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Consolidated financial statements of  
**Kebaowek First Nation**

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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 :

Chief Bruce Raymond  
Signature and title  
for Kebaowek First Nation

July 26, 2018



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## 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

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<sup>1</sup> CPA auditor, CA, public accountancy permit No.A112314

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

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

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

	<b>2018</b>	2017
	\$	\$
<b>EXPENSES</b>		
Band Government	<b>20 513</b>	17 548
Administration	<b>728 762</b>	770 468
Human Resources Development	<b>212 523</b>	248 263
Education	<b>1 070 111</b>	994 967
Health	<b>2 061 092</b>	1 744 517
Public Works	<b>1 114 565</b>	604 729
Public Security	<b>418 933</b>	395 053
Social Assistance	<b>310 530</b>	293 805
Housing	<b>1 270 063</b>	1 143 268
Economic Development	<b>3 696 243</b>	2 797 535
Natural Resources and Others	<b>804 665</b>	675 631
	<b>11 708 000</b>	9 685 784
<b>SURPLUS FOR THE YEAR</b>	<b>5 264 460</b>	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	<b>5 264 460</b>	1 722 630
Proceeds from long-term debt	<b>574 400</b>	616 300
Reimbursement of long-term debt	<b>(191 709)</b>	(176 558)
Acquisition of capital assets	<b>(6 307 411)</b>	(2 550 882)
Deficit for the year under ISC Financial Reporting Requirements (1)	<b>(660 260)</b>	(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

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

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

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR</b>	<b>18 231 889</b>	<b>16 863 022</b>
<b>VARIATION OF NET INVESTMENT IN CAPITAL ASSETS</b>		
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
	<b>6 536 932</b>	<b>2 746 642</b>
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)	-
	<b>(1 198 166)</b>	<b>(1 377 775)</b>
<b>NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR</b>	<b>23 570 655</b>	<b>18 231 889</b>

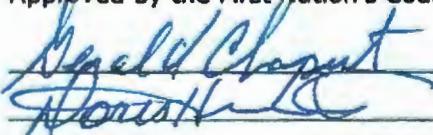
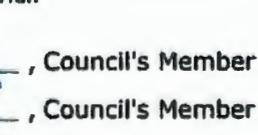
The accompanying notes are an integral part of the consolidated financial statements.

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

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

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

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

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

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.

## **Kebaowek First Nation**

### **Notes to the consolidated financial statements**

Year ended March 31, 2018

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#### **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.

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

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**3. Accounts receivables**

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

**4. Long-term investments**

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

**5. Restricted cash and deposits**

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

**Kebaowek First Nation**

**Notes to the consolidated financial statements**

Year ended March 31, 2018

**6. Capital assets**

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

**7. Deferred revenue**

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

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

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**8. Long-term debt**

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

**Kebaowek First Nation**  
**Notes to the consolidated financial statements**  
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**8. Long-term debt (continued)**

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

	<b>2018</b>	<b>2017</b>
	\$	\$
School bus	<b>44 082</b>	44 082
Public Works equipment	<b>200 000</b>	50 000
Single apartment building	<b>53 551</b>	47 551
Band rental	<b>18 125</b>	13 625
Police department	<b>210 322</b>	210 322
Fire truck	<b>205 000</b>	205 000
	<b>731 080</b>	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:

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

**12. Additional information relating to the statement of cash flows**

	<b>2018</b>	<b>2017</b>
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	<b>992 232</b>	(5 157 934)
Inventories	<b>(9 661)</b>	(2 690)
Prepaid expenses	<b>(7 581)</b>	508
ISC - Unexpended Funding	<b>330 430</b>	284 047
Accounts payable and accrued liabilities	<b>815 345</b>	114 778
Due to ISC - Health Branch	<b>-</b>	(19 571)
Deferred revenue	<b>(3 619 815)</b>	4 844 466
Income taxes payable	<b>2 646</b>	-
	<b>(1 496 404)</b>	63 604
<i>Interests paid</i>	<b>53 908</b>	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	<b>2,581,407</b>	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).

**Kebaowek First Nation**

**Notes to the consolidated financial statements**

Year ended March 31, 2018

**16. Expenses by object**

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

**Kebaowek First Nation**

**Notes to the consolidated financial statements**

Year ended March 31, 2018

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**17. Segment disclosure**

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

<b>Revenues :</b>	
Federal government transfers	
Provincial government transfers	
Other revenues	
<b>Total revenues</b>	
<b>Expenses :</b>	
Salaries and fringe benefits	
Amortization	
Other expenses	
<b>Total expenses</b>	
<b>Annual surplus (deficit)</b>	

	<b>Human Resources</b>		<b>Development</b>	
	<b>2018</b>	<b>2017</b>	<b>Education</b>	<b>2018</b>
<b>Revenues :</b>				
328 855	321 734	<b>1 501 174</b>	1 213 608	
<b>(103 485)</b>	<b>(59 072)</b>	<b>(1 610)</b>	<b>11 889</b>	
<b>225 370</b>	<b>262 662</b>	<b>1 499 564</b>	<b>1 225 497</b>	
<b>Expenses :</b>				
22 970	49 319	<b>108 597</b>	139 040	
-	-	<b>8 342</b>	9 118	
<b>202 400</b>	<b>213 343</b>	<b>953 564</b>	<b>847 850</b>	
<b>225 370</b>	<b>262 662</b>	<b>1 070 503</b>	<b>996 008</b>	
		<b>429 061</b>	<b>229 489</b>	

**Kebaowek First Nation**

**Notes to the consolidated financial statements**

Year ended March 31, 2018

**17. Segment disclosure (continued)**

	<b>Health</b>		<b>Public Works</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>

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

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

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

**17. Segment disclosure (continued)**

	<b>Others</b>		<b>Natural Resources</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues :</b>				
Federal government transfers	-	-	<b>8 250</b>	21 750
Provincial government transfers	-	-	<b>106 000</b>	161 000
Other revenues	<b>352 723</b>	175 284	<b>350 333</b>	330 497
<b>Total revenues</b>	<b>352 723</b>	175 284	<b>464 583</b>	513 247
<b>Expenses :</b>				
Salaries and fringe benefits	<b>40 187</b>	24 300	<b>48 069</b>	46 983
Amortization	<b>816</b>	929	<b>16 388</b>	16 642
Other expenses	<b>296 166</b>	176 288	<b>415 718</b>	423 330
<b>Total expenses</b>	<b>337 169</b>	201 517	<b>480 175</b>	486 955
<b>Annual surplus (deficit)</b>	<b>15 554</b>	(26 233)	<b>(15 592)</b>	26 292
<b>Total</b>				
			<b>2018</b>	<b>2017</b>
<b>Revenues :</b>				
Federal government transfers			<b>7 216 241</b>	12 077 927
Provincial government transfers			<b>157 484</b>	386 911
Other revenues			<b>10 215 177</b>	(764 337)
<b>Total revenues</b>			<b>17 588 902</b>	11 700 501
<b>Expenses :</b>				
Salaries and fringe benefits			<b>3 151 003</b>	2 800 171
Amortization			<b>777 852</b>	761 475
Other expenses			<b>8 395 587</b>	6 416 225
<b>Total expenses</b>			<b>12 324 442</b>	9 977 871
<b>Annual surplus (deficit)</b>			<b>5 264 460</b>	1 722 630

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