

Kawacatoose First Nation
Consolidated Financial Statements
March 31, 2017

Kawacatoose First Nation

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For the year ended March 31, 2017

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To the Members of Kawacatoose First Nation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members of Kawacatoose First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

Signed by: Dean Kay _____
Management

To the Members of Kawacatoose First Nation:

We have audited the accompanying consolidated financial statements of Kawacatoose First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows 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 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 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 Kawacatoose First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

November 14, 2017

MNP LLP

Chartered Professional Accountants

Kawacatoose First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Current		
Restricted cash	265,679	129,704
Accounts receivable (Note 3)	696,292	422,235
Inventory for resale	-	20,398
	961,971	572,337
Investment in Nation business entity (Note 4)	219,366	233,302
Funds held in trust (Note 5)	77,010	162,801
	1,258,347	968,440
Financial liabilities		
Current		
Bank indebtedness (Note 6)	527,776	627,742
Accounts payable and accruals	693,691	1,277,924
Deferred revenue (Note 7)	1,082,308	1,000,357
Due to related parties (Note 8)	2,034,596	2,067,482
Current portion of long-term debt (Note 9)	1,283,655	496,359
Current portion of environmental fine (Note 10)	20,000	-
	5,642,026	5,469,864
Long-term debt (Note 9)	3,593,023	2,698,834
Environmental fine (Note 10)	80,000	-
Total financial liabilities	9,315,049	8,168,698
Net debt	(8,056,702)	(7,200,258)
Contingent liabilities (Note 11)		
Subsequent event (Note 21)		
Non-financial assets		
Tangible capital assets (Note 12)	28,221,755	27,780,111
Accumulated surplus (Note 13)	20,165,053	20,579,853
Approved on behalf of Chief and Council		
Signed by: <u>Caroline Poorman</u>	Councillor	Signed by: <u>Delmont Asapace</u>
		Councillor

The accompanying notes are an integral part of these consolidated financial statements

Kawacatoose First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada (Note 18)	5,351,827	7,083,736	6,655,894
Health Canada	1,348,708	1,500,427	1,193,610
First Nations Trust	1,331,872	1,008,302	1,074,946
Touchwood Agency Tribal Council Inc.	402,590	616,624	448,608
Canada Mortgage and Housing Corporation	-	437,521	430,683
Dakota Dunes CDC	57,558	398,936	319,546
BHP Billiton	-	343,233	185,000
Rental	-	199,399	217,399
Contribution from Kawacatoose TLE	-	184,871	220,641
Other	17,875	175,424	280,154
Retail sales	-	137,312	1,402,706
Lease	-	95,345	79,999
Interest	-	3,928	3,016
Insurance proceeds	-	-	87,775
Loss from investment in Nation business entity (Note 4)	-	(13,936)	(52,095)
Total revenues	8,510,430	12,171,122	12,547,882
Program expenses			
Asiniw-Kisik General Store (Note 21)	-	162,109	1,458,650
Band Government	1,294,058	2,131,613	1,826,210
Band Project Revenue	271,474	262,021	281,909
Capital	319,243	1,556,572	1,609,825
CMHC Housing	-	364,024	427,630
Community Based Services	1,344,807	1,679,522	1,679,048
Community Infrastructure	898,460	1,059,258	945,457
Education	2,054,733	2,310,158	2,227,158
Lands and Membership	195,478	543,582	410,480
Post Secondary	1,082,380	1,077,576	982,204
Social Delivery	382,211	1,439,487	1,412,275
Total program expenses	7,842,844	12,585,922	13,260,846
Surplus (deficit) before other item	667,586	(414,800)	(712,964)
Other item			
Gain on disposal of tangible capital assets	-	-	49,336
Surplus (deficit)	667,586	(414,800)	(663,628)
Accumulated surplus, beginning of year	20,579,853	20,579,853	21,243,481
Accumulated surplus, end of year	21,247,439	20,165,053	20,579,853

The accompanying notes are an integral part of these consolidated financial statements

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

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Surplus (deficit)	667,586	(414,800)	(663,628)
Purchases of tangible capital assets	-	(1,774,424)	(112,171)
Tangible capital assets acquired through capital lease	-	(197,494)	(245,300)
Amortization of tangible capital assets	-	1,530,274	1,459,964
Gain on disposal of tangible capital assets	-	-	(49,336)
	-	(441,644)	1,053,157
Changes in net debt	667,586	(856,444)	389,529
Net debt, beginning of year	(7,200,258)	(7,200,258)	(7,589,787)
Net debt, end of year	(6,532,672)	(8,056,702)	(7,200,258)

The accompanying notes are an integral part of these consolidated financial statements

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

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(414,800)	(663,628)
Non-cash items		
Amortization of tangible capital assets	1,530,274	1,459,964
Gain on disposal of tangible capital assets	-	(49,336)
Loss from investment in Nation business entity	13,936	52,095
	1,129,410	799,095
Changes in accounts		
Accounts receivable	(274,057)	21,991
Inventory for resale	20,398	738
Accounts payable and accruals	(584,233)	(114,561)
Deferred revenue	81,951	(78,777)
	373,469	628,486
Financing activities		
Increase (decrease) in bank indebtedness	(99,966)	123,684
Decrease in due to related parties (net)	(32,886)	(17,001)
Environmental fine	100,000	-
Advances of long-term debt	3,103,749	-
Repayment of long-term debt	(1,619,758)	(636,898)
	1,451,139	(530,215)
Capital activities		
Purchases of tangible capital assets	(1,774,424)	(112,171)
Investing activities		
Decrease (increase) in restricted cash	(135,975)	57,847
Decrease (increase) in funds held in trust (net)	85,791	(43,947)
	(50,184)	13,900
Increase in cash resources	-	-
Cash resources, beginning of year	-	-
Cash resources, end of year	-	-
Interest paid	148,908	145,449

The accompanying notes are an integral part of these consolidated financial statements

Kawacatoose First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

1. Operations

The Kawacatoose First Nation (the "First Nation") is located in Treaty 4 Territory, Canada and provides various services to its Members. The Kawacatoose First Nation financial reporting entity includes the First Nation's operations and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management and are prepared in accordance with Canadian public sector accounting standards, and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

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

- Kawacatoose First Nation;
- Kawacatoose First Nation CMHC Housing;
- Kawacatoose Business Development Corporation;
- Kawacatoose Enterprises (590376 Saskatchewan Ltd.); and
- Asiniw-Kisik General Store.

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.

Business enterprises that are separate legal entities and are owned or controlled by the First Nation, but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. 101159591 Saskatchewan Ltd., operating as KFN Market Husky, is accounted for by the modified equity basis.

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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.

Restricted cash

Restricted cash consists of funds held in the CMHC replacement reserve bank account, the CMHC operating reserve bank account and separate bank accounts set up for capital projects.

Inventory

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

2. Significant accounting policies *(Continued from previous page)*

Funds held in trust

Funds held in trust on behalf of the First Nation's Members by the Government of Canada consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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

Net debt

The First Nation's consolidated 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 financial liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

Land purchased is recorded at the purchase price. Original reserve land is not recognized in the First Nation's consolidated financial statements.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Amortization

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	25 years
Housing	25 years
Subdivision	25 years
Equipment	5 years
Water and sewer	25 years
Roads	25 years

Projects under construction are not amortized until they are put into use. Land is not amortized.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Revenue from funding agencies is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Rental revenue is recognized over the rental term. Contributions from Kawacatoose TLE are recorded in the period the resources are used for the purpose specified by the terms of the contributions. Other revenues earned from other services provided by the First Nation are recognized when the service has been provided. Insurance proceeds are recognized when collection is reasonably assured.

Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Segments

The First Nation conducts its business through 13 reportable segments (Note 15). 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 attributable 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.

Related Entities Financial Statements

Separate financial statements are prepared for the following related entities:

- Kawacatoose First Nation CMHC Housing; and
- 101159591 Saskatchewan Ltd.

These entities are related by common ownership. 101159591 Saskatchewan Ltd. has a December 31 year-end.

The First Nation is also related to Kawacatoose Treaty Land Entitlement Trust and Kawacatoose Specific Claim Trust. These Trusts are not included in the consolidated financial statements of the Kawacatoose First Nation as they are administered by Trustees and are governed by Trust Agreements. The Trusts have December 31 year ends.

2. Significant accounting policies *(Continued from previous page)*

Other Economic Interests

The Kawacatoose First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Indigenous and Northern Affairs Canada's alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

The Kawacatoose First Nation is a member of Touchwood Child and Family Services Inc. Touchwood Child and Family Services Inc. is an organization of six Nations, whose purpose is to provide Child and Family services to the member Nations.

The Kawacatoose First Nation is a member of the Touchwood Agency Tribal Council Inc. The Touchwood Agency Tribal Council Inc. is an organization of four Nations, whose purpose is to provide services to the member Nations.

The First Nation does not share in the significant risks and benefits of the operations of the above entities. As a result, the financial statements of Touchwood Agency Specific Claim, Touchwood Child and Family Services Inc. and Touchwood Agency Tribal Council Inc. have not been reported in these consolidated financial statements of Kawacatoose First Nation.

The First Nation is a member of several other entities. The First Nation does not share in the significant risks and benefits associated with the operations of these entities. As a result these entities have not been reported in these consolidated financial statements.

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. There are no known liabilities at March 31, 2017.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

3. Accounts receivable

	2017	2016
Canada Mortgage and Housing Corporation	191,564	23,306
Dakota Dunes CDC	175,286	178,043
Touchwood Agency Tribal Council Inc.	142,683	100,598
BHP Billiton Ltd.	97,150	-
GST rebates	50,376	59,530
Indigenous and Northern Affairs Canada	33,601	59,703
Health Canada	3,632	-
Other	2,000	-
Employee advances	-	8,400
Saskatchewan Finance	-	1,055
	696,292	430,635
Allowance for doubtful accounts	-	(8,400)
	696,292	422,235

4. Investment in Nation business entity

The First Nation holds the following investment in a commercial enterprise:

	<i>Opening</i>	<i>Share of loss</i>	<i>Contribution</i>	<i>Total investment</i>
101159591 Saskatchewan Ltd. (operating as KFN Market Husky)	233,302	(13,936)	-	219,366

Summary financial information for 101159591 Saskatchewan Ltd. is as follows:

	<i>As at December 31, 2016</i>
Assets	
Current	259,390
Long-term	16,264
Total assets	275,654
Liabilities	
Current	56,288
Net assets	219,366
Total revenues	2,346,223
Total expenses	2,360,159
Net loss	(13,936)

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Funds held in trust

Funds held in trust are held on behalf of the Members of Kawacatoose First Nation by the Government of Canada and consist of a revenue trust fund. Moneys are transferred from the fund to the First Nation on the authorization of the First Nation's Chief and Council, with the consent of the Minister of Indigenous and Northern Affairs Canada.

	2017	2016
Revenue Trust		
Balance, beginning of year	162,801	118,854
Interest	3,884	2,973
Land leases	95,345	40,974
	262,030	162,801
Less: Transfers to Nation	185,020	-
Balance, end of year	77,010	162,801

6. Bank indebtedness

The First Nation has lines of credit available with Peace Hills Trust Company with authorized limits of \$300,000 and \$100,000 secured by an assignment of INAC funding, bearing interest at 24% and prime plus 2.0% respectively. As at March 31, 2017 \$238,596 and \$100,000 had been advanced respectively. The remainder of bank indebtedness includes outstanding cheques and deposits that had not cleared the bank.

7. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restriction:

	Balance 2016	Contributions received	Contributions recognized	Balance 2017
Treaty Land Entitlement Trust - Band Development	961,439	-	40,000	921,439
Indigenous and Northern Affairs Canada - Capital Projects	38,918	130,000	93,980	74,938
CMHC - Retrofit	-	136,100	50,169	85,931
	1,000,357	266,100	184,149	1,082,308

8. Due to related parties

Amounts due to Kawacatoose Treaty Land Entitlement Trust include a \$500,000 loan (2016 - \$500,000) with interest at 8%. Remaining amounts are non-interest bearing, unsecured and with no fixed repayment terms. These parties are related through common membership.

	2017	2016
Kawacatoose Treaty Land Entitlement Trust	1,994,717	2,027,603
Kawacatoose Specific Claim Trust	39,879	39,879
	2,034,596	2,067,482

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

9. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	2017	2016
II	---	---	---	---	7,940
IV	11,308	18.75%	1-May-17	22,402	142,008
XVI	552	4.99%	1-Jan-19	11,557	17,477
XVII	1,638	2.01%	1-Oct-19	135,394	152,168
XVIII	343	1.04%	1-Oct-20	32,559	36,320
XIX	1,620	1.71%	1-Sep-17	185,387	201,524
XX	1,733	1.04%	1-Oct-20	167,489	186,439
XXI	1,829	1.62%	1-Mar-18	309,252	326,075
				864,040	1,069,951
Peace Hills Trust Company consolidation loan with interest at 4.6%. Repayable in quarterly instalments of \$142,000 including interest, with quarterly payments decreasing to \$121,000 after a one time payment of \$525,000. \$525,000 one time payment is due upon receipt of CMHC Phase 22 advances. Phase 22 advances anticipated upon completion of construction of Phase 22 housing. Loan maturing April 2019, secured by a general security agreement and assignment of FNT and INAC funding.				3,103,749	-
Canada Mortgage and Housing Corporation Phase 22 advances with interest at 1.16%, subject to refinancing upon completion of construction of Phase 22 housing				486,189	482,552
Capital lease with Brandt Tractor Ltd for a 2014 John Deere Loader, with interest at 6.75%, blended monthly payments of \$3,866, with the option to buy for \$1 at September 2021, secured by equipment with a net book value of \$157,995				179,589	-
Capital lease with Brandt Tractor Ltd. for a 2014 John Deere 770G Motor Grader, with interest at 8.50%, blended monthly payments of \$5,036, with the option to buy for \$1 at February 2020, secured by equipment with a net book value of \$176,782				155,632	200,735
Capital lease with Brandt Tractor Ltd. for a 2014 John Deere 210G Excavator, with interest at 6.75%, blended monthly payments of \$5,124, with the option to buy for \$1 at September 2018, secured by equipment with a net book value of \$101,040				87,479	141,082
Royal Bank of Canada term loan				-	1,067,615
Royal Bank of Canada term loan				-	233,258
				4,876,678	3,195,193
Less: current portion				1,283,655	496,359
				3,593,023	2,698,834

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

9. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to renewal is renewed with similar rates and terms, are estimated as follows:

2018	1,283,655
2019	632,669
2020	583,555
2021	549,971
2022	551,579

10. Environmental fine

During the year the Saskatchewan Provincial Court ordered Kawacatoose First Nation to pay a fine of \$100,000 in 5 annual instalments. The fine related to the Asiniw-Kisik General Store.

11. Contingent liabilities

Touchwood Agency Specific Claim

The Government of Canada provided Touchwood Agency Specific Claim with an interest-free loan of approximately \$2,250,000. The loan was used for research, development and negotiation of its claim related to the alleged mismanagement of the Touchwood Agency funds from 1920 to 1924. The loan is interest free and repayable on the earlier of March 31, 2010 or the date on which the claim is settled. There are provisions in the loan agreement with Indigenous and Northern Affairs Canada to have the repayment period extended. The five Nations who are members of the Touchwood Agency Specific Claim may be directly or indirectly responsible for the repayment of this loan. The amount of the liability, if any, is not determinable at this time. If any liability results from the loan, it will be recorded in the period the liability is determinable. As at March 31, 2017 the Government of Canada has not requested repayment. If the claim is not settled, it is uncertain if the loan will have to be paid back to the Government of Canada.

Funding

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

Wrongful dismissal lawsuits

The First Nation has been named in lawsuits on behalf of former employees, seeking to recover damages allegedly sustained by them as a result of wrongful dismissal. The First Nation is defending these claims. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or estimate the loss, if any, which may result.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

12. Tangible capital assets

Cost

	<i>Buildings</i>	<i>Housing</i>	<i>Subdivision</i>	<i>Equipment</i>	<i>Water and Sewer</i>	<i>Roads</i>	<i>Projects Under Construction</i>	<i>Purchased Land</i>	<i>2017</i>	<i>2016</i>
Balance, beginning of year	14,607,001	10,696,684	693,824	1,489,538	6,635,967	1,148,714	1,952,442	8,637,240	45,861,410	45,707,103
Acquisition of tangible capital assets	-	-	-	457,844	-	-	1,514,074	-	1,971,918	406,807
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(252,500)
Balance, end of year	14,607,001	10,696,684	693,824	1,947,382	6,635,967	1,148,714	3,466,516	8,637,240	47,833,328	45,861,410

Accumulated amortization

Balance, beginning of year	8,531,783	5,644,980	533,170	944,266	2,236,049	191,051	-	-	18,081,299	16,873,835
Annual amortization	580,626	336,528	27,753	273,979	265,439	45,949	-	-	1,530,274	1,459,964
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	(252,500)
Balance, end of year	9,112,409	5,981,508	560,923	1,218,245	2,501,488	237,000	-	-	19,611,573	18,081,299
2017 Net book value	5,494,592	4,715,176	132,901	729,137	4,134,479	911,714	3,466,516	8,637,240	28,221,755	
2016 Net book value	6,075,218	5,051,704	160,654	545,272	4,399,918	957,663	1,952,442	8,637,240		27,780,111

Tangible capital assets include assets under capital lease with a gross cost of \$744,730 (2016 - \$547,236) and accumulated amortization of \$308,913 (2016 - \$159,967). During the year there was \$197,494 of tangible capital assets purchased by capital lease.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

13. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Operating fund	(3,872,348)	(4,704,360)
Capital asset fund	23,345,077	24,584,918
Commercial fund	219,366	233,302
CMHC operating reserve	52,058	33,885
CMHC subsidy surplus	58,743	13,603
CMHC replacement reserve	285,147	255,704
Trust funds	77,010	162,801
	20,165,053	20,579,853

14. Funds / Reserves

The Kawacatoose First Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the First Nation's administration;
- Capital Asset Fund reports on the capital assets and projects of the First Nation, with any related funding, capital financing proceeds and costs incurred transferred from the operating fund;
- Commercial Fund reports on commercial business operations owned by the First Nation;
- CMHC Operating Reserve is required as part of the First Nation's CMHC Housing Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program;
- CMHC Subsidy Surplus is required as part of the First Nation's CMHC Housing Program. Any surpluses, up to a maximum of \$500 per house per annum, are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program;
- CMHC Replacement Reserve is required as part of the First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses; and
- Trust Funds report on trust moneys owned by the First Nation and held by the Government of Canada.

15. Segments

The First Nation has 13 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Ottawa Trust Funds - reports revenues allocated to the funds and transfers to other segments.

Investment in Business Enterprises - reports on gains and losses of investments in business enterprises.

Asiniw-Kisik General Store - reports on the operations of the unincorporated gas bar and convenience store.

Band Government - reports on administration and governance activities.

Band Project Revenue - reports on band programs not funded by INAC, Health Canada and CMHC.

Capital - reports on capital projects and major repairs to housing and community buildings.

CMHC Housing - reports on the operations of the CMHC Housing Program.

Community Based Services - reports on the operations of the community's health program.

Community Infrastructure - reports on the operations and maintenance of infrastructure.

Education - reports on the operations of the education programs.

Lands and Membership - reports on administration of lands and membership.

Post Secondary - reports on funding spent to provide post secondary opportunities to Members of the First Nation.

Social Delivery - reports on the delivery of social programs.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

16. Economic dependence

Kawacatoose First Nation receives a significant portion of its revenues from the Government of Canada as a result of Treaties entered into with the Crown in Right of Canada. Indigenous and Northern Affairs Canada administers these Treaties on behalf of the Government of Canada 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 information

The budget was approved by Chief and Council of Kawacatoose First Nation in January 2016. No amounts have been budgeted for amortization or capital asset purchases. Loan payments were included as expenses in the budgeted approved by Chief and Council, but have not been included in the consolidated budget as they would not be in accordance with Canadian Public Sector Accounting Standards.

The consolidated budget does not include budgeted amounts for CMHC Housing, Asiniw-Kisik General Store and Social Development. CMHC Housing operates as a separate program and any amounts the First Nation expects to contribute are included in the budgets of other programs. The First Nation does not expect to contribute or receive distributions from the General Store so no budget was prepared. Social Development is a reimbursable program so no budget was prepared.

Kawacatoose First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

18. Indigenous and Northern Affairs Canada

INAC funding per confirmation	7,183,862
Add:	
Deferred revenue, beginning of year	38,918
16/17 Band Employee Benefits reconciliation	3,601
Deduct:	
Deferred revenue, end of year	(74,938)
15/16 CPP & Pension reconciliation	(30,830)
16/17 Institutional Care reconciliation	(36)
16/17 Basic Needs reconciliation	(25,656)
16/17 Special Needs reconciliation	(5,911)
16/17 Child Tax Benefit (NCBR) reconciliation	(5,265)
16/17 Home/Adult Care reconciliation	(9)
	<hr/> 7,083,736 <hr/>

19. Compliance with laws

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous and Northern Affairs Canada by July 29, 2017. The First Nation is in violation of this requirement. The possible effect of this violation has not yet been determined.

20. Comparative figures

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

21. Subsequent event

In June 2016, the Asiniw-Kisik General Store ended operations. Subsequent to year-end the First Nation completed renovations on the building previously operated by the Asiniw-Kisik General Store and began operations of another retail store with new management.

Kawacatoose First Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Salaries and benefits	3,816,004	4,556,484	4,458,552
Amortization	-	1,530,274	1,459,964
Social assistance	-	1,037,930	1,045,613
Student	984,644	992,401	821,634
Repairs and maintenance	305,468	651,739	601,069
Honouraria	580,046	609,388	511,442
Travel	453,656	525,358	667,738
Supplies	174,980	494,965	474,098
Insurance	264,222	217,390	203,143
Contribution to Kawacatoose TLE	-	213,769	180,641
Professional fees	108,500	200,064	234,567
Utilities	283,681	199,447	208,243
Bank charges and interest	19,200	183,767	195,468
Member assistance	72,000	167,902	124,247
Child benefits	191,504	161,843	153,062
Payment of prior year expenses	-	127,258	-
Retail cost of sales	-	118,047	1,076,055
Rent paid on behalf of CMHC	-	112,544	120,594
Senior and youth programs	25,354	104,700	161,705
Environmental fine	-	100,000	-
Program	204,110	99,087	73,184
Training	99,991	94,883	53,088
Telephone	80,484	87,163	91,043
Contracted services	115,200	77,472	193,629
Administration	-	75,131	22,865
Office	14,000	65,784	59,296
Cultural development	49,800	42,540	29,906
Interest paid to Kawacatoose TLE	-	40,000	40,000
Recovery of prior year expenses	-	(301,408)	-
	7,842,844	12,585,922	13,260,846

Kawacatoose First Nation
Ottawa Trust Funds
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Lease	-	95,345	40,974
Interest	-	3,884	2,973
Surplus before transfers	-	99,229	43,947
Transfers between programs	-	(185,020)	-
Surplus (deficit)	-	(85,791)	43,947

Kawacatoose First Nation
Investment in Business Enterprises
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenue			
Loss from investment in Nation business entity	-	(13,936)	(52,095)
Deficit	-	(13,936)	(52,095)

Kawacatoose First Nation
Asiniw-Kisik General Store
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenue			
Retail sales	-	137,312	1,402,706
Expenses			
Retail cost of sales	-	118,047	1,076,055
Salaries and benefits	-	30,313	249,303
Amortization	-	9,000	9,000
Office	-	3,392	12,055
Bank charges and interest	-	1,357	16,754
Professional fees	-	-	29,686
Member assistance	-	-	8,750
Repairs and maintenance	-	-	7,330
Utilities	-	-	4,188
Travel	-	-	40,637
Telephone	-	-	2,792
Training	-	-	2,100
	-	162,109	1,458,650
Deficit	-	(24,797)	(55,944)

Kawacatoose First Nation
Band Government
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	553,840	695,512	631,927
First Nations Trust	1,331,872	1,008,302	1,074,946
Dakota Dunes CDC	57,558	398,936	319,546
BHP Billiton	-	343,233	185,000
Other	-	113,107	86,812
Lease	-	-	39,025
	1,943,270	2,559,090	2,337,256
Expenses			
Honouraria	530,720	566,402	307,830
Salaries and benefits	163,624	374,323	352,549
Travel	156,200	186,078	144,171
Professional fees	83,000	157,306	128,273
Bank charges and interest	18,000	151,760	92,593
Supplies	42,000	129,617	57,606
Member assistance	42,000	122,959	85,292
Rent paid on behalf of CMHC	-	112,544	120,594
Contribution to Kawacatoose TLE	-	68,898	-
Repairs and maintenance	6,000	55,958	136,030
Telephone	23,760	41,528	41,026
Senior and youth programs	-	41,511	108,964
Cultural development	36,600	38,190	29,175
Office	600	27,581	20,557
Program	42,374	26,578	14,754
Training	24,000	25,679	18,983
Student	30,000	23,300	16,500
Contracted services	6,000	18,801	49,503
Child benefits	600	600	124
Utilities	84,000	-	-
Insurance	48,000	-	99,875
Administration	(43,420)	(38,000)	1,811
	1,294,058	2,131,613	1,826,210
Surplus before other item	649,212	427,477	511,046
Other item			
Gain on disposal of tangible capital assets	-	-	49,336
Surplus before transfers	649,212	427,477	560,382
Transfers between programs	-	185,020	22,528
Surplus	649,212	612,497	582,910

Kawacatoose First Nation
Band Project Revenue
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	-	26,680	-
Touchwood Agency Tribal Council Inc.	254,600	254,600	254,600
Other	16,875	-	-
	271,475	281,280	254,600
Expenses			
Salaries and benefits	181,384	220,951	174,759
Supplies	9,200	12,272	10,000
Travel	27,200	11,242	54,949
Professional fees	-	7,143	-
Training	4,600	5,023	400
Utilities	5,400	4,458	2,044
Contracted services	20,000	300	240
Telephone	3,480	294	2,837
Program	10,000	250	-
Repairs and maintenance	-	49	2,351
Office	1,200	39	35
Honouraria	-	-	32,410
Insurance	1,810	-	1,384
Administration	-	-	500
Cultural development	7,200	-	-
	271,474	262,021	281,909
Surplus (deficit) before transfers	1	19,259	(27,309)
Transfers between programs	-	-	24,200
Surplus (deficit)	1	19,259	(3,109)

Kawacatoose First Nation
Capital

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	319,243	404,319	358,020
Canada Mortgage and Housing Corporation	-	127,988	150,000
Other	-	44,126	128,162
Interest	-	44	43
Insurance proceeds	-	-	87,775
	319,243	576,477	724,000
Expenses			
Amortization	-	1,102,716	1,102,716
Repairs and maintenance	80,823	212,156	142,643
Salaries and benefits	-	201,236	243,650
Insurance	180,000	189,004	56,683
Payment of prior year expenses	-	127,258	-
Utilities	-	6,989	-
Contracted services	-	5,770	30,794
Travel	-	5,745	6,980
Supplies	15,000	5,473	23,901
Telephone	-	1,633	1,998
Office	-	-	460
Bank charges and interest	-	-	100
Administration	43,420	-	-
Program	-	-	(100)
Recovery of prior year expenses	-	(301,408)	-
	319,243	1,556,572	1,609,825
Deficit before transfers	-	(980,095)	(885,825)
Transfers between programs	-	(9,503)	900
Deficit	-	(989,598)	(884,925)

Kawacatoose First Nation
CMHC Housing
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Canada Mortgage and Housing Corporation	-	309,533	280,683
Rental	-	199,399	217,399
	-	508,932	498,082
Expenses			
Amortization	-	148,579	148,579
Repairs and maintenance	-	139,004	157,498
Bank charges and interest	-	30,544	56,656
Administration	-	18,450	19,260
Insurance	-	17,715	26,147
Professional fees	-	9,732	19,490
	-	364,024	427,630
Surplus	-	144,908	70,452

Kawacatoose First Nation
Community Based Services
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Health Canada	1,348,708	1,500,427	1,193,610
Other	-	9,135	13,608
Touchwood Agency Tribal Council Inc.	-	-	2,238
	1,348,708	1,509,562	1,209,456
Expenses			
Salaries and benefits	967,196	902,084	949,054
Amortization	-	269,979	199,669
Travel	148,117	140,478	198,922
Supplies	23,208	100,152	99,134
Program	115,415	60,254	58,714
Administration	-	58,859	794
Repairs and maintenance	4,460	36,268	53,257
Telephone	20,484	25,012	23,651
Training	16,569	19,493	9,625
Utilities	8,845	16,265	11,920
Senior and youth programs	-	16,152	10,259
Professional fees	11,000	15,500	23,308
Office	7,200	4,880	4,677
Honouraria	2,400	4,400	18,300
Contracted services	-	3,733	6,250
Insurance	19,913	3,557	7,668
Cultural development	-	2,350	(269)
Bank charges and interest	-	106	4,115
	1,344,807	1,679,522	1,679,048
Surplus (deficit)	3,901	(169,960)	(469,592)

Kawacatoose First Nation
Community Infrastructure
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	898,460	975,792	881,201
Other	-	(5,252)	8,611
	898,460	970,540	889,812
Expenses			
Salaries and benefits	385,075	543,526	493,148
Repairs and maintenance	208,985	174,967	62,300
Utilities	169,836	162,804	174,573
Supplies	33,306	76,814	122,604
Travel	14,938	39,209	24,447
Office	-	14,276	-
Telephone	23,520	11,306	2,472
Administration	-	10,600	-
Contracted services	37,200	8,459	35,542
Training	12,000	7,534	1,000
Professional fees	-	5,500	-
Insurance	12,000	2,763	8,727
Program	1,600	1,500	(500)
Bank charges and interest	-	-	20,904
Student	-	-	240
	898,460	1,059,258	945,457
Deficit before transfers	-	(88,718)	(55,645)
Transfers between programs	-	9,503	-
Deficit	-	(79,215)	(55,645)

Kawacatoose First Nation
Education

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	2017 Budget (Note 17)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	1,906,739	2,187,218	2,027,780
Touchwood Agency Tribal Council Inc.	147,990	362,024	191,770
Other	-	6,812	11,427
	2,054,729	2,556,054	2,230,977
Expenses			
Salaries and benefits	1,827,279	1,979,908	1,738,747
Supplies	44,214	95,137	130,833
Travel	67,421	80,463	91,578
Training	14,321	35,295	15,345
Senior and youth programs	25,354	35,185	42,482
Student	15,644	30,826	20,621
Administration	-	25,222	-
Program	3,000	10,310	416
Repairs and maintenance	4,000	8,393	30,674
Insurance	2,500	4,351	2,659
Professional fees	12,500	2,500	23,308
Cultural development	6,000	2,000	1,000
Honouraria	29,000	400	103,246
Contracted services	-	168	4,000
Office	3,500	-	14,320
Telephone	-	-	5,904
Bank charges and interest	-	-	2,025
	2,054,733	2,310,158	2,227,158
Surplus (deficit)	(4)	245,896	3,819

Kawacatoose First Nation
Lands and Membership
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	195,475	238,024	237,718
Contribution from Kawacatoose TLE	-	184,871	220,641
Other	-	5,301	-
	195,475	428,196	458,359
Expenses			
Salaries and benefits	92,500	146,972	82,165
Contribution to Kawacatoose TLE	-	144,871	180,641
Environmental fine	-	100,000	-
Supplies	2,452	43,593	3,373
Interest paid to Kawacatoose TLE	-	40,000	40,000
Repairs and maintenance	-	22,568	7,695
Travel	15,000	19,120	39,870
Contracted services	41,400	10,701	48,724
Utilities	8,400	8,931	513
Office	-	2,309	-
Professional fees	2,000	2,000	5,375
Training	13,200	1,114	1,500
Telephone	2,400	1,003	224
Honouraria	17,926	400	-
Administration	-	-	500
Program	200	-	(100)
	195,478	543,582	410,480
Surplus (deficit)	(3)	(115,386)	47,879

Kawacatoose First Nation
Post Secondary
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	1,080,859	1,119,221	1,080,859
Other	1,000	2,195	7,159
	1,081,859	1,121,416	1,088,018
Expenses			
Student	939,000	938,275	783,873
Salaries and benefits	90,680	57,923	79,560
Contracted services	8,200	29,540	6,687
Travel	12,000	27,103	49,474
Office	1,500	12,907	5,452
Supplies	2,000	7,163	10,834
Telephone	3,600	4,665	7,783
Utilities	7,200	-	15,005
Honouraria	-	-	11,870
Professional fees	-	-	4,914
Training	3,000	-	3,140
Bank charges and interest	1,200	-	2,321
Repairs and maintenance	1,200	-	1,291
Program	12,800	-	-
	1,082,380	1,077,576	982,204
Surplus (deficit)	(521)	43,840	105,814

Kawacatoose First Nation
Social Delivery
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2017

	<i>2017 Budget (Note 17)</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	397,211	1,436,970	1,438,389
Other	-	-	24,375
	397,211	1,436,970	1,462,764
Expenses			
Social assistance	-	1,037,930	1,045,613
Child benefits	190,904	161,243	152,938
Salaries and benefits	108,265	99,248	95,617
Member assistance	30,000	44,943	30,205
Honouraria	-	37,786	37,786
Supplies	3,600	24,744	15,813
Travel	12,780	15,920	16,710
Senior and youth programs	-	11,852	-
Repairs and maintenance	-	2,376	-
Telephone	3,240	1,722	2,356
Training	12,301	745	995
Office	-	400	1,740
Professional fees	-	383	213
Program	18,721	195	-
Contracted services	2,400	-	11,889
Student	-	-	400
	382,211	1,439,487	1,412,275
Surplus (deficit) before transfers	15,000	(2,517)	50,489
Transfers between programs	-	-	(47,628)
Surplus (deficit)	15,000	(2,517)	2,861