 15,526 |
| Long-term debt - interest | - | 199,557 | 87,192 |
| Loss (gain) on investments | - | 6,376 | 45,341 |
| NCBR - community based support | 9,000 | 24,033 | 6,475 |
| Per capita distribution | - | 13,618 | 155,718 |
| Professional fees | 84,400 | 119,090 | 59,906 |
| Program expenses | 3,500 | 6,500 | 69,186 |
| Registration fees | 2,325 | 5,632 | 3,250 |
| Rent - equipment | 1,800 | 14,572 | 5,785 |
| Rent - office | - | - | 1,500 |
| Repairs and maintenance | 64,224 | 85,293 | 112,875 |
| Septic pump outs | - | 1,260 | - |
| Student allowance | 110,792 | 119,285 | 137,475 |
| Student transportation | 3,000 | 1,000 | 5,000 |
| Supplies | 60,297 | 61,999 | 76,396 |
| Telephone | 17,200 | 23,187 | 22,443 |
| Training | 500 | 52,976 | 2,255 |
| Travel - medical transportation | 664 | 2,801 | 5,593 |
| Travel, meetings, per diems | 77,886 | 351,668 | 205,541 |
| Tuition | 60,000 | 63,515 | 68,676 |
| Unexpended funds - unrecorded in prior period | - | - | 13,502 |
| Utilities | 16,255 | 100,853 | 46,927 |
| Wages and benefits | 489,007 | 489,663 | 538,049 |
| Transfer to capital assets | - | (2,837,877) | (125,334) |
| | \$ 1,793,407 | \$ 4,314,742 | \$ 3,485,005 |

34. INAC funding

The First Nation (Recipient) receives funding from Indigenous and Northern Affairs Canada (INAC) by entering into an agreement with INAC.

There are five approaches that INAC may consider in the design and delivery of transfer payment programs:

1. **Grant approach** – A grant is a transfer payment that is subject to pre-established eligibility and other entitlement criteria. Recipients are not required to account for the grant, but they may be required to report on results. The grant funding approach can be used for any duration of time necessary to achieve program results.
2. **Set contribution approach** – A set contribution is a transfer payment that is subject to performance conditions outlined in a funding agreement. Set contributions must be accounted for and are subject to audits. Funds are to be expended as identified in the funding agreement and cannot be redirected to other programs. Any unspent funding and any funding spent on ineligible expenditure must be returned to INAC annually.
3. **Fixed contribution approach** – Fixed contribution funding is an option where annual funding amounts are established on a formula basis or where the total expenditure is based on a fixed-cost approach. Fixed funding is distributed on a program basis. It is possible under this approach for recipients to keep any unspent funding provided that program requirements set out in the funding agreement have been met and the recipient agrees to use the unspent funds for purposes consistent with the program objectives or any other purpose agreed to by INAC. A plan must be submitted and approved by INAC prior to spending the unspent funds. If the funds are not spent according to the plan within the agreed upon time period they will be recovered by INAC.
4. **Flexible contribution approach** – Flexible contribution funding is an option which allows funds to be moved within cost categories of a single program during the life of the project/agreement. However, unspent funds must be returned to INAC at the end of the project, program or agreement.
5. **Block contribution approach** – Block contribution funding is an option which allows funds to be reallocated within the block of programs during the agreement, as long as progress towards program objectives is being achieved. It is possible under this approach for recipients to keep any unspent funding provided that program delivery standards have been met and the recipient agrees to use the unspent funding for purposes consistent with the block program objectives or any other purpose agreed to by INAC.

35. Segmented information

As previously discussed in note 2 (j) the First Nation conducts its business through reportable segments as follows:

1) Indigenous and Northern Affairs Canada (INAC)

Claims and Indian Government:

Costs associated with the negotiation, settlement and implementation of specific claims and comprehensive land claim agreements as well as special claims and self-government agreements.

Community Development:

Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Economic Development:

Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

Education:

Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with INAC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labor market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide internet access, information technology equipment, technical support and training to students and school staff.

Indian Government Support:

Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

35. Segmented information, continued

Land Management:

Costs associated to the administration of land transactions on designated and non-designated lands under sections 53 and 60 of the Indian Act.

Social Development:

First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

Indian Registration:

Costs associated with the maintenance of the Indian Register, a record of everyone who is registered as an Indian under the Indian Act.

Governance and Institutions of Government:

Costs associated with Governance and Institution of Government activities.

2) Health Programs (FNIHB)

Health Canada provides funding for costs associated with the development of safe and healthy communities in the following areas:

Children and Youth; Mental Health and Addictions; Chronic Disease and Injury Prevention; Communicable Disease Control; Environmental Health and Research Component; Primary Care; Non-Insured Health Benefits; Health Governance and Infrastructure; Capital; Treatment Centres; Aboriginal Health Transition Fund; Headquarter projects.

3) Canada Mortgage and Housing Corporation (CMHC)

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

4) Band programs

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

Schedule #1
Nekaneet First Nation
Community Development
Schedule of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|--|----------------|----------------|----------------|
| Revenue | | | |
| INAC - fixed | \$ 89,239 | \$ 123,664 | \$ 116,097 |
| INAC - set | 131,706 | 97,281 | - |
| INAC - flexible | - | - | 97,281 |
| FHQ Tribal Council | 5,680 | - | 5,400 |
| Other revenue | 12,000 | 27,936 | 4,000 |
| Unexpended funds transferred - prior year | - | 91,985 | 49,745 |
| Deferred revenue - prior | - | 27,087 | 66,822 |
| Deferred revenue - current | - | (3,819) | (27,087) |
| | 238,625 | 364,134 | 312,258 |
| Expenses | | | |
| Administration | 20,930 | 10,201 | - |
| Consultants and contractors | 35,861 | 2,919,545 | 71,691 |
| Fuel | 1,500 | 4,831 | 180 |
| Insurance | 30,000 | 26,018 | 22,350 |
| Interest and bank charges | - | 11,715 | - |
| Janitorial | - | 358 | 4,007 |
| Long-term debt - interest | - | 87,396 | - |
| Professional fees | - | 255 | - |
| Registration fees | - | - | 150 |
| Repairs and maintenance | 37,826 | 24,604 | 24,300 |
| Septic pump outs | - | 1,260 | - |
| Supplies | 9,724 | 3,446 | 610 |
| Telephone | - | 266 | 1,064 |
| Travel, meetings, per diems | 526 | 5,752 | 6,240 |
| Utilities | 14,755 | 48,818 | 40,698 |
| Wages and benefits | 87,503 | 78,993 | 73,383 |
| Transfer to capital assets | - | (2,837,877) | (39,735) |
| | 238,625 | 385,581 | 204,938 |
| Current surplus (deficit) before unexpended funds | - | (21,447) | 107,320 |
| Unexpended funds | | | |
| Unexpended funds transferred to deferred revenue | - | (28,248) | (91,985) |
| Current surplus (deficit) before transfers | - | (49,695) | 15,335 |
| Transfers | | | |
| Transfer - Amortization | - | (326,240) | (326,240) |
| Current deficit | \$ - | \$ (375,935) | \$ (310,905) |

The accompanying notes are an integral part of the financial statements

Schedule #2
Nekaneet First Nation
Economic Development
Schedule of Operations

For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|-----------------------------|----------------|----------------|----------------|
| Revenue | | | |
| FHQ Tribal Council | \$ 33,369 | \$ 33,369 | \$ 33,369 |
| Expenses | | | |
| Consultants and contractors | 33,369 | 500 | 21,200 |
| Travel, meetings, per diems | - | - | 254 |
| | 33,369 | 500 | 21,454 |
| Current surplus | \$ - | \$ 32,869 | \$ 11,915 |

The accompanying notes are an integral part of the financial statements

Schedule #3
Nekaneet First Nation
Education
Schedule of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|--|----------------|----------------|----------------|
| Revenue | | | |
| INAC - fixed | \$ 322,052 | \$ 346,889 | \$ 322,052 |
| Unexpended funds transferred - prior year | - | 538 | 120,640 |
| | 322,052 | 347,427 | 442,692 |
| Expenses | | | |
| Administration | - | - | 14,807 |
| Assistance | - | 6,205 | - |
| Consultants and contractors | 18,500 | 12,350 | 16,195 |
| Equipment | 18,500 | - | 82,000 |
| Fuel | 19,500 | 36,913 | 21,363 |
| Graduation, awards, prizes | 4,900 | 2,500 | 5,610 |
| Insurance | 3,500 | 677 | 878 |
| Interest and bank charges | - | - | 500 |
| Long-term debt - payments (principle & interest) | - | 30,228 | 10,313 |
| Long-term debt - principle repayment | - | (26,907) | (8,731) |
| Program expenses | - | 900 | - |
| Registration fees | 2,325 | 2,582 | 1,600 |
| Repairs and maintenance | 11,298 | 1,139 | 15,454 |
| Student allowance | 110,792 | 119,285 | 137,475 |
| Student transportation | 3,000 | 1,000 | 5,000 |
| Supplies | 13,638 | 19,140 | 20,896 |
| Training | 300 | - | 773 |
| Travel, meetings, per diems | 7,000 | 27,374 | 8,817 |
| Tuition | 60,000 | 63,515 | 68,676 |
| Wages and benefits | 49,578 | 52,658 | 31,798 |
| Transfer to capital assets | - | - | (82,000) |
| | 322,831 | 349,559 | 351,424 |
| Current surplus (deficit) before unexpended funds | (779) | (2,132) | 91,268 |
| Unexpended funds | | | |
| Unexpended funds transferred to deferred revenue | - | - | (538) |
| Current surplus (deficit) before transfers | (779) | (2,132) | 90,730 |
| Transfers | | | |
| Transfer - Amortization | - | (31,010) | (31,010) |
| Current surplus (deficit) | \$ (779) | \$ (33,142) | \$ 59,720 |

The accompanying notes are an integral part of the financial statements

Schedule #4
Nekaneet First Nation
Indian Government Support
Schedule of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|--|----------------|----------------|----------------|
| Revenue | | | |
| INAC - grant | \$ 206,538 | \$ 210,899 | \$ 206,538 |
| INAC - fixed | 3,439 | 4,911 | 3,821 |
| INAC - set | 6,860 | 11,337 | 7,622 |
| INAC - current year receivable (payable) | - | (5,118) | 3,715 |
| First Nation GST | - | - | 345,583 |
| Other revenue | - | - | 104,252 |
| Administration fees | - | - | 21,836 |
| | 216,837 | 222,029 | 693,367 |
| Expenses | | | |
| Assistance | - | - | 152,245 |
| Consultants and contractors | 120,000 | 254,580 | 81,167 |
| Elders | 500 | - | 200 |
| Fuel | 500 | - | 192 |
| Governance | - | 8,000 | 1,000 |
| Honorariums | - | 295,580 | 347,000 |
| Insurance | 4,000 | - | 3,627 |
| Interest and bank charges | 25,000 | 39,842 | 35,599 |
| Professional fees | 70,000 | 77,140 | 40,838 |
| Registration fees | - | 3,050 | 550 |
| Rent - equipment | 1,800 | 2,572 | 1,785 |
| Repairs and maintenance | 11,500 | 622 | 11,647 |
| Supplies | 14,000 | 8,652 | 12,750 |
| Telephone | 14,000 | 14,515 | 13,906 |
| Training | 200 | 44,500 | 158 |
| Travel, meetings, per diems | 57,500 | 248,871 | 164,900 |
| Wages and benefits | 184,000 | 122,272 | 194,697 |
| | 503,000 | 1,120,196 | 1,062,261 |
| Current deficit before transfers | (286,163) | (898,167) | (368,894) |
| Transfers | | | |
| Transfer - Health Services | - | - | 9,294 |
| Transfer - Band Programs | - | 320,000 | 257,000 |
| Transfer - Amortization | - | (16,490) | (16,489) |
| Current deficit | \$ (286,163) | \$ (594,657) | \$ (119,089) |

The accompanying notes are an integral part of the financial statements

Schedule #5
Nekaneet First Nation
Social Development
Schedule of Operations

For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|--|-----------------|--------------------|-------------------|
| Revenue | | | |
| INAC - fixed | \$ 33,221 | \$ 38,758 | \$ 32,682 |
| INAC - set | 262,410 | 262,037 | 277,101 |
| INAC - current year receivable (payable) | - | 6,959 | (22,838) |
| | <u>295,631</u> | <u>307,754</u> | <u>286,945</u> |
| Expenses | | | |
| Assistance | 178,566 | 187,071 | 176,975 |
| Consultants and contractors | 5,000 | 2,225 | 5,725 |
| Cultural programs | 9,000 | 6,637 | - |
| NCBR - community based support | 9,000 | 24,033 | 6,475 |
| Professional fees | 14,400 | 35,772 | 19,068 |
| Program expenses | - | 1,000 | - |
| Registration fees | - | - | 150 |
| Supplies | 2,100 | 7,651 | 5,711 |
| Training | - | 1,066 | - |
| Travel, meetings, per diems | 2,160 | 3,108 | 1,217 |
| Wages and benefits | 71,889 | 68,291 | 78,217 |
| | <u>292,115</u> | <u>336,854</u> | <u>293,538</u> |
| Current deficit | <u>\$ 3,516</u> | <u>\$ (29,100)</u> | <u>\$ (6,593)</u> |

The accompanying notes are an integral part of the financial statements

Schedule #6
Nekaneet First Nation
Indian Registration
Schedule of Operations

For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|-----------------------------|----------------|----------------|----------------|
| Revenue | | | |
| INAC - fixed | \$ 5,000 | \$ 5,000 | \$ 5,000 |
| Expenses | | | |
| Consultants and contractors | - | 500 | - |
| Supplies | 1,000 | 500 | 540 |
| Travel, meetings, per diems | - | 910 | - |
| Wages and benefits | 4,000 | 13,000 | 4,500 |
| | 5,000 | 14,910 | 5,040 |
| Current deficit | \$ - | \$ (9,910) | \$ (40) |

The accompanying notes are an integral part of the financial statements

Schedule #7
Nekaneet First Nation
Health Services
Schedule of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|--|----------------|----------------|----------------|
| Revenue | | | |
| Health Canada | \$ 199,182 | \$ 275,085 | \$ 245,190 |
| Other revenue | - | - | 2,000 |
| Administration fees | - | 20,877 | 26,374 |
| | 199,182 | 295,962 | 273,564 |
| Expenses | | | |
| Administration | 9,266 | 20,877 | 23,320 |
| Consultants and contractors | 61,550 | 39,769 | 24,210 |
| Cultural programs | 18,300 | 14,235 | 41,647 |
| Insurance | - | 20 | - |
| Janitorial | - | - | 642 |
| Program expenses | 1,500 | - | 13,797 |
| Registration fees | - | - | 800 |
| Repairs and maintenance | 3,600 | 5,088 | 3,838 |
| Supplies | 19,836 | 8,029 | 23,135 |
| Telephone | 3,200 | 8,407 | 7,139 |
| Training | - | 770 | - |
| Travel - medical transportation | 664 | 2,801 | 5,593 |
| Travel, meetings, per diems | 7,000 | 30,644 | 9,088 |
| Utilities | 1,500 | 4,643 | 5,629 |
| Wages and benefits | 84,536 | 74,475 | 102,624 |
| Transfer to capital assets | - | - | (3,599) |
| | 210,952 | 209,758 | 257,863 |
| Current surplus before unexpended funds | (11,770) | 86,204 | 15,701 |
| Unexpended funds | | | |
| Unexpended funds transferred to deferred revenue | - | (74,755) | - |
| Current surplus before transfers | (11,770) | 11,449 | 15,701 |
| Transfers | | | |
| Transfer - Indian Government Support | - | - | (9,294) |
| Current surplus | \$ (11,770) | \$ 11,449 | \$ 6,407 |

The accompanying notes are an integral part of the financial statements

Schedule #8
Nekaneet First Nation
CMHC Operations
Schedule of Operations

For the year ended March 31, 2017

| | | 2017 Budget | 2017 Actual | 2016 Actual |
|---|----|----------------|----------------|----------------|
| Revenue | | | | |
| CMHC | \$ | - | \$ 91,956 | \$ 103,682 |
| Interest revenue | | - | - | 1,800 |
| Other revenue | | - | 6,100 | - |
| | | - | 98,056 | 105,482 |
| Expenses | | | | |
| Insurance | | - | 6,000 | - |
| Interest and bank charges | | - | 1,944 | 1,090 |
| Long-term debt - CMHC mortgage interest | | - | 24,648 | 15,526 |
| Professional fees | | - | 5,923 | - |
| Repairs and maintenance | | - | 6,811 | 1,035 |
| | | - | 45,326 | 17,651 |
| Current surplus before transfers | | - | 52,730 | 87,831 |
| Transfers | | | | |
| Transfer - Amortization | | - | (18,081) | (18,081) |
| Current surplus | \$ | - | \$ 34,649 | \$ 69,750 |

The accompanying notes are an integral part of the financial statements

Schedule #9
Nekaneet First Nation
Band Programs
Schedule of Operations
For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|----------------|----------------|----------------|
| Revenue | | | |
| Funds held in trust by Federal Government | \$ - | \$ 134,705 | \$ 137,910 |
| FHQ Tribal Council | 14,400 | 157,253 | 97,598 |
| First Nation GST | 375,305 | 373,196 | - |
| First Nations Trust | 173,075 | 163,165 | 174,214 |
| Specific Claims Settlement Trust | - | 334,988 | 344,887 |
| Keseechiwan Holdings - monetary benefit agreement | - | 251,916 | 144,283 |
| Community Development Corporation | - | 28,811 | 35,477 |
| Interest revenue | - | 2 | 3 |
| Other revenue | 20,123 | 450,938 | 115,001 |
| Administration fees | 18,214 | 33,841 | - |
| Deferred revenue - current | - | (240,812) | - |
| | 601,117 | 1,688,003 | 1,049,373 |
| Expenses | | | |
| Administration | 1,440 | 14,641 | 8,583 |
| Assistance | - | 406,792 | 61,296 |
| Bad debts | - | 16,908 | 57,300 |
| Consultants and contractors | 7,000 | 231,374 | 32,575 |
| Cultural programs | - | 301,078 | 16,166 |
| Elders | - | 5,804 | - |
| Equipment | 42,375 | - | - |
| First Nations Trust | 123,500 | 41,705 | 146,727 |
| Funeral assistance | - | 11,400 | - |
| Governance | - | 16,900 | 42,100 |
| Honorariums | - | 23,425 | - |
| Insurance | - | 39 | 1,078 |
| Interest and bank charges | - | 9,313 | 8,862 |
| Janitorial | - | 4,800 | 3,800 |
| Long-term debt - interest | - | 108,840 | 85,609 |
| Loss (gain) on investments | - | 6,376 | 45,341 |
| Per capita distribution | - | 13,618 | 155,718 |
| Program expenses | 2,000 | 4,600 | 55,389 |
| Rent - equipment | - | 12,000 | 4,000 |
| Rent - office | - | - | 1,500 |
| Repairs and maintenance | - | 47,028 | 56,601 |
| Supplies | - | 14,580 | 12,754 |
| Telephone | - | - | 333 |
| Training | - | 6,640 | 1,325 |
| Travel, meetings, per diems | 3,700 | 35,009 | 15,025 |

The accompanying notes are an integral part of the financial statements

Schedule #9, continued
Nekaneet First Nation
Band Programs
Schedule of Operations

For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|----------------|----------------|----------------|
| Unexpended funds - unrecorded in prior period | - | - | 13,502 |
| Utilities | - | 47,392 | 600 |
| Wages and benefits | 7,500 | 79,977 | 52,834 |
| | 187,515 | 1,460,239 | 879,018 |
| Current surplus before transfers | 413,602 | 227,764 | 170,355 |
| Transfers | | | |
| Transfer - Indian Government Support | - | (320,000) | (257,000) |
| Current deficit | \$ 413,602 | \$ (92,236) | \$ (86,645) |

The accompanying notes are an integral part of the financial statements

Schedule #10
Nekaneet First Nation
Amortization
Schedule of Operations

For the year ended March 31, 2017

| | 2017 Budget | 2017 Actual | 2016 Actual |
|---|----------------|----------------|----------------|
| Revenue | \$ - | \$ - | \$ - |
| Expenses | | | |
| CMHC Operations | - | 18,081 | 18,081 |
| Education | - | 31,010 | 31,010 |
| Public Works | - | 326,240 | 326,240 |
| Band Support | - | 16,490 | 16,489 |
| | - | 391,821 | 391,820 |
| Current deficit before transfers | - | (391,821) | (391,820) |
| Transfers | | | |
| Transfer - Programs | - | 391,821 | 391,820 |
| Current surplus | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of the financial statements