

**Matawa First Nations Management**  
**Consolidated Financial Statements**  
*March 31, 2017*

# Matawa First Nations Management Contents

For the year ended March 31, 2017

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## Management's Responsibility

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To the Members and Board of Directors of Matawa First Nations Management:

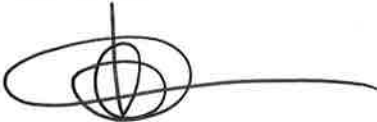
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the consolidated statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

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

The Board of Directors and Executive Committee are composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

July 13, 2017



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Chief Executive Officer

## Independent Auditors' Report

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To the Members and Board of Directors of Matawa First Nations Management:

We have audited the accompanying consolidated financial statements of Matawa First Nations Management, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Matawa First Nations Management as at March 31, 2017 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Thunder Bay, Ontario  
July 13, 2017

Chartered Professional Accountants  
Licensed Public Accountants

## Matawa First Nations Management Consolidated Statement of Financial Position

As at March 31, 2017

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>					
<b>Current</b>					
Cash	1,871,946	-	-	1,871,946	440,985
Restricted cash (Note 3)	515,116	-	-	515,116	7,102
Marketable securities (Note 4)	-	181,966	-	181,966	180,510
Accounts receivable (Note 5), (Note 6)	2,921,555	135,908	-	3,057,463	2,398,600
Government remittances receivable	396,987	-	-	396,987	631,394
Prepaid expenses and deposits	304,354	-	-	304,354	136,252
	<b>6,009,958</b>	<b>317,874</b>	<b>-</b>	<b>6,327,832</b>	<b>3,794,843</b>
<b>Capital assets (Note 7)</b>	<b>-</b>	<b>-</b>	<b>6,195,562</b>	<b>6,195,562</b>	<b>6,230,141</b>
<b>Long-term investments (Note 8)</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
	<b>6,009,960</b>	<b>317,874</b>	<b>6,195,562</b>	<b>12,523,396</b>	<b>10,024,986</b>
<b>Liabilities</b>					
<b>Current</b>					
Bank indebtedness (Note 9)	-	-	-	-	1,001,072
Accounts payable and accruals (Note 6)	4,405,618	-	319,922	4,725,540	3,372,064
Government remittances payable	55,968	-	-	55,968	84,511
Deferred revenue (Note 10)	2,107,424	62,125	-	2,169,549	666,688
Due to Restricted Fund	14,089	(14,089)	-	-	-
Current portion of long-term debt (Note 11)	60,773	-	63,791	124,564	51,788
Deferred contributions related to capital assets (Note 12)	-	-	122,045	122,045	127,441
	<b>6,643,872</b>	<b>48,036</b>	<b>505,758</b>	<b>7,197,666</b>	<b>5,303,564</b>
<b>Long-term debt (Note 11)</b>	<b>1,105,043</b>	<b>-</b>	<b>962,645</b>	<b>2,067,688</b>	<b>1,026,968</b>
<b>Deferred contributions related to capital assets (Note 12)</b>	<b>-</b>	<b>-</b>	<b>3,187,906</b>	<b>3,187,906</b>	<b>3,309,951</b>
<b>Contingencies (Note 13)</b>					
<b>Fund Balances</b>					
Fund Balances	(1,738,955)	269,838	1,539,253	70,136	384,503
	<b>6,009,960</b>	<b>317,874</b>	<b>6,195,562</b>	<b>12,523,396</b>	<b>10,024,986</b>

Approved on behalf of the Board

  
Director

  
Director

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

**Matawa First Nations Management**  
**Consolidated Statement of Operations**

*For the year ended March 31, 2017*

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>					
Federal Government (Note 16)	12,191,133	-	-	12,191,133	8,308,880
Provincial Government (Note 16)	10,155,437	-	-	10,155,437	9,365,720
First Nations and Organizations (Note 16), (Note 17)	1,180,030	1,232,263	-	2,412,293	1,623,680
Other (Note 16)	964,760	18,828	-	983,588	1,002,013
Amortization of deferred capital contributions (Note 12)	-	-	127,441	127,441	133,194
	<b>24,491,360</b>	<b>1,251,091</b>	<b>127,441</b>	<b>25,869,892</b>	<b>20,433,487</b>
<b>Net transfers from (to) deferred revenue</b> (Note 10), (Note 12)	<b>(1,502,072)</b>	<b>(791)</b>	<b>-</b>	<b>(1,502,863)</b>	<b>1,087,297</b>
<b>Total revenue</b>	<b>22,989,288</b>	<b>1,250,300</b>	<b>127,441</b>	<b>24,367,029</b>	<b>21,520,784</b>
<b>First Nation Project Contributions</b> (Note 17)	<b>4,696,850</b>	<b>-</b>	<b>-</b>	<b>4,696,850</b>	<b>4,592,492</b>
	<b>18,292,438</b>	<b>1,250,300</b>	<b>127,441</b>	<b>19,670,179</b>	<b>16,928,292</b>
<b>Expenses</b>					
Advertising and promotion	240,883	-	-	240,883	189,620
Amortization	-	-	603,943	603,943	632,463
Annual General Assembly (Note 17)	141,507	-	-	141,507	131,509
Bad debts	3,097	-	-	3,097	892
Board and Chiefs' Meetings	335,369	-	-	335,369	178,911
Consultants	808,194	-	-	808,194	574,726
Crisis and donations	54,024	-	-	54,024	79,742
Insurance	46,405	-	-	46,405	43,956
Interest and bank charges	41,347	-	-	41,347	44,240
Interest on long-term debt	71,853	-	-	71,853	49,928
Meetings	866,742	-	-	866,742	889,325
Occupancy costs	687,132	-	-	687,132	616,861
Professional development/training	370,755	-	-	370,755	200,768
Professional fees	908,273	-	-	908,273	1,539,753
Program co-ordination (recovery)	(157,117)	157,117	-	-	-
Repairs and maintenance	125,927	-	-	125,927	129,726
Resource materials	609,220	-	-	609,220	233,692
Salaries and benefits	6,183,432	-	-	6,183,432	5,486,417
Student and client allowances (Note 17)	4,582,952	1,074,355	-	5,657,307	4,547,482
Supplies and equipment	890,605	-	-	890,605	735,238
Telephone	112,477	-	-	112,477	90,946
Travel	1,224,408	-	-	1,224,408	829,226
<b>Total expenses</b>	<b>18,147,485</b>	<b>1,231,472</b>	<b>603,943</b>	<b>19,982,900</b>	<b>17,225,421</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>144,953</b>	<b>18,828</b>	<b>(476,502)</b>	<b>(312,721)</b>	<b>(297,129)</b>

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

**Matawa First Nations Management**  
**Consolidated Statement of Changes in Fund Balances**

*For the year ended March 31, 2017*

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<b>2017</b>	<b>2016</b>
<b>Fund balances, beginning of year</b>	<b>(1,516,444)</b>	<b>252,656</b>	<b>1,648,291</b>	<b>384,503</b>	<b>683,791</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>144,953</b>	<b>18,828</b>	<b>(476,502)</b>	<b>(312,721)</b>	<b>(297,129)</b>
<b>Changes in unrealized gains (losses) on the available-for-sale financial assets during the year (Note 4)</b>	<b>-</b>	<b>(1,646)</b>	<b>-</b>	<b>(1,646)</b>	<b>(2,159)</b>
<b>Transfer of funding to Capital Fund (Note 18)</b>	<b>(367,464)</b>	<b>-</b>	<b>367,464</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>(1,738,955)</b>	<b>269,838</b>	<b>1,539,253</b>	<b>70,136</b>	<b>384,503</b>

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

## Matawa First Nations Management Consolidated Statement of Cash Flows

*For the year ended March 31, 2017*

	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash received from government, First Nations and Organizations, and other	25,313,217	20,581,358
Cash received from interest	4,776	12,019
Cash paid to suppliers and employees	(22,805,776)	(20,860,038)
Cash paid for interest	(113,200)	(94,168)
	2,399,017	(360,829)
<b>Financing activities</b>		
Net advances (repayments) of bank indebtedness	(1,001,072)	148,997
Net advances (repayments) of long-term debt	1,113,496	(49,658)
	112,424	99,339
<b>Investing activities</b>		
Purchase of marketable securities	(3,102)	(3,434)
Purchase of capital assets	(569,364)	(420,776)
	(572,466)	(424,210)
<b>Increase (decrease) in cash resources</b>	<b>1,938,975</b>	<b>(685,700)</b>
<b>Cash resources, beginning of year</b>	<b>448,087</b>	<b>1,133,787</b>
<b>Cash resources, end of year</b>	<b>2,387,062</b>	<b>448,087</b>
<b>Cash resources are composed of:</b>		
Cash	1,871,946	440,985
Restricted cash	515,116	7,102
	2,387,062	448,087

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



# Matawa First Nations Management

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

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### 1. Incorporation

Matawa First Nations Management (the "Organization") is incorporated under the Canada Corporations Act as a not-for-profit organization. The Organization operates as a tribal council, providing services to the First Nations listed in Note 6 to these consolidated financial statements.

### 2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

#### ***Basis of consolidation***

The consolidated financial statements include the assets, liabilities, revenue and expenses of the Organization, which controls the following corporations: Matawa Project Management Group Inc. ("MPMG"), a construction management corporation; Matawa First Nations Property Inc. ("MFNP"), which owns the land and building at 233 Court Street South, Thunder Bay; Matawa Non-Profit Housing Corporation ("MNPHC"), a not-for-profit housing corporation; Kiikenomaga Kikenjigewen Employment & Training Services ("KKETS"), an employment and training corporation, Gathering of Rivers for Community Care ("GRCC"), a not-for-profit community care service provider, and Four Rivers Inc. ("FRI"), a land and water resource management corporation.

These consolidated financial statements include financial statements for MFNP for the fiscal year from January 1, 2016 to December 31, 2016.

#### ***Fund accounting***

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained on a fund accounting basis. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the contributors or in accordance with the directives issued by the Board of Directors. The Organization has the following funds:

The Operating Fund is used to account for all revenue and expenses related to general and ancillary operations of the Organization.

The Capital Fund is used to account for all capital assets of the Organization and to present the flow of funds related to their acquisition and disposal, capital resources and debt commitments.

The Restricted Fund is used to account for monies for the post-secondary education activities of the Organization and the capital reserves of MNPHC.

#### ***Cash and cash equivalents***

Cash and cash equivalents include balances with chartered banks and temporary investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### ***Marketable securities***

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

**Matawa First Nations Management**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

**Capital assets**

Capital assets are recorded at cost. The cost of major replacements and improvements to capital assets are capitalized and the cost of maintenance and repairs are expensed when incurred.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Buildings	declining balance	4 %
Equipment (computer)	straight line	3 years
Computer software	declining balance	100 %
Equipment (computer and GIS)	declining balance	55 %
Furniture and fixtures	declining balance	20 - 30 %
Leasehold improvements	straight-line	5 years
Parking lot	declining balance	8 %
Website	straight-line	3 years
Solar panels under construction (unamortized)	declining balance	30 %

In the year of acquisition, one-half of the above rates is used on capital assets amortized using the declining balance method.

**Leases**

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

An arrangement contains a lease where the arrangement conveys a right to use the underlying tangible asset, and whereby its fulfillment is dependent on the use of the specific tangible asset. After the inception of the arrangement, a reassessment of whether the arrangement contains a lease is made only in the event that:

- there is a change in contractual terms;
- a renewal option is exercised or an extension is agreed upon by the parties to the arrangement;
- there is a change in the determination of whether the fulfillment of the arrangement is dependent on the use of the specific tangible asset; or
- there is a substantial physical change to the specified tangible asset.

**Long-lived assets**

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the consolidated statement of operations. Write-downs are not reversed.

**Long-term investments**

Long-term investments are recorded at cost less any provisions for other than temporary impairment. They have been classified as long-term assets in concurrence with the nature of the investment.

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

***Income taxes***

MFNP, MPMG and FRI account for income taxes using the taxes payable method. Under this method, only current income tax assets and liabilities are recorded to the extent they are unpaid or recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

***Revenue recognition***

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue is recognized when it is earned according to the terms of funding agreements, provided that the amount is measurable and collection is reasonably assured.

Rental revenue is recognized as it is earned over time according to occupancy agreements.

Project and engineering fees and recoveries are recognized as services are rendered, provided that the amount is measurable and collection is reasonably assured.

Other project management fees are recognized on a percentage of completion basis, where revenue is matched with the contract costs incurred in reaching the stage of completion resulting in a proportionate reporting of revenue, expense, and profit attributable to the proportion of work completed. Any anticipated losses on contracts are provided for in the period.

Interest income is recognized when it is earned.

***Contributed materials and services***

The Organization does not recognize the receipt of contributed materials and services.

***Allocation of expenses***

The Organization engages in programs that are directly funded by various government agencies. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the program. The Organization also incurs a number of general support expenses that are common to the administration of the Organization and each of its programs. The Organization directly allocates its general support expenses proportionately to each program based on the administrative support and related reporting requirements of each program.

***Employee future benefits***

The Organization's employee future benefit program consists of a defined contribution pension plan. The Organization's contributions to the defined contribution plan are expensed as incurred.

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

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization of capital assets and amortization of deferred contributions related to capital assets is based on the estimated useful lives of capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Deferred revenue is estimated based on management's review of revenue received, but not spent at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

***Financial instruments***

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Handbook 3840 *Related Party Transactions* (refer to Note 17).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

**3. Restricted cash**

During the year, the Organization received funding from the Ministry of Northern Development and Mines on behalf of member First Nations and is restricted for the Regional Framework Agreement.

**Matawa First Nations Management**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**4. Marketable securities**

	<b>2017</b>	<b>2016</b>
Marketable securities	<b>181,966</b>	180,510

All prescribed housing providers are required to participate in pooling of the capital reserves for investment purposes through the Social Housing Services Corporation ("SHSC") Investment Fund Program. According to SHSC Section 26(2), prescribed housing providers are required to follow the SHSC investment policy which outlines that all prescribed housing providers must invest all of the capital reserve funds with the SHSC Investment Fund, through Phillips, Hager & North Investment Funds Ltd.

The Capital Reserve Fund investments consist of mutual funds invested with Phillips, Hager & North Investment Funds Ltd. The investments consist of 100% fixed income with a cost of \$183,599 (2016 - 100% fixed income with a cost of \$180,496).

The Capital Reserve Fund investments are recorded at fair value which has resulted in an unrealized loss of \$1,646 (2016 - unrealized loss of \$2,159).

**5. Accounts receivable**

	<b>2017</b>	<b>2016</b>
Trade accounts receivable	<b>3,167,085</b>	2,514,031
Travel and salary advances	<b>61,220</b>	55,411
Allowance for doubtful accounts	<b>(170,842)</b>	(170,842)
	<b>3,057,463</b>	2,398,600

**Matawa First Nations Management**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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**6. Related parties**

The Organization is related to the following First Nations, each of which are members of the Organization and have representation on the Board of Directors. Therefore, each First Nation has the ability to significantly influence the operations of the Organization. The First Nations are as follows:

Aroland First Nation  
 Constance Lake First Nation  
 Eabametoong First Nation  
 Ginoogaming First Nation  
 Long Lake #58 First Nation  
 Marten Falls First Nation  
 Neskantaga First Nation  
 Nibinamik First Nation  
 Webequie First Nation

The following amounts are included in accounts receivable and accounts payable and accruals at year-end:

	<b>2017</b>	<b>2016</b>
<b>Amounts included in accounts receivable</b>		
Aroland First Nation	<b>34,577</b>	19,047
Eabametoong First Nation	<b>9,781</b>	-
Ginoogaming First Nation	<b>22,944</b>	22,276
Long Lake #58 First Nation	<b>150,399</b>	117,693
Marten Falls First Nation	<b>378,300</b>	192,400
Neskantaga First Nation	<b>39,856</b>	35,100
Nibinamik First Nation	<b>119,500</b>	106,000
Webequie First Nation	<b>161,425</b>	99,474
<b>Amounts included in accounts payable and accruals</b>		
Aroland First Nation	<b>104,116</b>	196,225
Constance Lake First Nation	<b>229,164</b>	305,732
Eabametoong First Nation	<b>351,487</b>	252,446
Ginoogaming First Nation	<b>149,048</b>	106,315
Long Lake #58 First Nation	<b>59,053</b>	218,090
Marten Falls First Nation	<b>237,882</b>	208,984
Neskantaga First Nation	<b>206,842</b>	223,231
Nibinamik First Nation	<b>185,542</b>	215,127
Webequie First Nation	<b>212,924</b>	180,234

The Organization significantly influences the operations of, and is therefore related to Aatawehike Fire Services Limited Partnership, as the Organization is a creditor and provides support services on an in-kind basis. At year-end, no amount was included in accounts receivable (2016 - \$Nil).

The amounts above are non-interest bearing and unsecured. It is anticipated that the amounts will be received (paid) in the next fiscal year.

**Matawa First Nations Management**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**7. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>	<i>2016 Net book value</i>
Buildings	6,421,210	2,413,675	4,007,535	4,156,199
Buildings under construction (unamortized)	29,976	-	29,976	29,976
Computer software	81,963	79,706	2,257	2,637
Equipment (computer and GIS)	3,450,718	2,903,803	546,915	415,336
Furniture and fixtures	545,906	350,195	195,711	220,605
Land	1,290,432	-	1,290,432	1,290,432
Leasehold improvements	405,327	376,206	29,121	49,684
Parking lot	15,000	13,096	1,904	2,069
Website	90,290	45,145	45,145	63,203
Solar panels under construction (unamortized)	46,566	-	46,566	-
	<b>12,377,388</b>	<b>6,181,826</b>	<b>6,195,562</b>	<b>6,230,141</b>

**8. Long-term investments**

As at March 31, 2017, the Organization owned 2 Class C common shares of Long Lake Aggregates Ltd. representing 2% of the issued and outstanding shares of the company. The market value of these shares approximates the book value of this investment as recorded on these consolidated financial statements.

**9. Bank indebtedness**

At March 31, 2017, the Organization had line of credit available with Royal Bank of Canada to a maximum \$500,000 bearing interest at bank prime plus 1.75%, none of which were drawn (2016 - TD Canada Trust to a maximum of \$1,000,000, the full amount being drawn) . The following has been collateralized in connection with this line of credit:

- Guarantee and postponement of claim along with a general security agreement

**10. Deferred revenue**

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<i>2017</i>	<i>2016</i>
Balance, beginning of year	605,354	61,334	-	666,688	1,744,774
Amount received during the year	2,065,734	62,125	-	2,127,859	651,687
Less: amount recognized as revenue during the year	(563,664)	(61,334)	-	(624,998)	(1,729,773)
Balance, end of year	<b>2,107,424</b>	<b>62,125</b>	<b>-</b>	<b>2,169,549</b>	<b>666,688</b>

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**11. Long-term debt**

	<b>2017</b>	<b>2016</b>
TD Canada Trust mortgage, refinanced during the year.	-	1,078,756
First National Financial LP, 2.20% mortgage on multiple properties located in Thunder Bay, Ontario. Repayable at \$7,136 per month including interest, maturing February 1, 2022. Security provided includes a charge on land and buildings with a net book value of \$990,637.	<b>1,026,436</b>	-
Royal Bank of Canada loan, bearing interest at 4.15%. Repayable at \$8,967 per month including interest, maturing August 2021. Secured by a general security agreement, and a guarantee and postponement of claim along with a general security agreement and assignment of rents from MFNP.	<b>1,165,816</b>	-
<u>Less: current portion</u>	<b>124,564</b>	<b>51,788</b>
	<b>2,067,688</b>	<b>1,026,968</b>

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed are estimated as follows:

	<b>Principal</b>
2018	124,564
2019	128,524
2020	132,641
2021	136,862
2022	141,252



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**12. Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent the unamortized amount of contributed capital assets and restricted contributions that were used to construct additional residential properties for the Organization. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

The Organization received contributions of \$3,333,194 in the form of a forgivable loan from Ontario Aboriginal Housing Support Services Corporation. The principal portion of the loan shall be forgiven over a 20-year term beginning on January 16, 2012 (the date of occupancy) on an accelerated basis as follows: 3% years one through five, 4% years six through ten and 6.5% years eleven through twenty, provided that all commitments are fulfilled. The Organization anticipates that no repayment will be necessary.

The estimated amount to be forgiven in each of the next five years is estimated as follows:

2018	133,551
2019	133,551
2020	133,551
2021	133,551
2022	133,551

The balance unforgiven at March 31, 2017 is \$2,837,958 and may become liable should commitments not be fulfilled. The Organization anticipates that no repayment will be necessary.

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	<b>2017</b>	<b>2016</b>
Balance, beginning of year	-	-	<b>3,437,392</b>	<b>3,437,392</b>	3,570,586
Less: amounts recognized as revenue during the year	-	-	<b>(127,441)</b>	<b>(127,441)</b>	(133,194)
<hr/>					
Less: current portion	-	-	<b>3,309,951</b>	<b>3,309,951</b>	3,437,392
<hr/>					
Balance, end of year	-	-	<b>3,187,906</b>	<b>3,187,906</b>	3,309,951

**13. Contingencies**

The Organization is contingently liable to its funding agencies for any expenditures that it may have made in contravention of the contract agreements with these agencies. The actual amount of any contingent liability, if any, is currently not determinable.

**14. Refundable dividend taxes on hand**

Under the *Income Tax Act* (the "Act"), MFNP is classified as a private corporation and therefore certain taxes paid relating to investments and dividend income are refundable. Accordingly, these taxes are not deducted in computing net income for the year, but are charged directly to retained earnings. These taxes can be recovered based on payments of dividends at the rate of \$1 for every \$3 of taxable dividends paid. The refundable dividend tax on hand as at March 31, 2017 amounts to \$302 (2016 - \$302).

**Matawa First Nations Management**  
**Notes to the Consolidated Financial Statements**  
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**15. Income taxes**

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

As at March 31, 2017, MFNP has \$114,124 in non-capital losses available to reduce future years income for tax purposes, the future income tax effect of which has not been recorded in the consolidated financial statements. These losses expire as follows:

2033	1,192
2035	28,269
2036	31,489
2037	53,174

As at March 31, 2017, MPMG has \$100,512 in non-capital losses available to reduce future years income for tax purposes, the future income tax effect of which has not been recorded in the consolidated financial statements. These losses expire as follows:

2030	18,761
2031	72,749
2034	3,150
2035	2,044
2036	1,946
2037	1,862

As at March 31, 2017, FRI has \$336 in non-capital losses available to reduce future years income for tax purposes, the future income tax effect of which has not been recorded in the consolidated financial statements. These losses expire as follows:

2037	336
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**Matawa First Nations Management**  
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**16. Revenue details**

	2017	2016
<b>Government of Canada</b>		
Indigenous and Northern Affairs Canada	6,373,574	4,425,173
Health Canada	313,866	86,512
FedNor/Industry Canada	93,168	49,000
Canada Mortgage and Housing Corporation	153,414	31,295
Human Resources and Skills Development Canada	5,240,554	3,593,068
Natural Resources Canada	-	20,446
Environment Canada	-	103,386
Canadian Environmental Assessment Agency	16,557	-
	12,191,133	8,308,880
<b>Province of Ontario</b>		
Ministry of Northern Development, Mines and Forestry	5,471,939	5,212,389
Ministry of Community and Social Services	604,579	470,315
Ministry of Natural Resources	193,256	171,842
Ministry of Aboriginal Relations and Reconciliation	45,760	99,699
Ministry of Training, Colleges and Universities	3,230,453	3,016,476
Ministry of the Attorney General	401,250	380,000
Northern Ontario Heritage Fund Corporation	-	14,999
Ontario Trillium Foundation	208,200	-
	10,155,437	9,365,720
<b>First Nations and Organizations</b>		
Services and recoveries	1,847,248	1,411,831
Nishnawbe Aski Nation	391,334	78,265
Nishnawbe Aski Development Fund	16,213	-
Other First Nations and Organizations	157,498	133,584
	2,412,293	1,623,680
<b>Other</b>		
Interest	4,776	12,019
Miscellaneous	437,325	851,881
Rental	139,068	138,113
	581,169	1,002,013

**17. Related party transactions**

Transactions occurring during the year with the related parties outlined in Note 6 were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions included in the consolidated statement of operations are summarized as follows:

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	2017	2016
Revenue - services and recoveries (included in First Nations and Organizations)	614,981	1,232,263	1,847,244	1,411,831
Expenses - First Nation project contributions	4,696,850	-	4,696,850	5,196,772
Expenses - Annual General Assembly	58,000	-	58,000	42,750

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**18. Interfund transfer**

An interfund transfer in the amount of \$367,464 (2016 - \$635,756) was transferred from the Operating Fund to the Capital Fund in order to fund capital asset purchases and amortization of capital assets.

**19. Pension plan**

The Organization has a defined contribution plan for which virtually all employees of the Organization are eligible. Pension benefits are determined by the performance of the sponsor's and employee's contributions. Actuarial valuations are normally not required as the pension obligation equals the net assets available for benefits. Employer contributions for the year were \$129,476 (2016 - \$116,692).

**20. Commitments**

The Organization has entered into various equipment lease agreements ending September 2022 and lease agreements for premises ending July 2018. The estimated minimum annual payment is as follows:

2018	420,228
2019	58,635
2020	10,736
2021	3,842
2022	1,544

**21. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk relating to long-term debt, which has fixed interest rates ranging from 2.2% to 4.15% (2016 - 4.59%).

**22. Comparative figures**

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