

Consolidated financial statements of

EAGLE VILLAGE FIRST NATION - KIPAWA

March 31, 2016

EAGLE VILLAGE FIRST NATION - KIPAWA

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EAGLE VILLAGE FIRST NATION - KIPAWA
Management's Statement of Responsibility
Year ended March 31, 2016

The consolidated financial statements of Eagle Village First Nation - Kipawa as at March 31, 2016 are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared in conformity with Canadian public sector accounting standards as defined by the CPA Canada Public Sector Accounting Handbook and, where appropriate, include amounts that are based on management's best estimates and judgements. Management has established internal control systems to ensure that the financial information is objective and reliable and that band assets are safeguarded.

The consolidated financial statements have been audited by the independent auditors, Deloitte LLP whose report outlines the scope of their audit and their opinion on the consolidated financial statements.

The Chief and Council carries out its responsibility for the consolidated financial statements through the Office of Chief and Council, which is comprised of a quorum of councillors. The Chief and Council meets with the auditors to review the consolidated financial statements and Independent Auditor's Report.

The Chief and Council reviews the audited consolidated financial statements with the independent auditors before making recommendations for presentation to the band membership.


Signature and title
for Eagle Village First Nation - Kipawa



Deloitte LLP
101 1st Avenue East
Suite 200
Amos QC J9T 1H4
Canada

Tel: 819-732-8273
Fax: 819-732-9143
www.deloitte.ca

Independent Auditors' report

To the Chief and Council
EAGLE VILLAGE FIRST NATION - KIPAWA

We have audited the accompanying consolidated financial statements of the Eagle Village First Nation - Kipawa as at March 31, 2016, which comprise the consolidated statement of Financial Position as at March 31, 2016, and the consolidated statements of Operations, Cumulative Operating Surplus, Net Investment in Capital Assets, Changes in Net Debt and Cash Flows, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the Financial Position of Eagle Village First Nation - Kipawa as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

July 28, 2016

¹CPA auditor, CA, public accountancy permit No A112314

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Operations
Year ended March 31, 2016

	2016	2015
	\$	\$
REVENUES		
Sales	2 101 026	1 792 978
Taxi services	43 635	83 096
INAC - Unexpended Funding	322 352	111 198
Allocation from the replacement reserve	5 000	8 335
INAC - Fixed Contribution	42 342	35 262
INAC - Set Contribution	2 935 214	1 342 521
INAC- Block Contribution	2 757 857	2 727 847
Administration fees	301 254	279 079
Recreation	16 284	14 128
Canada Mortgage and Housing Corporation (CMHC)	131 028	392 779
First Nations Education Council	85 242	42 892
First Nations of Quebec and Labrador Health and Social Services Commission	38 847	89 080
Centre jeunesse de l'Abitibi-Témiscamingue	131 223	131 223
Forestry contracts	240 570	197 258
Government of Quebec	4 408	42 550
First Nations Human Resources Development Commission of Quebec	275 940	283 864
Interests	3 129	7 398
Land Management	285 000	250 000
Loan revenues	79 713	324 964
Ministry of Natural Resources	106 000	106 000
Health Canada	1 401 957	1 391 467
Refundable surplus to INAC	(7 541)	(31 821)
Refundable surplus to Health Canada	-	(19 571)
Refundable surplus to FNEC	(817)	(12 486)
Provincial and Federal police	316 375	313 313
Other recreation revenues	1 002	-
Rent revenues	260 529	345 759
Special activities revenues	50 826	35 899
Sale of housing units	155 000	213 000
Other revenues	475 205	396 931
Transfer to Net Investment in Capital Assets	(3 627 916)	(1 820 810)
Deferred revenue from the previous year	738 900	165 757
Deferred revenue to the following year	(645 583)	(738 900)
	9 024 001	8 500 990

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Operations
Year ended March 31, 2016

	2016	2015
	\$	\$
EXPENSES		
Band Government	17 703	17 619
Administration	740 082	707 820
Human Resources Development	194 842	180 651
Education	931 249	956 992
Health	1 610 293	1 543 276
Public Works	574 255	803 763
Public Security	413 249	465 368
Social Assistance	298 119	284 233
Housing	961 084	1 188 208
Economic Development	2 817 607	2 595 313
Natural Resources and Others	608 608	684 191
	9 167 091	9 427 434
DEFICIT FOR THE YEAR	(143 090)	(926 444)

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

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Cumulative Operating Surplus
Year ended March 31, 2016

	2016	2015
	\$	\$
BALANCE AT BEGINNING OF YEAR	3 140 696	2 964 579
DEFICIT FOR THE YEAR	(143 090)	(926 444)
ALLOCATION FROM THE ECONOMIC INVESTMENT SURPLUS	(773 070)	405 373
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS - AMORTIZATION/ LOSS AND PROCEEDS FROM DISPOSAL OF CAPITAL ASSETS	742 824	690 936
ADJUSTMENT TO ARTICLE 95 RESERVE	24 941	6 252
BALANCE AT END OF YEAR	2 992 301	3 140 696

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

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Net Investment in Capital Assets
Year ended March 31, 2016

	2016	2015
	\$	\$
NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR	14 483 725	12 989 894
ACQUISITION OF CAPITAL ASSETS	3 627 916	1 820 810
LOSS AND PROCEEDS ON DISPOSAL OF CAPITAL ASSETS	(461)	(4 548)
REIMBURSMENT OF LONG-TERM DEBT	130 065	370 524
REIMBURSMENT OF RRAP	16 533	20 433
PROCEEDS FROM LONG-TERM DEBT	(652 393)	(27 000)
AMORTIZATION OF CAPITAL ASSETS	(742 363)	(686 388)
NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR	16 863 022	14 483 725

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

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Financial Position
as at March 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	2 372 484	1 335 369
Term deposit, prime rate less 2 %	16 452	16 452
Accounts receivable (Note 3)	2 202 119	2 114 187
Long-term investments (Note 4)	81 619	96 063
Restricted cash and deposits (Note 5)	278 854	272 118
	4 951 528	3 834 189
LIABILITIES		
Accounts payable and accrued liabilities	1 463 991	596 824
Deferred revenue (note 7)	645 583	738 900
Due to Health Canada	19 571	19 571
Deferred govermental assistance	418 806	440 848
INAC - Unexpended funding	383 841	706 193
Long-term debt (Note 8)	2 065 988	1 560 193
	4 997 780	4 062 529
NET DEBT	(46 252)	(228 340)
NON-FINANCIAL ASSETS		
Capital assets (Note 6)	18 914 849	16 029 757
Inventories	93 472	74 865
Prepaid expenses	52 050	86 891
Other assets	-	20 000
	19 060 371	16 211 513
ACCUMULATED SURPLUS (Note 11)	19 014 119	15 983 173

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

APPROVED BY CHIEF AND COUNCIL

Chief Kenneth A. Kipawa
Council General Chairperson

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Changes in Net Debt
Year ended March 31, 2016

	2016	2015
	\$	\$
DEFICIT FOR THE YEAR	(143 090)	(926 444)
CHANGES IN CAPITAL ASSETS		
Acquisition of capital assets	(3 627 916)	(1 820 810)
Proceeds from disposal of capital asset	-	559
Amortization of capital assets	742 363	686 388
Loss on other assets write-off and investment divestiture	756 083	23 584
Debt forgiveness	(734 706)	-
Loss on disposal of capital assets	461	3 989
	(2 863 715)	(1 106 290)
CHANGES IN OTHER NON-FINANCIAL ASSETS		
Change in the inventories	(18 607)	(6 739)
Change in the prepaid expenses	34 841	(41 959)
	16 234	(48 698)
CHANGES IN THE NON-OPERATIONAL SURPLUSES AND RESERVES		
Changes in reserves	50 527	131 273
Increase of In-trust surplus	11	15
Net financing by capital assets surplus	3 122 121	2 184 767
	3 172 659	2 316 055
CHANGES IN NET FINANCIAL ASSETS	182 088	234 623
NET DEBT AT BEGINNING OF YEAR	(228 340)	(462 963)
NET DEBT AT END OF YEAR	(46 252)	(228 340)

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

EAGLE VILLAGE FIRST NATION - KIPAWA
Consolidated Statement of Cash Flows
Year ended March 31, 2016

	2016 \$	2015 \$
OPERATING ACTIVITIES		
Deficit for the year	(143 090)	(926 444)
Item not affecting cash:		
Loss on other assets write-off and investment divestiture	756 083	23 584
Debt forgiveness	(734 706)	-
Loss on disposal of capital assets	461	3 989
Amortization of capital assets	742 363	686 388
Amortization of governmental assistance	(22 042)	(23 202)
	599 069	(235 685)
Changes in non-cash operating working capital items <u>(Note 12)</u>	379 800	128 797
	978 869	(106 888)
INVESTING ACTIVITIES		
Acquisition of capital assets	(3 627 916)	(1 820 810)
Proceeds from disposal of capital asset	-	559
Increase of the restricted cash and deposits	(6 736)	(29 613)
Changes in long-term investments	14 444	138 636
	(3 620 208)	(1 711 228)
FINANCING ACTIVITIES		
Net financing by capital assets surplus	3 122 121	2 184 767
Increase of In-trust surplus	11	15
Changes in reserves	50 527	131 273
Changes in bank loan	-	(35 000)
Proceeds from long-term debt	652 393	27 000
Reimbursement of long-term debt	(146 598)	(390 957)
	3 678 454	1 917 098
NET INCREASE IN CASH AND CASH EQUIVALENTS	1 037 115	98 982
CASH AND CASH EQUIVALENTS , BEGINNING OF YEAR	1 335 369	1 236 387
CASH AND CASH EQUIVALENTS, END OF YEAR	2 372 484	1 335 369

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

Cash and cash equivalents consist of cash.

Additional information (Note 12)

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

1. DESCRIPTION OF THE ORGANIZATION

The First Nation is an unincorporated legal body as defined in the Indian Act. A band council is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards applicable to local governments and issued by the CPA Canada Public Sector Accounting Handbook.

The principles of fund accounting have been used in the preparation of these consolidated financial statements in accordance with Canadian public sector accounting standards. Accounts are classified into funds in accordance with specified requirements, activities and objectives. The accrual method is followed for the recognition of revenues and expenses.

Capital assets

The capital assets is composed of all capital assets recorded at cost. The methods, the term and amortization rates are as follows:

Community buildings	2.5%	diminishing balance
Private housing	25 years	straight line
Water and sanitation systems	2.5%	diminishing balance
Roadway system	2.5%	diminishing balance
Motorized equipment	10% to 20%	diminishing balance
Office and other equipment	20%	diminishing balance
Building - Migizy Odenaw inc.	5%	diminishing balance
Equipment - Migizy Odenaw inc.	10%	diminishing balance
Restaurant equipment - Migizy Odenaw inc.	20%	diminishing balance

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues recognition

Revenues are recorded in the period specified in funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenses is deferred. Revenues are recognized when persuasive evidence of an arrangement exists, price is fixed or determinable and collection is reasonably assured.

Reimbursements of capital and interests

The reimbursements of capital and interests repayments on the long-term debt are treated as expenses in the housing operations projects whereas the rent charged by the First Nation to the tenants and the grant coming from CMHC are treated as revenues in that same project.

Use of estimates

The preparation of consolidated 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 and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables and long-term investments, the useful lives of long-lived assets and liabilities under legal contingencies. Actual results could differ from these estimates.

Principle of consolidation

The consolidated financial statements include the accounts of the First Nation and the organizations under its control. These organizations include Migizy Odenaw inc., Kebaowek inc. and Taxi Tem inc. Transactions concluded between these organizations and reciprocal balances are eliminated. The reciprocal balances have not been eliminated in the segment disclosure (Note 20).

Investments in controlled entities

Taxi Tem inc. (until December 15, 2015, date of the termination of the company), Kebaowek inc. and Migizy Odenaw inc. are wholly-owned by Eagle Village First Nation - Kipawa. As at March 31, 2016, the financial information available for the operations of Taxi Tem inc. and those of Migizy Odenaw inc. were taken from their respective year-end, September 30, 2015 for both and from March 31, 2016 year-end for Kebaowek inc. These investments in controlled entities are recorded on the modified equity basis of accounting unless the controlled entities become entirely dependant from a financing point of view from Eagle Village First Nation - Kipawa. When a controlled entity becomes dependant from a financing point of view, it is consolidated into the financial statements of the First Nation.

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term investments

Long-term investments are recorded at cost.

Revenues and expenses related to the acquisition of capital assets

Revenues and expenses related to the acquisition of capital assets are primarily recorded in the Statement of Operations and then reclassified in the Net Investment in Capital Assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

Pension plan

The cost of the defined pension plan is equal to the pension plan expenses.

The pension plan is a multiemployer defined benefit pension plan that is accounted for as a defined contribution plan.

Loans

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion.

Proceeds on the disposal of capital assets and the related revenues

Proceeds on the disposal of capital assets and from assets held for sale are recorded in the Net Investment in Capital Assets.

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

3. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
INAC receivable	1 531 254	761 986
Health Canada receivable	-	51 542
HRD receivable	14 836	20 018
FNEC receivable	31 010	15 411
FNQLHSS receivable	17 385	8 908
Loans receivable	7 358	171 700
GST, QST and tobacco tax receivable	36 281	23 570
Police funding receivable	41 164	239 113
Forestry contracts receivable	55 629	57 824
Government of Quebec receivable	5 425	33 975
Land management receivable	111 500	101 500
Other administration accounts receivable	39 845	74 311
Rent receivable	160 233	427 108
Accounts receivable (housing)	131 477	135 604
Water and garbage receivable	20 119	15 478
Other accounts receivable	50 067	26 079
Expenses to be reimbursed (housing)	62 820	65 435
RRAP loan and other receivables	9 491	8 400
	2 325 894	2 237 962
Allowance for doubtful accounts	(123 775)	(123 775)
	2 202 119	2 114 187

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

4. LONG-TERM INVESTMENTS

	2016	2015
	\$	\$
Loan to receive from an individual, no interests	17 405	17 405
Loan to a promoter, no interests	10 000	10 000
Loan to a promoter, no interests	25 714	25 714
Loan to a promoter, no interests	8 500	8 500
Loan to a promoter, no interests	10 000	10 000
Loan to a promoter, no interests	10 000	10 000
Migizy Odenaw inc. - Advance	-	1 993
Taxi Tem - Advance	-	12 451
	81 619	96 063

5. RESTRICTED CASH AND DEPOSITS

	2016	2015
	\$	\$
In-trust surplus	542	531
Replacement reserve (Note 13)	278 312	271 587
	278 854	272 118

6. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Value	
			2016	2015
	\$	\$	\$	\$
Assets under construction	2 844 713	-	2 844 713	1 139 917
Community buildings	2 979 202	1 100 465	1 878 737	1 481 322
Private housing	9 681 797	4 689 593	4 992 204	4 923 281
Water and sanitation systems	7 444 804	903 879	6 540 925	6 708 641
Roadway system	1 377 740	395 568	982 172	277 968
Motorized equipment	1 767 828	884 540	883 288	682 232
Building Migizy Odenaw inc.	662 331	280 640	381 691	401 780
Equipment Migizy Odenaw inc.	422 272	284 726	137 546	152 829
Restaurant equipment Migizy				
Odenaw inc.	32 312	28 925	3 387	4 234
Office and other equipment	1 031 335	761 149	270 186	257 553
	28 244 334	9 329 485	18 914 849	16 029 757

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

7. DEFERRED REVENUE

	2016	2015
	\$	\$
Matamec	38 754	38 837
Poverty alliances for solidarity	-	7 284
Transcanada East Energy	-	1 288
Wastewater treatment system (AQB03)	463 431	272 907
Amik Avenue Curbs	-	262 277
Nursing Station Maintenance	-	284
Management Support	-	7 044
Maternal and Child Health	16 890	9 029
Health Canada - Movable Assets Reserve	-	8 997
Community Food Security	12 299	10 588
Forum Jeunesse - First Line Services	19 038	36 019
Head Start Project	-	9 564
Arbor Project	-	14 000
Estate Planning	37 032	
Regalia Project	-	5 589
Land Management (Forestry)	37 393	52 173
Sports and leisure & Québec en forme	-	3 020
United Church	5 746	
Avenir d'enfants	15 000	
	645 583	738 900

8. LONG-TERM DEBT

	2016	2015
	\$	\$
Loan, 1,49 %, secured by INAC, payable by monthly instalments of \$878, capital and interests, maturing in 2037	188 332	196 006
Loan, 1,49 %, secured by INAC, payable by monthly instalments of \$1,595, capital and interests, maturing in 2033	284 140	298 924
Loan, 3,68 %, secured by INAC, payable by monthly instalments of \$312, capital and interests, maturing in 2020	5 626	7 288
Loan, 4,79 %, secured by INAC, payable by monthly instalments of \$246, capital and interests, maturing in 2016	-	2 164
Loan, 4,79 %, secured by INAC, payable by monthly instalments of \$278, capital and interests, maturing in 2016	-	2 446

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

8. LONG-TERM DEBT (continued)

	2016	2015
	\$	\$
Loan, 3,71 %, secured by INAC, payable by monthly instalments of \$399, capital and interests, maturing in 2024	33 860	37 334
Loan, 3,71 %, secured by INAC, payable by monthly instalments of \$323, capital and interests, maturing in 2024	27 463	30 281
Loan, 2,85 %, secured by INAC, payable by monthly instalments of \$142, capital and interests, maturing in 2016	37 861	44 056
Loan, 6,24 %, secured by a motorized equipment, payable by monthly instalments of \$583 capital and interest, maturing in 2021	26 524	-
Loan, 4,07 %, secured by INAC, payable by weekly instalments of \$123, capital and interests, maturing in 2030	66 865	70 681
Loan, 5,05 %, secured by INAC, payable by monthly instalments of \$1,683, capital and interests, maturing in 2032	213 996	225 190
Loan, 3,49 %, secured by INAC, payable by monthly instalments of \$233, capital and interests, maturing in 2016	1 614	4 306
Loan, 3,5 %, secured by INAC, payable by monthly instalments of \$349, capital and interests, maturing in 2017	6 147	10 875
Loan, 3,49 %, secured by INAC, payable by monthly instalments of \$706, capital and interests, maturing in 2016	4 881	13 023
Loan, 1,19 %, secured by INAC, payable by monthly instalments of \$573, capital and interest, maturing in 2035	120 487	-
Loan, 1,52 % secured by INAC, payable by monthly instalments of \$532, capital and interests, maturing in 2032	96 168	101 046
Loan, 4,30 %, secured by INAC, payable by monthly instalments of \$1,500, capital and interests, maturing in 2027	151 007	163 321
Loan, 3,16 % secured by INAC, payable by monthly instalments of \$713, capital and interests, maturing in 2031	101 012	106 779

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

8. LONG-TERM DEBT (continued)

	2016	2015
	\$	\$
Loan, 6,24 %, secured by a motorized equipment, payable by monthly instalments of \$583, capital and interest, maturing in 2020	26 523	-
Loan, 3,22 %, secured by INAC, payable by monthly instalments of \$1 134, capital and interest, maturing in 2021	235 964	-
Loan, 3,22 %, secured by INAC, payable by monthly instalments of \$428, capital and interest, maturing in 2020	89 000	-
Loan, 1,3 %, secured by INAC, payable by Monthly instalments of \$560, capital and interest, maturing in 2035	128 343	-
Loan, 2,61 %, secured by INAC, payable by monthly instalments of \$798, capital and interests, maturing in 2019	28 919	37 711
Loan, 2,61 %, secured by INAC, payable by monthly instalments of \$260, capital and interests, maturing in 2029	34 721	37 017
Loan from Canada Mortgage and Housing Corporation (RRAP) *	47 201	47 734
Loan, 2,61 %, secured by INAC, payable by monthly instalments of \$571, capital and interests, maturing in 2026	61 258	66 645
Loan, 3,42 %, secured by INAC, payable by monthly instalments of \$177, capital and interests, maturing in 2017	26 043	27 254
Loan, 4,37 % secured by INAC, payable by monthly instalments of \$769, capital and interests, maturing in 2019	22 033	30 112
	2 065 988	1 560 193
<u>Current portion</u>	(159 266)	(136 894)
	1 906 722	1 423 299

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

8. LONG-TERM DEBT (continued)

Capital payments due within each of the next five years are as follows:

	\$
2017	159 266
2018	152 534
2019	146 914
2020	129 137
2021	118 026

*Under this program, an agreement has been reached by the Eagle Village First Nation - Kipawa and the Canada Mortgage and Housing Corporation concerning the cumulative contributions for the major repairs of houses located on the First Nation's territory.

Should all the conditions of the agreement be met by the First Nation, the amortization of these loans will be made by remission instalments based on a straight-line method of amortization of five years. Should the conditions not be respected by the First Nation, the outstanding balance of these loans will be repaid by the First Nation as an usual mortgage (subject of interests charges).

9. RESERVES FOR ACQUISITION OF CAPITAL ASSETS

The First Nation has reserved funds for the future acquisition of capital assets in accordance with funding agreements. Here is the detail of these reserves as at March 31, 2016 :

	2016	2015
	\$	\$
School bus	34 082	24 082
Public Works equipment	50 000	50 000
Single apartment building	41 551	35 551
Band rental	9 125	4 625
Police department	210 322	210 322
Fire truck	205 000	205 000
	550 080	529 580

10. FUNDS BALANCES

The funds balances as at March 31, 2016 do not take into consideration possible modifications following the review and analysis of the present consolidated financial statements by INAC, the Canada Mortgage and Housing Corporation (CMCH) and Health Canada. Any adjustment resulting of these analysis will be recorded in the current year as an adjustment of funds balances as indicated by INAC.

EAGLE VILLAGE FIRST NATION - KIPAWA
Notes to the consolidated financial statements
Year ended March 31, 2016

11. ACCUMULATED SURPLUS

The accumulated surplus of Eagle Village First Nation - Kipawa is divided among several surpluses and reserves, as detailed below:

	2016	2015
	\$	\$
Reserves for acquisition of capital assets (Note 9)	550 080	529 580
Economic investment deficit	(1 763 047)	(2 536 217)
In-trust surplus	542	531
Operating reserve fund	92 909	93 271
Replacement reserve (Note 13)	278 312	271 587
Capital assets surplus	16 863 022	14 483 725
Cumulative operating surplus	2 992 301	3 140 696
	19 014 119	15 983 173

12. ADDITIONAL INFORMATION RELATING TO THE STATEMENT OF CASH FLOWS

Changes in non-cash operating working capital items

	2016	2015
	\$	\$
INAC - Unexpended funding	(322 352)	(111 198)
Accounts receivable	(87 932)	(496 175)
Inventories	(18 607)	(6 739)
Prepaid expenses	34 841	(41 959)
Accounts payable and accrued liabilities	867 167	210 530
Deferred revenue (note 7)	(93 317)	573 143
Due to Health Canada	-	1 195
	379 800	128 797

13. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually. These funds along with accumulated interests must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. The funds in the account may only be used as approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interests first and then capital.

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Notes to the consolidated financial statements
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14. SUBSIDY SURPLUS RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interests. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interests first and then capital. When the fund has reached the maximum of \$500 per unit, up to 10 % of the excess assistance during a year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same municipality or area and are assisted under the same program.

15. FINANCIAL INSTRUMENTS

Credit facility (bank loan):

An authorized line of credit of \$300,000 and another line of credit of \$35,000, bearing interests at prime rate (2,7 %) plus 2,25 % and prime rate plus 2,5 %, are available. The loans are repayable on demand and fluctuate regularly. No amount was used as at March 31, 2016.

Fair value of financial assets and liabilities:

The fair value of accounts receivable, bank loan and accounts payable and accrued liabilities is approximately equal to their carrying value due to their short-term maturity date.

The fair value of the long-term debt elements is approximately equal to their carrying value due to the small difference between interests rates paid by the First Nation and interests rates offered on the market for loans having similar terms and conditions.

16. BUDGET

Budget figures were presented in each statement of Revenues and Expenses by project, when available.

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17. PENSION PLAN

The band supports a contributory defined benefit pension plan for substantially all of its employees (except for the police department which is described below). It is a multiemployer plan that is administered by the Native Benefit Plan. The pension for native employees is 8.5 % of the gross salary and the employer contributes 1.82 times the employee's contribution. For the non-native employees, it is 6.8 % of the gross salary and the employer contribute 1.82 times the employee's contribution.

For the police department, the rate is 9.5 % of the gross salary for the native employees and 7.2 % for the non-native employees. The employer contribute 2 times the employee's contribution.

The Band also offer a voluntary pension plan for employees not covered by INAC, Health Canada and police activities. The contribution by the employees is 5 % and the Band contributes the same amount.

For the current fiscal year, the pension plan expenses amounted to \$181,167 (\$204,798 in 2015).

18. RECONCILIATION OF FUNDS FROM AANDC

	2016	2015
	\$	\$
Block Contribution	2 757 857	2 727 847
Set Contribution	2 935 214	1 342 521
Fixed Contribution	42 342	35 262
Refundable surplus to INAC	(7 541)	(62 104)
Equal revenues confirmed from INAC:	5 727 872	4 043 526

All transfers between projects are identified in each statement of Revenues and Expenses by project as are all deferred revenue from previous year and to following year. Note 7 details all deferred revenue to following year.

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19. EXPENSES BY OBJECT

	2016	2015
	\$	\$
Cost of good sold	1 725 712	1 588 149
Advertisizing	5 223	4 075
Loss on disposal of capital assets	-	3 989
Loss on other assets write-off and investment divestiture	756 083	23 584
Salaries and fringe benefits	2 664 625	2 720 975
Administration expenses	4 623	30 888
Allocations	334 025	288 385
Allocation for future acquisition of capital assets	20 500	100 176
Administration fees	296 631	276 860
Bank charges	6 847	37 498
Councillors' honoraries	25 500	18 000
Contracts	82 966	217 263
Amortization of deferred governmental assistance	(22 042)	(23 202)
Amortization of capital assets	742 362	686 388
Debt forgiveness	(734 706)	-
Doubtful accounts (recovered)	981	(6 137)
Management expenses	132 704	86 944
Energy	131 416	110 347
Membership fees	12 437	11 193
Gas	49 369	12 676
Insurances	89 748	90 357
Interests and bank charges	16 039	12 185
Interests on long-term debt	37 528	45 330
Licences and permits	32 955	21 240
Maintenance expenses	40 512	51 462
Material and supplies	326 508	292 479
Other	10 215	7 916
Payments to members for housing units	155 000	298 665
Pension plan	181 166	145 808
Purchase of equipment	1 800	4 782
Professional fees	588 480	491 279
Recreation activities expenses	5 554	4 833
Registration fees	36 580	70 910
Reimbursement of capital on long-term debt	131 055	367 713
Rental of equipment	66 214	83 282
Room and board	237 925	222 019
Telephone	81 658	77 234

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Notes to the consolidated financial statements
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19. EXPENSES BY OBJECT (continued)

	2016	2015
	\$	\$
Training expenses (reimbursements)	47 193	(14 322)
Transfer to Migizy Odenaw Childcare Center	33 847	31 453
Transfer to the replacement reserve	36 304	39 433
Transportation costs	152 490	157 262
Travel	109 226	104 775
Travel and transportation expenses (reimbursement)	(1 790)	(13 038)
Tuition fees	411 131	539 924
Water, garbage and sewer expenses	9 630	7 128
Workshops expenses	94 867	99 274
	9 167 091	9 427 434

20. SEGMENT DISCLOSURE

	Band Government		Administration	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	17 826	7 325	410 521	412 274
Other revenues	-	-	404 020	465 224
Total revenues	17 826	7 325	814 541	877 498
Expenses:				
Salaries and fringe benefits	13 487	10 886	332 441	386 157
Amortization	-	-	35 233	26 902
Other expenses	4 216	6 733	503 156	850 976
Total expenses	17 703	17 619	870 830	1 264 035
Annual surplus (deficit)	123	(10 294)	(56 289)	(386 537)

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Notes to the consolidated financial statements
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20. SEGMENT DISCLOSURE (continued)

	Human Resources Development		Education	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	-	-	1 090 662	1 121 232
Provincial government transfers	195 404	174 650	79 725	42 892
Other revenues	-	-	-	-
Total revenues	195 404	174 650	1 170 387	1 164 124

Expenses:				
Salaries and fringe benefits	33 189	29 502	149 563	92 884
Amortization	-	-	8 344	9 111
Other expenses	161 653	151 149	773 689	857 811
Total expenses	194 842	180 651	931 596	959 806
Annual surplus (deficit)	562	(6 001)	238 791	204 318

	Health		Public Works	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	1 467 220	1 386 617	3 341 347	1 672 730
Provincial government transfers	174 478	262 853	-	-
Other revenues	38 792	1 694	307 881	(304 919)
Transfer to Net Investment in Capital Assets	-	-	-	-
Total revenues	1 680 490	1 651 164	3 649 228	1 367 811
Expenses:				
Salaries and fringe benefits	843 158	862 304	420 538	361 957
Amortization	42 081	38 464	232 480	213 915
Other expenses	765 047	781 220	3 265 856	911 573
Total expenses	1 650 286	1 681 988	3 918 874	1 487 445
Annual surplus (deficit)	30 204	(30 824)	(269 646)	(119 634)

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20. SEGMENT DISCLOSURE (continued)

	Public Security		Social Assistance	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	240 876	256 880	609 990	582 618
Provincial government transfers	150 860	150 390	-	-
Other revenues	16 312	17 235	(426)	-
Total revenues	408 048	424 505	609 564	582 618

Expenses:				
Salaries and fringe benefits	216 662	219 677	25 510	28 047
Amortization	31 796	26 897	-	-
Other expenses	183 721	239 654	272 609	256 186
Total expenses	432 179	486 228	298 119	284 233
Annual surplus (deficit)	(24 131)	(61 723)	311 445	298 385

	Housing		Economic Development	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	161 314	429 447	99 322	211 602
Other revenues	805 358	955 169	2 772 478	1 922 996
Total revenues	966 672	1 384 616	2 871 800	2 134 598
Expenses:				
Salaries and fringe benefits	177 250	407 113	538 893	460 102
Debt servicing	160 495	206 073	8 088	206 970
Amortization	324 572	308 832	49 766	46 703
Other expenses	619 949	720 832	2 258 795	1 882 555
Total expenses	1 282 266	1 642 850	2 855 542	2 596 330
Annual surplus (deficit)	(315 594)	(258 234)	16 258	(461 732)

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20. SEGMENT DISCLOSURE (continued)

	Others		Natural Resources	
	2016	2015	2016	2015
Revenues:				
Federal government transfers	12 558	-	-	-
Provincial government transfers	-	-	106 000	106 000
Other revenues	121 007	99 741	334 448	409 570
Total revenues	133 565	99 741	440 448	515 570

Expenses:				
Salaries and fringe benefits	53 012	34 159	45 769	223 272
Amortization	901	692	17 189	14 872
Other expenses	160 315	150 000	371 640	286 484
Total expenses	214 228	184 851	434 598	524 628
Annual surplus (deficit)	(80 663)	(85 110)	5 850	(9 058)

	Total	
	2016	2015
Revenues:		
Federal government transfers	7 451 636	6 080 725
Provincial government transfers	706 467	736 785
Other revenues	4 799 870	3 566 710
Total revenues	12 957 973	10 384 220
Expenses:		
Salaries and fringe benefits	2 849 472	3 116 060
Debt servicing	168 583	413 043
Amortization	742 362	686 388
Other expenses	9 340 646	7 095 173
Total expenses	13 101 063	11 310 664
Annual surplus (deficit)	(143 090)	(926 444)

21. COMPARATIVE FIGURES

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