

CANOE LAKE FIRST NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2017

CANOE LAKE FIRST NATION

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Management's Responsibility for the Financial Statements

To the Members of the Canoe Lake First Nation:

The accompanying financial statements of Canoe Lake First Nation are the responsibility of management and have been approved by the Council.

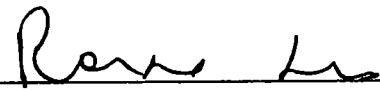
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Bjorn Sigurdson, CPA Professional Corp. conduct an audit in accordance with Canadian general auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Canoe Lake First Nation and meet when required.

On behalf of Canoe Lake First Nation:





INDEPENDENT AUDITOR'S REPORT

To the Members of the **Canoe Lake First Nation**:

We have audited the accompanying consolidated financial statements of **Canoe Lake First Nation** which is comprised of the consolidated statement of financial position as of March 31, 2017 and the consolidated statements of operations, changes in net financial assets, surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility of the 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.

Independent Auditor's Responsibility

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

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



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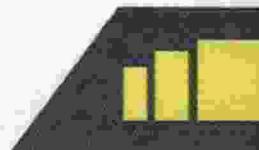
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Bjorn Sigurdson CPA, CA
Accountant | Financial Consultant

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, these financial statements present fairly, in all material respects, the financial position of **Canoe Lake First Nation** as at March 31, 2017 and the results of its operations and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to the membership and Aboriginal Affairs and Northern Development Canada and does not form part of the consolidated financial statements. The schedules have not been audited other than in the course of our audit of the financial statements to the extent necessary to allow us to render an opinion thereon.

Bjorn Sigurdson C.P.A. Prof Corp

Saskatoon, Saskatchewan
September 25, 2017

Chartered Professional
Accountant

CANOE LAKE FIRST NATION

STATEMENT OF FINANCIAL POSITION
as at March 31, 2017

	2017	2016
<u>FINANCIAL ASSETS</u>		
Restricted deposits	\$ 429,309	\$ 1,248,652
Accounts receivable (Note 2)	245,859	141,311
Trust funds (Note 3)	67,554	105,136
Investments (Note 4)	294,925	361,505
Limited partnership interests (Note 5)	<u>5,124,361</u>	<u>3,883,055</u>
	<u>6,162,008</u>	<u>5,739,659</u>
<u>FINANCIAL LIABILITIES</u>		
Bank indebtedness	1,127,169	539,864
Accounts payable (Note 6)	2,397,652	1,670,596
Funded reserves (Note 7)	24,896	347,697
Unexpended revenue (Note 8)	1,143,712	1,214,403
Term debt (Notes 9 & 10)	<u>9,140,041</u>	<u>7,934,367</u>
	<u>13,833,470</u>	<u>11,706,927</u>
NET FINANCIAL ASSETS	(7,671,462)	(5,967,268)
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Note 11)	<u>18,552,451</u>	<u>17,783,571</u>
SURPLUS	\$ 10,880,989	\$ 11,816,303

APPROVED BY COUNCIL:

Q. G.

Rose for

CANOE LAKE FIRST NATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ (253,615)	\$ (1,359,610)
Receipt of deferred capital	156,235	42,587
Purchase of capital assets	(2,058,506)	(985,305)
Amortization of capital assets	452,724	394,698
Funding agency adjustments	(1,032)	(5,729)
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 (1,704,194)	 (1,913,359)
 BALANCE, beginning of the year	 (5,967,268)	 (4,053,909)
 BALANCE, end of the year	 \$ (7,671,462)	 \$ (5,967,268)
	<hr/>	<hr/>

CANOE LAKE FIRST NATION

STATEMENT OF OPERATIONS
for the year ended March 31, 2017

	<u>Budget</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
Grants and Contributions:				
- Aboriginal Affairs and Northern Development Canada	\$ 5,459,727	\$ 5,459,727	\$ 6,610,365	
- Health Canada	35,000	35,000	35,000	
- Meadow Lake Tribal Council	4,393,145	4,393,145	4,101,783	
- First Nations Trust – Gaming	700,000	764,587	807,313	
- Government of Saskatchewan	12,284	12,284	26,250	
- Northern Recreation Committee	-	-	23,150	
- Saskatchewan Lotteries	9,381	9,381	12,605	
- Northern Lights Community Development	248,923	248,923	306,000	
- Canoe Lake Trusts	-	-	100,000	
Interest earned	-	387	606	
Donations and fundraising	-	-	22,334	
Rentals	80,975	91,037	77,874	
Earnings distributions	7,500	8,552	27,415	
Residential school settlements	-	-	172,716	
Expense recoveries and other income	398,226	500,923	762,814	
Contracting	14,824	12,140	289,498	
Sales tax refunds	278,798	180,924	375,973	
Revenue trust interest and fees	5,000	2,418	23,388	
Housing rents and subsidy	<u>893,857</u>	<u>893,857</u>	<u>831,577</u>	
	12,537,640	12,613,285	14,606,661	
Unexpended revenue - prior year	1,214,403	1,214,403	1,817,769	
- current year	<u>-</u>	<u>(1,143,712)</u>	<u>(1,214,403)</u>	
	13,752,043	12,683,976	15,210,027	
 EXPENSES	 <u>13,885,936</u>	 <u>14,112,317</u>	 <u>15,998,394</u>	
 SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	 (133,893)	 (1,428,341)	 (788,367)	
 Limited partnership earnings (loss)	 200,000	 1,241,306	 (388,593)	
 Equity change in investments	 <u>-</u>	 <u>(66,580)</u>	 <u>(182,650)</u>	
 SURPLUS (DEFICIT) FOR THE YEAR	 <u>\$ 66,107</u>	 <u>\$ (253,615)</u>	 <u>\$ (1,359,610)</u>	

CANOE LAKE FIRST NATION

STATEMENT OF SURPLUS BALANCES
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u>		
BALANCE, beginning of the year	\$ 7,494,210	\$ 8,253,396
PLUS: capital assets acquired with grant funding	156,235	42,587
LESS: amortization recorded	(836,902)	(801,773)
BALANCE, end of the year	\$ 6,813,543	\$ 7,494,210
	<u>=====</u>	<u>=====</u>
<u>SURPLUS, EQUITY IN INVESTMENTS</u>		
BALANCE, beginning of the year	\$ 361,505	\$ 544,155
Meadow Lake Co-op Membership		
- patronage dividend	23,341	27,415
- receipt of funds	(8,552)	(17,415)
Nehiyo Wapasihk Business Development		
- earnings (loss) for the year	(5,407)	(108,198)
Opasihk Development Corp.		
- contributed surplus amortized	(3,031)	(3,031)
- earnings (loss) for the year	(72,931)	(81,421)
BALANCE, end of the year	\$ 294,925	\$ 361,505
	<u>=====</u>	<u>=====</u>

CANOE LAKE FIRST NATION

STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<u>SURPLUS (DEFICIT) APPROPRIATED FOR CMHC HOUSING</u>		
BALANCE, beginning of the year	\$ (83,237)	\$ (76,512)
Adjustments by funding agency	(1,032)	(5,729)
Surplus (Deficit) for the year	_____ -	(996)
BALANCE, end of the year	\$ (84,269)	\$ (83,237)
	<u>_____</u>	<u>_____</u>
<u>SURPLUS (DEFICIT) UNAPPROPRIATED</u>		
BALANCE, beginning of the year	\$ 4,043,825	\$ 5,219,789
SURPLUS (DEFICIT) FOR THE YEAR	(253.615)	(1,359,610)
BALANCE	3,790,210	3,860,179
ALLOCATION OF SURPLUS:		
- Appropriated surplus	-	996
- Investment equity	<u>66.580</u>	<u>182,650</u>
BALANCE, end of the year	\$ 3,856,790	\$ 4,043,825
	<u>_____</u>	<u>_____</u>

CANOE LAKE FIRST NATION

STATEMENT OF CASH FLOWS
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATIONS:		
Surplus (Deficit) for the year	\$ (253,615)	\$ (1,359,610)
Plus: Amortization	452,724	394,698
Funding agency adjustments	(1,032)	(5,729)
	<u>198,077</u>	<u>(970,641)</u>
Changes in non-cash Working Capital items:		
Accounts receivable	(104,548)	84,800
Accounts payable	727,056	543,987
Unexpended revenue	(70,691)	(603,366)
	<u>749,894</u>	<u>(945,220)</u>
INVESTING ACTIVITIES:		
Change in investment balances	(1,174,726)	1,010,443
Change in trust balances	37,582	(23,388)
Purchase of capital assets	(2,058,506)	(985,305)
	<u>(3,195,650)</u>	<u>1,750</u>
FINANCING ACTIVITIES:		
Receipt of deferred capital	156,235	42,587
Proceeds of term debt	2,138,090	937,000
Repayment of term debt	(932,416)	(760,189)
	<u>1,361,909</u>	<u>219,398</u>
INCREASE (DECREASE) IN CASH RESOURCES	(1,083,847)	(724,072)
CASH RESOURCES, beginning of the year	<u>361,091</u>	<u>1,085,163</u>
CASH RESOURCES, end of the year	\$ (722,756)	\$ 361,091
Cash resources are represented by:		
Bank balance	\$ (1,127,169)	\$ (539,864)
Restricted deposit	429,309	1,248,652
Funded reserves	(24,896)	(347,697)
	<u>\$ (722,756)</u>	<u>\$ 361,091</u>

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

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

Reporting Entity and Principles of Financial Reporting

The Canoe Lake First Nation reporting entity includes the Canoe Lake First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Canoe Lake First Nation – Housing Authority

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Net Financial Assets

Net financial assets are the net amount of financial assets less financial liabilities outstanding. Financial assets represent items which could provide resources to the First Nation to discharge existing liability or finance future operations.

Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the First Nation as they can be used to provide services in future periods. These assets do not provide resources to discharge the liabilities of the First Nation unless they are sold.

Cash and Cash Equivalents

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

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments

Incorporated business entities, which are owned or controlled by the Canoe Lake First Nation and which are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method.

Long term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

Revenue Recognition

Revenue are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulation give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Contribution from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial operations.

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

Pension Plan

Canoe Lake First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

Leased Assets

Leased assets that transfer substantially all of the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and in the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expenses as incurred.

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Tangible Capital Assets

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

Amortization is provided for on a straight-line basis over the estimated lives as follows:

Buildings and improvements	20 to 75 years
General equipment	10 to 20 years
Vehicles and machinery	4 years
Trailers	10 years
Roads	25 years
Infrastructure	20 to 80 years
Houses	40 years

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

Assets under construction are not amortized until the asset is available to be put into service.

No amortization is recorded in the year of acquisition.

Government Funding for Capital Assets

Funding received for the purchase of or construction of capital assets is accumulated as an equity account, Deferred Capital Transfers, and is amortized at the same rate as the applicable capital assets are amortized.

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Instruments

Financial instruments consist of bank, portfolio investments, accounts receivable, trust funds, accounts payable and unexpended revenue. The First Nation's financial instruments are measured at cost or amortized cost. Interest attributable to financial instruments is reported in the statement of operations. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Due to the short-term nature of all financial instruments other than long-term investments and long-term debt, the carrying values are presented in the financial statements are reasonable estimates of fair value. As is true for all estimates, actual fair value could differ from this estimate and, if so, any difference could be accounted for in the period in which it becomes known. Since long-term investments are not traded in an organized financial market, it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability.

Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the year.

Accounts receivable and members advance are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from estimates.

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

2. ACCOUNTS RECEIVABLE:

	<u>2017</u>	<u>2016</u>
Aboriginal Affairs	\$ 100,000	\$ -
Housing subsidy	39,997	36,461
MLTC Program Services	67,952	19,757
Northern Lights Development	26,213	77,457
Expense recoveries	<u>11.697</u>	<u>7,636</u>
	 <u>\$ 245,859</u>	 <u>\$ 141,311</u>
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3. TRUST FUNDS:

The First Nation has the following trust funds held by Aboriginal Affairs and Northern Development Canada:

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2016	\$ 98,481	\$ 6,655	\$ 105,136
Plus: Interest and royalties	51	2,367	2,418
Less: Receipt of funds	<u>(40.000)</u>	<u>-</u>	<u>(40,000)</u>
Balance, March 31, 2017	 <hr/> <u>\$ 58,532</u>	 <hr/> <u>\$ 9,022</u>	 <hr/> <u>\$ 67,554</u>

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

4. INVESTMENTS:

The First Nation has the following investments:

		<u>2017</u>	<u>2016</u>
MLTC Resource Development Inc.			
- 1 Class A common share (11% ownership)		\$ 1	\$ 1
MLTC Program Services Inc.			
- 1 Class A common share (11% ownership)		1	1
MLDC Investment C. Ltd.			
- 1 Class A common share (11% ownership)		1	1
First Nations Bank			
- 537 Common shares		<u>940</u>	<u>940</u>
		<u>943</u>	<u>943</u>
Nehiyo Wapasihk Business Development Corporation			
- 1 Class A common share (100% ownership)			
- share capital		10,000	10,000
- retained earnings		<u>3,667</u>	<u>9,074</u>
		<u>13,667</u>	<u>19,074</u>
Opasihk Development Corporation			
- 100 Class A common shares (100% ownership)			
- share capital issued		1	1
- contributed capital		509,500	509,500
- contributed surplus		6,062	9,093
- retained earnings (deficit)		<u>(270,037)</u>	<u>(197,106)</u>
		<u>245,526</u>	<u>321,488</u>
Meadow Lake Co-op			
- equity account		<u>34,789</u>	<u>20,000</u>
		<u>\$ 294,925</u>	<u>\$ 361,505</u>

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

5. LIMITED PARTNERSHIPS:

The First Nation has the following interests:

(1) MLTC Resource Development Limited Partnership (11.1% ownership)

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 3,842,343	\$ 4,686,541
Plus: share of earnings (loss)	1,236,834	(394,198)
Less: distribution received	- _____	(450,000) _____
Balance, end of the year	\$ 5,079,177	\$ 3,842,343
	_____	_____

(2) Canadian Shield Insurance Limited Partnership (30% ownership)

Balance, beginning of the year	\$ 40,712	\$ 51,307
Plus: share of earnings (loss)	4,472	5,605
Less: distribution received	- _____	(16,200) _____
Balance, end of the year	\$ 45,184	\$ 40,712
	_____	_____

6. ACCOUNTS PAYABLE:

	<u>2017</u>	<u>2016</u>
Housing reserves obligation (Note 7)	\$ 1,799,355	\$ 1,269,050
Trade creditors	589,837	382,923
Accrued mortgage interest	8,460	8,623
Housing fund capital costs	- _____	10,000 _____
	\$ 2,397,652	\$ 1,670,596
	_____	_____

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

7. FUNDED RESERVES:

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to fund both an asset replacement reserve and an operating surplus reserve. Use of the funded reserves is subject to the terms of the agreement. As for the fiscal year end the reserve obligation is:

	<u>2017</u>	<u>2016</u>
Total obligation	\$ 1,824,251	\$ 1,616,747
Funded amount on deposit	<u>24.896</u>	<u>347.697</u>
Outstanding obligation (see Note 6)	\$ 1,799,355	\$ 1,269,050

8. UNEXPENDED REVENUE:

The First Nation unexpended revenue includes:

	<u>Sch</u>	<u>2017</u>	<u>2016</u>
Instruction	2	\$ 275,716	\$ 260,720
Direct Services	4	327,039	-
Student Success	6	43,583	44,999
Capital Water	17	255,178	663,883
Capital Eagles Lake	18	201,394	237,072
Benefits	21	(7,248)	(7,806)
Family Services	28	25,217	-
Community Reinvestment	45	<u>22,833</u>	<u>15,535</u>
		\$ 1,143,712	\$ 1,214,403

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

9. TERM DEBT:

The First Nation has the following term debt:

	<u>2017</u>	<u>2016</u>
1) First Nations Bank loan; repayable in monthly installments of \$4,133 including interest at 6.53%.	\$ 242,842	\$ 275,410
2) First Nations Bank loan; repayable in annual installments of \$160,929 in April plus interest monthly at the rate of 3.70%.	321,857	482,786
3) First Nations Bank loan; repayable in quarterly installments of \$58,250 plus interest on a monthly basis at 6.0%.	407,750	640,750
4) First Nations Bank loan; repayable in quarterly installments of \$23,375 plus interest payable monthly at 5.70%.	62,333	187,000
5) First Nations Bank loan; repayable in quarterly installments of \$163,995 plus interest payable monthly at 5.95%.	2,135,000	-
	<hr/>	<hr/>
	\$ 3,169,782	\$ 1,585,946
	<hr/>	<hr/>

The amount of debt repayable in subsequent periods is estimated at:

2018	\$ 654,257
2019	353,673
2020	201,995
2021	203,995
2022	204,995
Subsequent	<u>1,618,915</u>
	<hr/>
	\$ 3,169,782
	<hr/>

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

10. RENTAL HOUSING MORTGAGES:

The First Nation has the following housing mortgages outstanding, which are all guaranteed by Aboriginal Affairs and Northern Development Canada:

	<u>2017</u>	<u>2016</u>
1) Peace Hills Trust is repayable at \$2,890 including interest at 3.95% per annum.	\$ 42,409	\$ 74,845
2) CMHC # 2; payable monthly at \$1,177 including interest at 1.83%.	101,000	113,169
3) CMHC # 3; payable monthly at \$1,655 including interest at .94%.	154,490	172,805
4) CMHC # 4; payable monthly at \$1,642 including interest at 1.53%.	188,236	204,935
5) CMHC # 5; payable monthly at \$1,504 including interest at 1.12%.	215,633	231,180
6) CMHC # 6; payable monthly at \$4,992 including interest at 4.45%.	803,561	849,866
7) CMHC # 7; payable monthly at \$4,042 including interest at 1.65%.	453,747	494,437
8) CMHC # 8; payable monthly at \$6,253 including interest at 1.83%.	1,136,083	1,190,151
9) CMHC # 9; payable monthly at \$3,588 including interest at 1.19%.	640,822	671,480
10) CMHC # 10; payable monthly at \$1,456 including interest at 1.60%.	309,461	321,899

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

10. RENTAL HOUSING MORTGAGES: (Continued)

	<u>2017</u>	<u>2016</u>
11) CMHC # 11; payable monthly at \$2,912 including interest at 1.60%.	\$ 618,922	\$ 643,799
12) CMHC # 12; payable monthly at \$4,690 including interest at 2.18%.	586,791	629,855
13) CMHC # 13; payable monthly at \$3,525 including interest at 1.10%.	719,104	750,000
	<hr/>	<hr/>
	\$ 5,970,259	\$ 6,348,421
	<hr/>	<hr/>

The amount of debt repayable in subsequent periods is estimated at:

2018	\$ 430,000
2019	395,000
2020	403,000
2021	415,000
2022	428,000
Subsequent years	<u>3,899,259</u>
	<hr/>
	\$ 5,970,259
	<hr/>

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

11. TANGIBLE CAPITAL ASSETS:

The major categories of tangible capital assets are:

	<u>2017</u>	<u>2016</u>
<u>Cost</u>		
Rental houses	\$ 10,500,429	\$ 10,500,429
Buildings	9,276,460	9,276,461
Equipment	211,293	199,192
Heavy equipment	395,968	395,968
Trailers	67,639	67,639
Vehicles	384,283	384,283
Infrastructure	6,771,968	6,771,968
Roads	451,731	451,731
Houses	<u>14,484,978</u>	<u>12,438,572</u>
	<u>42,544,749</u>	<u>40,486,243</u>
<u>Accumulated Amortization</u>		
Rental houses	2,536,751	2,155,499
Buildings	4,772,898	4,410,028
Equipment	198,133	197,600
Heavy equipment	205,982	146,948
Trailers	67,639	67,639
Vehicle	318,494	278,960
Infrastructure	4,075,073	3,939,634
Roads	451,731	451,731
Houses	<u>11,365,597</u>	<u>11,054,633</u>
	<u>23,992,298</u>	<u>22,702,672</u>
<u>Net Book Value</u>	<u>\$ 18,552,451</u>	<u>\$ 17,783,571</u>

12. ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA:

The First Nation has entered into funding arrangements with Aboriginal Affairs and Northern Development Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement. Funding received under these contribution agreements is subjected to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

CANOE LAKE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2017

13. PENSION AGREEMENT:

The First Nation provides a defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement annuity that could be purchased based on the employee's share of the pension plan at the time the employee's withdrawal from the plan.

14. BUDGETED FIGURES:

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates supplied by management.

15. RISK MANAGEMENT

The First Nation is exposed to credit risk and liquidity risk from its financial instruments.

The First Nation's member advances are exposed to credit risk. The First Nation manages its exposure to credit risk by actively limiting the amount of non-funding accounts receivable outstanding.

The First Nation is exposed to liquidity risk which are limitations on the ability of the First Nation to convert financial assets to cash in order to meet financial liabilities as a result of being economically dependent on funding from AANDC. The First Nation's approach to managing its liquidity risk is to ensure that it will have sufficient cash flows to fund its operations and to meet its obligations when due, under both normal and stressed conditions.

16. COMPARATIVE FIGURES:

Comparative figures for 2015/2016 have been restated to match current reporting practices.

CANOE LAKE FIRST NATION

SUMMARY OF SCHEDULES
for the year ended March 31, 2017
 (unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
RESERVES:					
Registry	1	\$ 17,317	\$ 39,152	\$ -	\$ (21,835)
LANDS:					
Land Management	1	17,169	17,169	-	-
EDUCATION:					
Instructional Services	2	1,614,889	1,599,893	(14,996)	-
Enhanced Salaries	3	57,361	57,361	-	-
Ancillary Services	3	3,455	3,455	-	-
Daily Transportation	3	143,613	143,613	-	-
Education Support	4	120,272	120,272	-	-
High Cost Education	4	518,614	191,575	(327,039)	-
Post Secondary	5	730,916	730,700	-	216
Low Cost Special Education	5	138,553	138,553	-	-
Student Success	6	398,222	399,638	1,416	-
		<u>3,725,895</u>	<u>3,385,060</u>	<u>(340,619)</u>	<u>216</u>
SOCIAL:					
Income Security Benefit	7	1,368,738	1,381,374	-	(12,636)
Special Needs	7	158,769	186,990	-	(28,221)
Home Care	8	55,810	55,810	-	-
National Child Benefit	9	137,254	137,309	-	(55)
Assisted Living	9	100,724	100,724	-	-
		<u>1,821,295</u>	<u>1,862,207</u>	<u>-</u>	<u>(40,912)</u>
INFRASTRUCTURE:					
Fire Protection	10	14,001	20,366	-	(6,365)
Public Works	10	62,448	87,817	-	(25,369)
Roads	11	36,807	73,969	-	(37,162)
Sanitation	11	88,629	89,128	-	(499)
Water Systems	12	114,206	205,955	-	(91,749)
Water Operators	12	82,050	82,069	-	(19)
Community Buildings	13	94,457	100,261	-	(5,804)
Electrical Systems	13	26,080	26,614	-	(534)
School Maintenance	14	357,666	357,357	-	309
Teacherage	14	8,158	8,170	-	(12)
Other Protection	15	8,579	8,579	-	-
		<u>893,081</u>	<u>1,060,285</u>	<u>-</u>	<u>(167,204)</u>

CANOE LAKE FIRST NATION

SUMMARY OF SCHEDULES
for the year ended March 31, 2017
(unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
CAPITAL:					
Water	16	\$ 387	\$ 409,092	\$ 408,705	\$ -
Eagles Lake Lagoon	17	100,000	135,678	35,678	-
Housing	18	105,999	105,999	-	-
Renovations	18	<u>227,333</u>	<u>325,236</u>	<u>-</u>	<u>(97,903)</u>
		<u>433,719</u>	<u>976,005</u>	<u>444,383</u>	<u>(97,903)</u>
GOVERNMENT SERVICES:					
Administration	19	866,974	1,424,928	-	(557,954)
Benefits	20	107,277	106,719	(558)	-
Benefits	20	33,517	34,075	-	(558)
Service Delivery	21	101,944	133,158	-	(31,214)
Governance	21	<u>40,000</u>	<u>103,071</u>	<u>-</u>	<u>(63,071)</u>
		<u>1,149,712</u>	<u>1,801,951</u>	<u>(558)</u>	<u>(652,797)</u>
HEALTH:					
Transportation Co-ordinator	23	35,000	36,493	-	(1,493)
Health Management	23	150,146	152,454	-	(2,308)
Nursing Services	24	310,382	310,252	-	130
Clinic Security	24	88,677	89,506	-	(829)
Facility Management	24	72,405	78,348	-	(5,943)
Addictions	25	113,966	115,710	-	(1,744)
Community Health	25	61,407	61,916	-	(509)
Community Wellness	26	84,449	86,445	-	(1,996)
Home Care	26	135,350	133,758	-	1,592
Headstart	27	82,060	82,491	-	(431)
Family Services	28	154,221	129,004	(25,217)	-
Prevention	29	131,083	136,635	-	(5,552)
Youth Suicide	30	9,832	10,200	-	(368)
Maternal Child	30	36,479	37,000	-	(521)
Health Programming	31	67,421	67,641	-	(220)
Family Violence	31	12,000	12,242	-	(242)
Day Care	32	<u>110,318</u>	<u>117,054</u>	<u>-</u>	<u>(6,736)</u>
		<u>1,655,196</u>	<u>1,657,149</u>	<u>(25,217)</u>	<u>(27,170)</u>

CANOE LAKE FIRST NATION

SUMMARY OF SCHEDULES
for the year ended March 31, 2017
(unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
FIRST NATION PROGRAMS:					
Economic Development	33	\$ 75,910	\$ 75,079	\$ -	\$ 831
Wild Rice	34	65,337	61,726	-	3,611
Policing Agreement	34	12,284	7,034	-	5,250
Fire Suppression	35	230,931	240,723	-	(9,792)
Nursing Residence Rental	35	30,000	22,605	-	7,395
Youth Centre	36	38,004	38,775	-	(771)
Justice	37	40,771	40,830	-	(59)
Recreation	38	85,673	85,673	-	-
Hot Lunch	39	125,868	125,868	-	-
Elder's Support	39	155,023	154,823	-	200
RCMP Building Rental	40	52,975	24,651	-	28,324
Fuel and Tobacco Rebate	40	202	202	-	-
Summer Student	41	37,747	37,747	-	-
Arena	41	115,868	115,868	-	-
Hampers	42	5,000	5,000	-	-
Teacherage Rental	43	24,900	18,997	-	5,903
Community Re-investment	44	224,569	217,271	(7,298)	-
Gaming Funds	45	418,385	421,072	-	(2,687)
First Nation Funds	46	140,044	544,868	-	(404,824)
Trust Administration	47	-	13,606	-	(13,606)
Northern Lights	48	-	2,930	-	(2,930)
Cultural	48	20,000	20,000	-	-
Capital / Revenue	49	(37,581)	-	-	(37,581)
Loader Purchase	49	<u>144,134</u>	<u>144,134</u>	<u>-</u>	<u>-</u>
		<u>2,006,044</u>	<u>2,419,482</u>	<u>(7,298)</u>	<u>(420,736)</u>
OTHER PROGRAMS:					
CMHC Housing	50	<u>893,857</u>	<u>893,857</u>	<u>-</u>	<u>-</u>
		<u>\$ 12,613,285</u>	<u>\$ 14,112,317</u>	<u>\$ 70,691</u>	<u>\$ (1,428,341)</u>
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>