

Matawa First Nations Management
Consolidated Financial Statements
March 31, 2018

Matawa First Nations Management Contents

For the year ended March 31, 2018

	<i>Page</i>
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Changes in Fund Balances.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5

Management's Responsibility

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

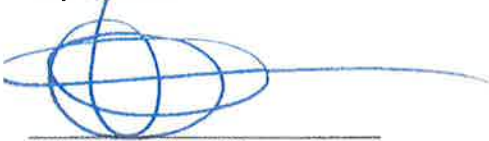
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information 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 19/2018



Chief Executive Officer

Independent Auditors' Report

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, 2018, 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, 2018 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 19, 2018



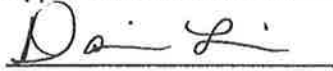
Chartered Professional Accountants
Licensed Public Accountants

Matawa First Nations Management
Consolidated Statement of Financial Position

As at March 31, 2018

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2018	2017
Assets					
Current					
Cash	7,835,948	-	-	7,835,948	1,871,946
Restricted cash (Note 3)	15,002	-	-	15,002	515,116
Marketable securities (Note 4)	-	180,587	-	180,587	181,966
Accounts receivable (Note 5), (Note 6)	6,121,992	487,815	-	6,609,807	3,057,463
Government remittances receivable	853,988	-	-	853,988	396,987
Prepaid expenses and deposits	507,382	-	-	507,382	304,354
	15,334,312	668,402	-	16,002,714	6,327,832
Capital assets (Note 7)	-	-	6,393,429	6,393,429	6,195,562
Long-term investments (Note 8)	2	-	-	2	2
	15,334,314	668,402	6,393,429	22,396,145	12,523,396
Liabilities					
Current					
Accounts payable and accruals (Note 6)	5,764,981	-	414,856	6,179,837	4,725,540
Government remittances payable	113,891	-	-	113,891	55,968
Deferred revenue (Note 10)	9,958,945	163,444	-	10,122,389	2,169,549
Due to Operating Fund	(220,571)	220,571	-	-	-
Current portion of long-term debt (Note 11)	62,904	-	65,202	128,106	124,564
Deferred contributions related to capital assets (Note 12)	-	-	116,954	116,954	122,045
	15,680,150	384,015	597,012	16,661,177	7,197,666
Long-term debt (Note 11)	1,042,824	-	897,443	1,940,267	2,067,688
Deferred contributions related to capital assets (Note 12)	-	-	3,070,952	3,070,952	3,187,906
Contingencies (Note 13)					
Fund Balances					
Fund Balances	(1,388,660)	284,387	1,828,022	723,749	70,136
	15,334,314	668,402	6,393,429	22,396,145	12,523,396

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, 2018

	Matawa Operating	Matawa Restricted	Matawa Capital	2018	2017
Revenue					
Federal Government (Note 16)	21,237,358	-	-	21,237,358	12,191,133
Provincial Government (Note 16)	12,578,274	-	-	12,578,274	10,155,437
First Nations and Organizations (Note 16), (Note 17)	1,957,007	1,327,118	-	3,284,125	2,412,293
Other (Note 16)	1,948,704	18,630	-	1,967,334	983,588
Amortization of deferred capital contributions (Note 12)	-	-	122,045	122,045	127,441
Less: funding repayable	(499,972)	-	-	(499,972)	-
	37,221,371	1,345,748	122,045	38,689,164	25,869,892
Net transfers to deferred revenue (Note 10), (Note 12)	(7,502,400)	(101,320)	-	(7,603,720)	(1,502,863)
Total revenue	29,718,971	1,244,428	122,045	31,085,444	24,367,029
First Nation Project Contributions (Note 17)	5,155,404	-	-	5,155,404	4,696,850
	24,563,567	1,244,428	122,045	25,930,040	19,670,179
Expenses					
Advertising and promotion	375,255	-	-	375,255	240,883
Amortization	-	-	801,600	801,600	603,943
Annual General Assembly (Note 17)	121,681	-	-	121,681	141,507
Bad debts	1,294	-	-	1,294	3,097
Board and Chiefs' Meetings	518,028	-	-	518,028	335,369
Consultants	1,924,105	-	-	1,924,105	808,194
Crisis and donations	461,394	-	-	461,394	54,024
Insurance	88,995	-	-	88,995	46,405
Interest and bank charges	40,494	-	-	40,494	41,347
Interest on long-term debt	69,208	-	-	69,208	71,853
Meetings	1,417,611	-	-	1,417,611	866,742
Occupancy costs	762,268	-	-	762,268	687,132
Professional development/training	315,874	-	-	315,874	370,755
Professional fees	2,243,534	-	-	2,243,534	908,273
Program co-ordination (recovery)	(176,936)	176,936	-	-	-
Repairs and maintenance	190,878	-	-	190,878	125,927
Resource materials	734,726	-	-	734,726	609,220
Salaries and benefits	8,773,429	-	-	8,773,429	6,183,432
Student and client allowances (Note 17)	2,458,228	1,048,862	-	3,507,090	5,657,307
Supplies and equipment	1,329,029	-	-	1,329,029	890,605
Telephone	181,077	-	-	181,077	112,477
Travel	1,414,776	-	-	1,414,776	1,224,408
Total expenses	23,244,948	1,225,798	801,600	25,272,346	19,982,900
Excess (deficiency) of revenue over expenses	1,318,619	18,630	(679,555)	657,694	(312,721)

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, 2018

	<i>Matawa Operating</i>	<i>Matawa Restricted</i>	<i>Matawa Capital</i>	2018	2017
Fund balances, beginning of year	(1,738,955)	269,838	1,539,253	70,136	384,503
Excess (deficiency) of revenue over expenses	1,318,619	18,630	(679,555)	657,694	(312,721)
Changes in unrealized losses on the marketable securities during the year (Note 4)	-	(4,081)	-	(4,081)	(1,646)
Transfer of funding to Capital Fund (Note 18)	(968,324)	-	968,324	-	-
Fund balances, end of year	(1,388,660)	284,387	1,828,022	723,749	70,136

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, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Cash received from government, First Nations and Organizations, and other	35,353,997	25,313,217
Cash received from interest	9,898	4,776
Cash paid to suppliers and employees	(28,664,256)	(22,805,776)
Cash paid for interest	(109,702)	(113,200)
	6,589,937	2,399,017
Financing activities		
Net repayments of bank indebtedness	-	(1,001,072)
Net advances (repayments) of long-term debt	(123,879)	1,113,496
	(123,879)	112,424
Investing activities		
Purchase of marketable securities	(2,703)	(3,102)
Purchase of capital assets	(999,467)	(569,364)
	(1,002,170)	(572,466)
Increase in cash resources	5,463,888	1,938,975
Cash resources, beginning of year	2,387,062	448,087
Cash resources, end of year	7,850,950	2,387,062
Cash resources are composed of:		
Cash	7,835,948	1,871,946
Restricted cash	15,002	515,116
	7,850,950	2,387,062

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, 2018

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, Four Rivers Inc. ("FRI"), a land and water resource management corporation, Matawa Health Co-operative Inc, a health service organization, and Matawa First Nations Education Authority, an educational facility and student residence.

These consolidated financial statements include financial statements for MFNP for the fiscal year from January 1, 2017 to December 31, 2017.

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, 2018

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.

	Method	Rate
Buildings	declining balance	4 %
Automotive	declining balance	30 %
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	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

The Organization receives 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, 2018

4. Marketable securities

	2018	2017
Marketable securities	180,587	181,966

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% Canadian bond funds with a cost of \$186,302 (2017 - 100% Canadian bond funds with a cost of \$183,599).

The Capital Reserve Fund investments are recorded at fair value which has resulted in an unrealized loss of \$4,081 (2017 - unrealized loss of \$1,646).

5. Accounts receivable

	2018	2017
Trade accounts receivable	6,692,934	3,167,085
Travel and salary advances	87,715	61,220
Allowance for doubtful accounts	(170,842)	(170,842)
	6,609,807	3,057,463

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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:

	2018	2017
Amounts included in accounts receivable		
Aroland First Nation	65,841	34,577
Constance Lake First Nation	1,355	-
Eabametoong First Nation	34,584	9,781
Ginoogaming First Nation	351,571	22,944
Long Lake #58 First Nation	19,213	150,399
Marten Falls First Nation	630,714	378,300
Neskantaga First Nation	200,351	39,856
Nibinamik First Nation	455,644	119,500
Webequie First Nation	210,458	161,425
Amounts included in accounts payable and accruals		
Aroland First Nation	168,932	104,116
Constance Lake First Nation	210,494	229,164
Eabametoong First Nation	496,160	351,487
Ginoogaming First Nation	363,166	149,048
Long Lake #58 First Nation	158,200	59,053
Marten Falls First Nation	278,380	237,882
Neskantaga First Nation	357,052	206,842
Nibinamik First Nation	289,769	185,542
Webequie First Nation	269,290	212,924

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 (2017 - \$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, 2018

7. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>	<i>2017 Net book value</i>
Buildings	6,434,115	2,594,798	3,839,317	4,007,535
Buildings under construction (unamortized)	44,585	-	44,585	29,976
Automotive	46,738	7,011	39,727	-
Computer software	81,963	81,963	-	2,257
Equipment (computer and GIS)	4,226,823	3,417,891	808,932	546,915
Furniture and fixtures	647,158	402,533	244,625	195,711
Land	1,290,432	-	1,290,432	1,290,432
Leasehold improvements	428,865	393,551	35,314	29,121
Parking lot	28,200	13,776	14,424	1,904
Website	101,293	64,801	36,492	45,145
Solar panels	46,566	6,985	39,581	46,566
	13,376,738	6,983,309	6,393,429	6,195,562

Computer equipment in the amount of \$48,803 was not in use at March 31, 2018. Amortization will commence in the next fiscal year. Accumulated amortization at the end of this fiscal year is \$Nil.

8. Long-term investments

As at March 31, 2018, 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, 2018, the Organization had a 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. 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>2018</i>	<i>2017</i>
Balance, beginning of year	2,107,424	62,125	-	2,169,549	666,688
Amount received during the year	9,958,945	163,444	-	10,122,389	2,127,859
Less: amount recognized as revenue during the year	(2,107,424)	(62,125)	-	(2,169,549)	(624,998)
Balance, end of year	9,958,945	163,444	-	10,122,389	2,169,549

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. Long-term debt

	2018	2017
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 \$926,846.	962,645	1,026,436
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.	1,105,728	1,165,816
Less: current portion	128,106	124,564
	1,940,267	2,067,688

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:

	<i>Principal</i>
2019	128,106
2020	132,229
2021	136,457
2022	140,854
2023	145,407

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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:

2019	133,551
2020	133,551
2021	133,551
2022	133,551
2023	217,020

The balance unforgiven at March 31, 2018 is \$2,704,407 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>	2018	2017
Balance, beginning of year	-	-	3,309,951	3,309,951	3,437,392
Less: amounts recognized as revenue during the year	-	-	(122,045)	(122,045)	(127,441)
	-	-	3,187,906	3,187,906	3,309,951
Less: current portion	-	-	116,954	116,954	122,045
Balance, end of year	-	-	3,070,952	3,070,952	3,187,906

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, 2018 amounts to \$302 (2017 - \$302).

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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, 2018, MFNP has \$134,698 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
2038	20,574

As at March 31, 2018, MPMG has \$102,341 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
2038	1,829

As at March 31, 2018, FRI has \$4,596 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	2,088
2038	2,508

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

16. Revenue details

	2018	2017
Government of Canada		
Indigenous and Northern Affairs Canada	12,573,843	6,373,574
Health Canada	1,543,627	313,866
FedNor/Industry Canada	101,792	93,168
Canada Mortgage and Housing Corporation	236,288	153,414
Human Resources and Skills Development Canada	6,763,877	5,240,554
Canadian Environmental Assessment Agency	17,931	16,557
	21,237,358	12,191,133
Province of Ontario		
Ministry of Northern Development, Mines and Forestry	4,251,587	5,471,939
Ministry of Community and Social Services	604,825	604,579
Ministry of Natural Resources	256,926	193,256
Ministry of Indigenous Relations and Reconciliation	1,646,450	45,760
Ministry of Training, Colleges and Universities	3,353,366	3,230,453
Ministry of Education	1,525,473	-
Ministry of Agriculture, Food and Rural Affairs	100,000	-
Ministry of the Attorney General	511,320	401,250
Northern Ontario Heritage Fund Corporation	31,500	-
Ontario Trillium Foundation	296,827	208,200
	12,578,274	10,155,437
First Nations and Organizations		
Services and recoveries	2,428,254	1,847,248
Nishnawbe Aski Nation	585,771	391,334
Nishnawbe Aski Development Fund	57,846	16,213
Other First Nations and Organizations	212,254	157,498
	3,284,125	2,412,293
Other		
Interest	9,898	4,776
Miscellaneous	1,808,230	839,744
Rental	149,206	139,068
	1,967,334	983,588

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:

	Matawa Operating	Matawa Restricted	2018	2017
Revenue - services and recoveries (included in First Nations and Organizations)	1,330,645	1,327,118	2,657,763	1,847,244
Expenses - First Nation project contributions	5,155,404	-	5,155,404	4,696,850
Expenses - Student and client allowances	950,785	-	950,785	900,839
Expenses - Annual General Assembly	44,500	-	44,500	58,000

Matawa First Nations Management
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Interfund transfer

An interfund transfer in the amount of \$968,324 (2017 - \$367,464) 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 \$257,086 (2017 - \$129,476).

20. Commitments

The Organization has entered into various equipment lease agreements ending October 2023 and lease agreements for premises ending March 2019. The estimated minimum annual payment is as follows:

2019	467,344
2020	5,523
2021	5,523
2022	5,523
2023	5,523

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% (2017 - 2.2% to 4.15%).

22. Subsequent events

Subsequent to the year-end, the Organization was approved by its funding agency, The District of Thunder Bay Social Services Administration Board, to construct eight residential rental units for an estimated construction cost of \$1,240,000. Construction is expected to commence within the next fiscal year. In addition, the Organization purchased land for approximately \$110,000 on which to construct these eight units, and for other additional future development opportunities.