
Consolidated financial statements of Kebaowek First Nation

March 31, 2018

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Management's Statement of Responsibility

The consolidated financial statements of Kebaowek First Nation as of March 31, 2018 are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the best estimates and judgments of management.

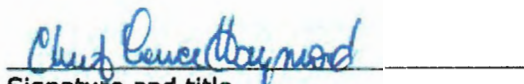
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The 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 consolidated financial statements.

The Chief and 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, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Kebaowek First Nation and meet when required.

On behalf of Kebaowek First Nation :

A handwritten signature in blue ink, reading "Chief Lance Raymond", is written over a horizontal line.

Signature and title
for Kebaowek First Nation

July 26, 2018

Independent auditor's report

To the Chief and Council
Kebaowek First Nation

We have audited the accompanying consolidated financial statements of Kebaowek First Nation, which comprise the consolidated statements of financial position as at March 31, 2018 and the consolidated statements of operations, cumulative operation surplus, net investment in capital assets, changes in net financial assets (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 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 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 Kebaowek First Nation as at March 31, 2018 and the results of its operations, cumulative operating surplus, net investment in capital assets, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Observations

We draw your attention to the fact that no budget figures are presented, even though it is a requirement of the Canadian public sector accounting standards.

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Deloitte LLP

July 26, 2018

¹ CPA auditor, CA, public accountancy permit No.A112314

Kebaowek First Nation
Consolidated Statement of Operations
Year ended March 31, 2018

	2018	2017
	\$	\$
REVENUES		
Sales	2 193 248	1 961 761
ISC - Unexpended Funding	(330 430)	(284 047)
ISC - Fixed Contribution	440 293	43 972
ISC - Set Contribution	1 184 449	7 052 589
ISC - Block Contribution	2 861 590	2 831 780
ISC - Health Branch	1 863 647	1 482 869
Administration fees	517 347	439 232
Canada Mortgage and Housing Corporation (CMHC)	193 434	144 281
Environment Canada	-	9 000
First Nations Education Council (FNEC)	173 732	126 086
First Nations of Quebec and Labrador Health and Social Services (FNQLHSS)	178 035	49 626
Centre jeunesse de l'Abitibi-Témiscamingue	-	152 502
Forestry contracts	1 536 673	286 667
Government of Quebec	51 484	73 410
First Nations Human Resources Development Commission of Quebec (FNHRDCQ)	328 855	321 734
Interests	5 896	3 576
Land Management	333 995	285 000
Ministère des Forêts, de la Faune et des Parcs	106 000	161 000
Refundable surplus to ISC	-	(13 445)
Refundable surplus to ISC - Health Branch	-	(5 962)
Provincial and Federal police	322 636	319 444
Recreation revenues	39 089	32 169
Rent revenues	255 344	250 536
Special activities revenues	141 743	100 110
Sale of housing units	180 000	111 000
Other revenues	775 585	317 990
Deferred revenue from the previous year	5 490 049	645 583
Deferred revenue to the following year	(1 870 234)	(5 490 049)
	<u>16 972 460</u>	<u>11 408 414</u>

Kebaowek First Nation
Consolidated Statement of Operations
Year ended March 31, 2018

	2018	2017
	\$	\$
EXPENSES		
Band Government	20 513	17 548
Administration	728 762	770 468
Human Resources Development	212 523	248 263
Education	1 070 111	994 967
Health	2 061 092	1 744 517
Public Works	1 114 565	604 729
Public Security	418 933	395 053
Social Assistance	310 530	293 805
Housing	1 270 063	1 143 268
Economic Development	3 696 243	2 797 535
Natural Resources and Others	804 665	675 631
	11 708 000	9 685 784
SURPLUS FOR THE YEAR	5 264 460	1 722 630

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

CONCILIATION TO ISC FINANCIAL REPORTING REQUIREMENTS

Surplus for the year	5 264 460	1 722 630
Proceeds from long-term debt	574 400	616 300
Reimbursement of long-term debt	(191 709)	(176 558)
Acquisition of capital assets	(6 307 411)	(2 550 882)
Deficit for the year under ISC Financial Reporting Requirements (1)	(660 260)	(388 510)

(1) The operating surplus before amortization is \$117,592 (surplus of \$372,965 in 2017)

Kebaowek First Nation**Consolidated Statement of Cumulative Operating Surplus**

Year ended March 31, 2018

	2018	2017
	\$	\$
BALANCE AT BEGINNING OF YEAR	3 510 453	2 992 301
SURPLUS FOR THE YEAR	5 264 460	1 722 630
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS		
ACQUISITION OF CAPITAL ASSETS	(6 307 411)	(2 550 882)
AMORTIZATION/LOSS/PROCEEDS FROM DISPOSAL OF CAPITAL ASSETS AND TRANSFER TO TENANTS	873 766	761 475
PROCEEDS FROM LONG-TERM DEBT	574 400	616 300
REIMBURSEMENT OF LONG-TERM DEBT	(191 709)	(176 558)
ALLOCATION FROM THE ECONOMIC INVESTMENT DEFICIT	225 251	161 902
ALLOCATION TO PUBLIC WORKS EQUIPMENT RESERVE	(150 000)	-
ALLOCATION TO BAND RENTAL RESERVE	(10 500)	-
ADJUSTMENT OF RESERVED FUNDS - ARTICLE 95	15 986	(18 457)
ADJUSTMENT - OTHER	12 979	1 742
BALANCE AT END OF YEAR	3 817 675	3 510 453

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

Kebaowek First Nation**Consolidated Statement of Net Investment in Capital Assets**

Year ended March 31, 2018

	2018	2017
	\$	\$
NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR	18 231 889	16 863 022
VARIATION OF NET INVESTMENT IN CAPITAL ASSETS		
Plus:		
Acquisition of capital assets	6 307 411	2 550 882
Reimbursement of long-term debt	191 709	176 558
Reimbursement of RRAP	37 812	19 202
	6 536 932	2 746 642
Less:		
Proceeds from long-term debt	(574 400)	(616 300)
Adjustment from proceeds from long-term debt	250 000	-
Amortization of capital assets	(777 852)	(761 475)
Loss from disposal of capital assets	(26 537)	-
Transfer to tenants	(69 377)	-
	(1 198 166)	(1 377 775)
NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR	23 570 655	18 231 889

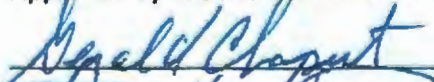

The accompanying notes are an integral part of the consolidated financial statements.

Kebaowek First Nation
Consolidated Financial Position
as at March 31, 2018

	Notes	2018 \$	2017 \$
FINANCIAL ASSETS			
Cash		1 510 619	2 842 552
Accounts receivable	3	6 367 821	7 360 053
Long-term investments	4	63 214	63 214
Restricted cash and deposits	5	397 997	318 874
		<u>8 339 651</u>	<u>10 584 693</u>
LIABILITIES			
Accounts payable and accrued liabilities		2 394 114	1 578 769
Deferred revenue	7	1 870 234	5 490 049
Income taxes payable		2 646	-
ISC - Unexpended Funding		998 318	667 888
Deferred governmental assistance		377 973	397 866
Long-term debt	8	2 581 407	2 486 528
		<u>8 224 692</u>	<u>10 621 100</u>
NET FINANCIAL ASSETS (NET DEBT)		<u>114 959</u>	<u>(36 407)</u>
NON-FINANCIAL ASSETS			
Capital assets	6	26 137 901	20 704 256
Inventories		105 822	96 161
Prepaid expenses		59 123	51 542
		<u>26 302 846</u>	<u>20 851 959</u>
ACCUMULATED SURPLUS	11	<u>26 417 805</u>	<u>20 815 552</u>

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

Approved by the First Nation's Council

 , Council's Member
 , Council's Member

Kebaowek First Nation**Consolidated Statement of Changes in Net Financial Assets (Net Debt)**

Year ended March 31, 2018

	2018 \$	2017 \$
SURPLUS FOR THE YEAR	5 264 460	1 722 630
CHANGE IN CAPITAL ASSETS		
Acquisition of capital assets	(6 307 411)	(2 550 882)
Amortization/loss/transfer to tenants and proceeds from disposal of capital assets	873 766	761 475
	(5 433 645)	(1 789 407)
CHANGES IN OTHER NON-FINANCIAL ASSETS		
Changes in the inventories	(9 661)	(2 690)
Changes in the prepaid expenses	(7 581)	508
	(17 242)	(2 182)
CHANGES IN THE NON-OPERATIONAL SURPLUSES AND RESERVES		
Adjustment to reserved funds - Article 95 and other	28 965	(16 715)
Variation of Replacement reserves and Operating reserve fund	21 004	76 307
Increase of In-trust surplus	12	10
Variation of RRAP loans	37 812	19 202
Adjustment from proceeds from long-term debt	250 000	-
	337 793	78 804
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	151 366	9 845
NET DEBT AT THE BEGINNING OF YEAR	(36 407)	(46 252)
NET FINANCIAL ASSETS (NET DEBT) AT THE END OF YEAR	114 959	(36 407)

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

Kebaowek First Nation
Consolidated Statement of Cash Flows
Year ended March 31, 2018

	2018	2017
Note	\$	\$
Operating activities		
Surplus for the year	5 264 460	1 722 630
Items not affecting cash:		
Amortization of capital assets	777 852	761 475
Amortization of deferred governmental assistance	(19 893)	(20 940)
Adjustment from proceeds from long-term debt	250 000	-
Loss from disposal of capital assets	26 537	-
Transfer to tenants	69 377	-
	<u>6 368 333</u>	<u>2 463 165</u>
Changes in non-cash operating working capital items	12 <u>(1 496 404)</u>	<u>63 604</u>
	<u>4 871 929</u>	<u>2 526 769</u>
Investing activities		
Acquisition of capital assets	(6 307 411)	(2 550 882)
Increase of the restricted cash and deposits	(79 123)	(23 568)
Changes in long-term investments	-	18 405
	<u>(6 386 534)</u>	<u>(2 556 045)</u>
Financing activities		
Variation of RRAP loans	37 812	19 202
Adjustment to reserved funds - Article 95 and other	28 965	(16 715)
Increase of In-Trust surplus	12	10
Variation of Replacement reserves and Operating reserve fund	21 004	76 307
Proceeds from long-term debt	574 400	616 300
Reimbursement of long-term debt and RRAP loans	(479 521)	(195 760)
	<u>182 672</u>	<u>499 344</u>
Net (decrease) increase of cash and cash equivalents	(1 331 933)	470 068
Cash and cash equivalents, beginning of year	2 842 552	2 372 484
Cash and cash equivalents, end of year	<u>1 510 619</u>	<u>2 842 552</u>

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

(See additional information presented in Note 12)

Cash and cash equivalents consist of cash.

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.

The First Nation financial statements includes certain financial information that are not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Indigenous Services Canada (ISC).

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Capital assets

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

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

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.

Use of estimates

The preparation of 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

2. Summary of significant accounting policies (continued)

Use of estimates (continued)

management to make estimates include the provision for doubtful accounts in respect of receivables and long-term investments, the cost and net realizable value of inventories, the useful lives of long-lived assets, the potential impairment of goodwill and indefinite-life intangible assets, the income taxes payable, the deferred revenues 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. and Kebaowek Land Management inc. Transactions concluded between these organizations and reciprocal balances are eliminated. The reciprocal balances have not been eliminated in the information of the annexes presented on pages 24 to 190 neither than in the segment disclosure (Note 17).

Investments in controlled entities

Kebaowek Land Management inc. and Migizy Odenaw inc. are wholly-owned by Kebaowek First Nation. As at March 31, 2018, the financial information available for the operations of Migizy Odenaw inc. were taken from their respective year-end, September 30, 2017 and March 31, 2018 for Kebaowek Land Management 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 Kebaowek First Nation. When a controlled entity becomes dependant from a financing point of view, it is consolidated into the financial statements of the First Nation.

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 recorded 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 expense.

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 from the disposal of capital assets and the related revenues

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

3. Accounts receivables

	2018	2017
	\$	\$
ISC receivable	4 240 778	5 936 053
ISC - Health Branch receivable	24 176	12 242
FNHRDCQ receivable	2 305	3 949
FNEC receivable	45 907	28 639
FNQLHSS receivable	66 110	27 462
CMHC - loans receivable	361 760	306 262
GST, QST and tobacco tax receivable	50 527	43 942
Forestry contracts receivable	43 084	41 221
Government of Quebec receivable	48 862	49 666
Land management receivable	26 500	156 000
Other administration accounts receivable	51 797	40 664
Residents personal mortgage receivable	211 904	171 110
Accounts receivable (housing)	263 067	249 469
Water and garbage receivable	27 877	23 656
Other accounts receivable	930 865	330 417
Expenses to be reimbursed (housing)	89 319	56 318
CMHC (RRAP loan) receivable	6 758	6 758
	<u>6 491 596</u>	<u>7 483 828</u>
Allowance for doubtful accounts	<u>(123 775)</u>	<u>(123 775)</u>
	<u>6 367 821</u>	<u>7 360 053</u>

4. Long-term investments

	2018	2017
	\$	\$
Loan to receive from an individual, no interests nor reimbursement terms	10 000	10 000
Loan to a promoter, no interests nor reimbursement terms	24 714	24 714
Loan to a promoter, no interests nor reimbursement terms	8 500	8 500
Loan to a promoter, no interests nor reimbursement terms	10 000	10 000
Loan to a promoter, no interests nor reimbursement terms	10 000	10 000
	<u>63 214</u>	<u>63 214</u>

5. Restricted cash and deposits

	2018	2017
	\$	\$
In-trust surplus	564	552
Replacement reserve (Note 13)	397 433	318 322
	<u>397 997</u>	<u>318 874</u>

Kebaowek First Nation
Notes to the consolidated financial statements
Year ended March 31, 2018

6. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Assets under construction	9 969 008	-	9 969 008	5 093 756
Community buildings	2 979 202	1 193 270	1 785 932	1 831 725
Private housing	9 994 833	4 805 371	5 189 462	4 837 294
Water and sanitation systems	7 444 804	1 226 837	6 217 967	6 377 402
Roadway system	1 377 740	444 106	933 634	957 573
Motorized equipment	2 383 097	1 112 585	1 270 512	812 252
Building Migizy Odenaw inc.	662 331	317 855	344 476	362 606
Equipment Migizy Odenaw inc.	464 849	317 033	147 816	164 240
Restaurant equipment Migizy Odenaw inc.	59 577	36 500	23 077	20 852
Office and other equipment	1 131 412	875 395	256 017	246 556
	36 466 853	10 328 952	26 137 901	20 704 256

7. Deferred revenue

	2018	2017
	\$	\$
Matamec	33 908	33 908
Research Advocacy	-	20 000
Wastewater Treatment System (AQB03)	1 305 100	5 195 609
Lot development	-	165 744
Community Health Representative	-	4 531
Aids / HIV	2 658	5 264
Maternal and Child Health	-	14 973
Mental Wellness Team	48 131	6 682
Aboriginal Health Transition Fund	-	10 000
Ministère des Forêts, de la Faune et des Parcs	-	4 520
Kebaowek Land Management inc.	-	28 818
Community Food Security	4 497	-
Brighter Futures	12 012	-
Jordan's Principle	14 398	-
Elders Support	13 701	-
Traditional Healers	12 253	-
Waste Management	30 294	-
Infrastructure - Water System	204 748	-
CMHC construction - 16 229 593 013	32 630	-
RRAP 2017-2018 - 133 Migizy ST	5 195	-
Comprehensive Planning	11 000	-
Water First	5 798	-
Human Resources Development Consolidated Revenues Fund	43 772	-
Human Resources Development Youth Work Experience Initiative	6 329	-
Home Care Nursing	41 873	-
Primary Health Care	33 179	-
N.N.A.D.A.P. Prevention	8 758	-
	1 870 234	5 490 049

8. Long-term debt

	2018	2017
	\$	\$
Loan, 3,19 %, secured by ISC, payable by monthly instalments of \$156, capital and interests, maturing in 2020	2 139	3 910
Loan, 3,53 %, secured by ISC, payable by monthly instalments of \$395, capital and interests, maturing in 2025	26 535	30 262
Loan, 3,53 %, secured by ISC, payable by monthly instalments of \$320, capital and interests, maturing in 2025	21 522	24 545
Loan, 2,18 %, secured by ISC, payable by weekly instalments of \$139, capital and interests, maturing in 2022	24 786	31 298
Loan, 3,38 %, secured by ISC, payable by weekly instalments of \$118, capital and interests, maturing in 2030	58 834	62 917
Loan	-	150 000
Loan, 1,84 %, secured by ISC, payable by monthly instalments of \$1,258, capital and interests, maturing in 2033	191 057	202 592
Loan	-	1 252
Loan, 1,52 % secured by ISC, payable by monthly instalments of \$532 , capital and interests, maturing in 2034	86 178	91 209
Loan, 1,48 %, secured by ISC, payable by monthly instalments of \$1,589, capital and interests, maturing in 2033	253 920	269 122
Loan, 1,48 %, secured by ISC, payable by monthly instalments of \$875, capital and interests, maturing in 2037	172 639	180 534
Loan, 1,19%, secured by ISC, payable by monthly instalments of \$573, capital and interests, maturing in 2036	109 475	115 012
Loan, 6,24 %, secured by a motorized equipment, payable by monthly instalments of \$583 capital and interest, maturing in 2021	15 171	21 022
Loan, 1,30 %, secured by ISC, payable by monthly instalments of \$1,222, capital and interests, maturing in 2028	125 591	138 477
Loan, 1,67 % secured by ISC, payable by monthly instalments of \$625, capital and interests, maturing in 2032	89 174	95 140
Loan, 3,22%, secured by ISC, payable by monthly instalments of \$1,134, capital and interest, maturing in 2042	223 594	229 910
Loan, 3,22%, secured by ISC, payable by monthly instalments of \$428, capital and interest, maturing in 2036	84 334	86 716
Loan	-	100 000

8. Long-term debt (continued)

	2018	2017
	\$	\$
Loan, 1,3 %, secured by ISC, payable by monthly instalments of \$560, capital and interest, maturing in 2036	106 407	111 705
Loan, 1,82 %, secured by ISC, payable by monthly instalments of \$784, capital and interests, maturing in 2020	10 847	19 966
Loan, 2,41 %, secured by ISC, payable by monthly instalments of \$1,205, capital and interests, maturing in 2044	271 600	271 600
Loan, 1,82 %, secured by ISC, payable by monthly instalments of \$246, capital and interests, maturing in 2030	29 997	32 380
Loan, 1,82%, secured by ISC, payable by monthly instalments of \$546, capital and interests, maturing in 2027	50 179	55 767
Loans from Canada Mortgage and Housing Corporation (RRAP) *	152 188	122 700
Loan, 2,60 %, secured by ISC, payable by monthly instalments of \$168, capital and interests, maturing in 2032	23 402	24 784
Loan, 3,01 % secured by ISC, payable by monthly instalments of \$740, capital and interests, maturing in 2019	5 129	13 708
Loan, 4,89 %, secured by a motorized equipment with a net book value of \$227,810, payable by monthly instalments of \$5,511, capital and interest, maturing in 2021	179 409	-
Loan in negotiation, terms to be negotiated in the next financial year	267 300	-
	2 581 407	2 486 528
Current portion	(245 798)	(158 351)
	2 335 609	2 328 177

Principal payments required in each of the next five years are as follows:

	\$
2019	245 798
2020	231 770
2021	215 211
2022	147 286
2023	117 933

*Under this program, an agreement has been reached by the Kebaowek First Nation and the Canada Mortgage and Housing Corporation (CMHC) concerning the cumulative contributions for the major repairs of houses located on the First Nation's territory (Residential Rehabilitation Assistance Program On-Reserve (RRAP)).

8. Long-term debt (continued)

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 three to 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, 2018 :

	2018	2017
	\$	\$
School bus	44 082	44 082
Public Works equipment	200 000	50 000
Single appartment building	53 551	47 551
Band rental	18 125	13 625
Police department	210 322	210 322
Fire truck	205 000	205 000
	731 080	570 580

10. Cumulative Operating and Funds Balances

The cumulative operating and funds balances as at March 31, 2018 do not take into consideration possible modifications following the review and analysis of the present consolidated financial statements by ISC, the CMHC, FNEC and ISC - Health Branch. Any adjustment resulting of these analysis will be recorded in the current year as an adjustment of funds balances or in the results as indicated by ISC, CMHC, FNEC or ISC - Health Branch.

11. Accumulated surplus

The accumulated surplus of Kebaowek First Nation is divided among several surpluses and reserves, as detailed below:

	2018	2017
	\$	\$
Reserve for acquisition of capital assets	731 080	570 580
Economic investment deficit	(2 150 201)	(1 924 950)
In-trust surplus	564	552
Operating reserve fund	108 448	108 706
Replacement reserve fund - Article 95	277 584	265 322
Replacement reserve - Multiplex	62 000	53 000
Capital assets surplus	23 570 655	18 231 889
Cumulative operating surplus	3 817 675	3 510 453
	26 417 805	20 815 552

12. Additional information relating to the statement of cash flows

	2018	2017
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	992 232	(5 157 934)
Inventories	(9 661)	(2 690)
Prepaid expenses	(7 581)	508
ISC - Unexpended Funding	330 430	284 047
Accounts payable and accrued liabilities	815 345	114 778
Due to ISC - Health Branch	-	(19 571)
Deferred revenue	(3 619 815)	4 844 466
Income taxes payable	2 646	-
	(1 496 404)	63 604
<i>Interests paid</i>	53 908	10 177

13. Replacement reserve

Under the terms of the agreement with CMHC, 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interests first and then capital.

14. Financial instruments

Credit facility (bank loan)

An authorized line of credit of \$300,000 and another line of credit of \$100,000, bearing both interests at prime rate (3,45 % as at March 31, 2018) plus 2,25 %, are available. The loans are repayable on demand and fluctuate regularly. The credit lines are renewable on an annual basis and guaranteed by a first ranking hypothec of \$750,000 on all borrower's present and future claims. No amount was used as at March 31, 2018.

An authorized credit card of \$105,000, bearing interests at 19,99%, is also available. No amount was used as at March 31, 2018.

14. Financial instruments (continued)

Fair value of financial assets and liabilities

The fair value of cash, accounts receivable, restricted cash and deposits, long-term investments and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

The fair value represents approximately the amounts of the financial instruments that would be exchanged between the consenting parties, according to the current market value of instruments which the risk, capital and duration are the same. Certain estimates and decisions were required to arrive at the fair value of financial instruments which was based upon actualization and other evaluation methods which depend largely on hypothesis of estimated cash flows and the actualization rate depending on different degrees of risk.

As at March 31, 2018, the net book value of all financial instruments corresponded approximately to their fair value with the exception of the following item :

	Net book value	Faire value
	\$	\$
Long term debt	2,581,407	2,458,608

15. Pension plan

The First Nation 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 Benefits 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 contributes 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 contributes 2 times the employee's contribution.

The First Nation also offers a voluntary pension plan for employees not covered by ISC, ISC Health Branch and police activities. The contribution by the employees is 5 % and the First Nation contributes the same amount.

For the current fiscal year, the pension plan expenses amounted to \$203,997 (\$193,568 in 2017).

16. Expenses by object

	2018	2017
	\$	\$
Cost of goods sold	2 029 087	1 723 829
Advertizing	2 938	2 563
Salaries and fringe benefits	3 151 003	2 800 171
Allocations	378 666	359 533
Allocation for future acquisition of capital assets	-	20 500
Administration fees	473 078	350 598
Bank charges	2 803	3 939
Councillors' honoraries	24 750	30 000
Contracts	1 115 944	522 026
Amortization of deferred governmental assistance	(19 893)	(20 940)
Amortization of capital assets	777 852	761 475
Doubtful accounts	4 721	10 747
Management expenses	87 439	85 417
Energy	134 646	129 113
Membership fees	10 649	11 796
Gas	42 277	52 671
Insurances	92 330	88 231
Interests and bank charges	18 366	15 129
Interests and long-term debt	53 908	10 177
Licences and permits	28 981	36 088
Loss from disposal of capital assets	26 537	-
Maintenance expenses	153 762	133 722
Material and supplies	428 276	424 602
Other	26 264	29 693
Payments to members for housing units	180 000	111 000
Pension plan	195 428	188 935
Professional fees	661 258	488 256
Recreation activities expenses	7 415	3 901
Registration fees	39 880	41 986
Rental	96 351	81 156
Room and board	237 770	189 562
Telephone	69 943	76 302
Training expenses (reimbursements)	31 752	15 960
Transfer to Migizy Odenaw Childcare Center	130 545	24 626
Transfer to tenants	69 377	-
Transfer to the replacement reserve	36 990	37 350
Transportation expenses	133 360	141 962
Travel	155 032	132 600
Tuition fees	409 273	447 870
Water, garbage and sewer expenses	9 464	9 720
Workshops expenses	197 132	113 518
Income taxes	2 646	-
	11 708 000	9 685 784

17. Segment disclosure

	Band Government		Administration	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	7 363	7 286	95 104	136 713
Provincial government transfers	-	-	-	-
Other revenues	1 732	10 262	529 450	475 458
Total revenues	9 095	17 548	624 554	612 171
Expenses :				
Salaries and fringe benefits	14 722	10 384	355 707	342 916
Amortization	-	-	34 406	37 653
Other expenses	5 822	7 164	341 242	389 899
Total expenses	20 544	17 548	731 355	770 468
Annual surplus (deficit)	(11 449)	-	(106 801)	(158 297)

	Human Resources Development		Education	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	328 855	321 734	1 501 174	1 213 608
Provincial government transfers	-	-	-	-
Other revenues	(103 485)	(59 072)	(1 610)	11 889
Total revenues	225 370	262 662	1 499 564	1 225 497
Expenses :				
Salaries and fringe benefits	22 970	49 319	108 597	139 040
Amortization	-	-	8 342	9 118
Other expenses	202 400	213 343	953 564	847 850
Total expenses	225 370	262 662	1 070 503	996 008
Annual surplus (deficit)	-	-	429 061	229 489

17. Segment disclosure (continued)

	Health		Public Works	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	2 273 069	1 532 017	1 561 544	7 547 535
Provincial government transfers	51 484	212 411	-	-
Other revenues	(86 440)	119 171	4 453 198	(4 942 074)
Total revenues	2 238 113	1 863 599	6 014 742	2 605 461
Expenses :				
Salaries and fringe benefits	1 005 776	911 360	337 956	216 384
Amortization	41 559	45 239	263 867	244 783
Other expenses	1 028 521	795 966	520 023	390 468
Total expenses	2 075 856	1 752 565	1 121 846	851 635
Annual surplus (deficit)	162 257	111 034	4 892 896	1 753 826

	Public Security		Social Assistance	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	400 685	396 680	631 752	625 172
Provincial government transfers	-	-	-	-
Other revenues	2 188	3 290	3 790	1 484
Total revenues	402 873	399 970	635 542	626 656
Expenses :				
Salaries and fringe benefits	218 031	213 324	25 846	26 046
Amortization	32 695	36 678	-	-
Other expenses	174 029	150 061	284 684	267 759
Total expenses	424 755	400 063	310 530	293 805
Annual surplus (deficit)	(21 882)	(93)	325 012	332 851

	Housing		Economic Development	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	223 100	173 638	185 345	101 794
Provincial government transfers	-	-	-	13 500
Other revenues	845 791	572 305	3 867 507	2 537 169
Total revenues	1 068 891	745 943	4 052 852	2 652 463
Expenses :				
Salaries and fringe benefits	301 918	295 914	671 224	524 201
Amortization	330 799	321 642	48 980	48 791
Other expenses	639 412	527 513	3 534 006	2 226 584
Total expenses	1 272 129	1 145 069	4 254 210	2 799 576
Annual surplus (deficit)	(203 238)	(399 126)	(201 358)	(147 113)

17. Segment disclosure (continued)

	Others		Natural Resources	
	2018	2017	2018	2017
Revenues :				
Federal government transfers	-	-	8 250	21 750
Provincial government transfers	-	-	106 000	161 000
Other revenues	352 723	175 284	350 333	330 497
Total revenues	352 723	175 284	464 583	513 247
Expenses :				
Salaries and fringe benefits	40 187	24 300	48 069	46 983
Amortization	816	929	16 388	16 642
Other expenses	296 166	176 288	415 718	423 330
Total expenses	337 169	201 517	480 175	486 955
Annual surplus (deficit)	15 554	(26 233)	(15 592)	26 292

	Total	
	2018	2017
Revenues :		
Federal government transfers	7 216 241	12 077 927
Provincial government transfers	157 484	386 911
Other revenues	10 215 177	(764 337)
Total revenues	17 588 902	11 700 501
Expenses :		
Salaries and fringe benefits	3 151 003	2 800 171
Amortization	777 852	761 475
Other expenses	8 395 587	6 416 225
Total expenses	12 324 442	9 977 871
Annual surplus (deficit)	5 264 460	1 722 630

The segment disclosure is presented before elimination of revenues and expenses for consolidation purpose.