

Saskatchewan Indian Equity Foundation Inc.
Financial Statements
March 31, 2018

Saskatchewan Indian Equity Foundation Inc.

Contents

For the year ended March 31, 2018

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Management's Responsibility

To the Members of Saskatchewan Indian Equity Foundation Inc.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. 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 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 financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Foundation. 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 Foundation's external auditors.

MNP LLP is appointed by the members to audit the 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.

June 15, 2018


General Manager

Independent Auditors' Report

To the Members of Saskatchewan Indian Equity Foundation Inc.:

We have audited the accompanying financial statements of Saskatchewan Indian Equity Foundation Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets, and cash flows and the related schedule 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 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 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Saskatchewan Indian Equity Foundation Inc. as at March 31, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Saskatoon, Saskatchewan

June 15, 2018

MNP LLP


Chartered Professional Accountants


Saskatchewan Indian Equity Foundation Inc.
Statement of Financial Position

As at March 31, 2018

	2018	2017
Assets		
Current		
Cash and cash equivalents	3,838,745	3,387,379
Accounts receivable	12,179	31,305
Grants receivable (Note 3)	69,302	179,343
Prepaid expenses	7,084	17,702
	3,927,310	3,615,729
Capital assets (Note 4)	440,317	470,363
Long-term investments (Note 5)	8,775,524	8,142,187
Advances to related parties (Note 6)	-	7,500
Loans receivable (Note 7)	6,652,887	6,224,854
	19,796,038	18,460,633
Liabilities		
Current		
Accounts payable and accrued liabilities	102,319	101,835
Deferred contributions (Note 9)	52,675	-
Current portion of mortgage payable (Note 10)	37,359	35,661
	192,353	137,496
Mortgage payable (Note 10)	118,165	158,829
	310,518	296,325
Commitment (Note 13)		
Net Assets		
Operating fund (Note 11)	3,955,202	3,381,430
Contributed equity	15,530,318	14,782,878
	19,485,520	18,164,308
	19,796,038	18,460,633

Approved on behalf of the Board


Director


Director

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Loan interest	727,456	615,931
NACCA Grants - SIEF Contribution Program (Schedule 1)	296,326	347,318
NACCA Grants - Aboriginal Developmental Lending Assistance	285,560	390,395
Other revenue	155,358	154,775
Rental income	80,810	81,310
Investments	53,934	41,240
Management fee (Note 12)	32,545	32,545
NACCA Grants	24,537	3,756
Loan recoveries	13,214	157,964
	1,669,740	1,825,234
Expenses		
Administrative	25,000	25,000
Advertising	45,407	35,995
Amortization	54,214	51,587
Bad debts	-	16,557
Board of Directors	138,190	91,642
Conferences	4,670	5,615
Events	22,104	13,195
Insurance	8,875	9,074
Interest and bank charges	8,452	9,202
Interest on mortgage payable	8,104	10,262
Janitorial	12,000	12,000
Loan costs	5,137	11,158
Management fees	17,545	17,545
Membership fees	7,677	5,202
Miscellaneous	9,181	31
Office	47,265	42,825
Postage	4,451	3,546
Professional fees	66,481	45,663
Property taxes	24,361	20,938
Provision for loan losses (Note 7)	296,958	85,427
Rent	46,298	46,298
Repairs and maintenance	22,546	18,290
SIEF annual report	12,485	12,085
Salaries and benefits	706,272	748,962
Service contracts	19,890	8,613
Telephone	11,705	11,174
Training and education	10,409	10,508
Travel	42,223	28,179
Utilities	14,737	16,615
	1,692,637	1,413,188
Excess (deficiency) of revenue over expenses before other items	(22,897)	412,046

Continued on next page

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Operations
For the year ended March 31, 2018

	2018	2017
Excess (deficiency) of revenue over expenses before other items <i>(Continued from previous page)</i>	(22,897)	412,046
Other items		
Loss from investment in subsidiary <i>(Note 5)</i>	(15,576)	(19,291)
Unrealized gain on investment <i>(Note 11)</i>	612,245	-
Excess of revenue over expenses	573,772	392,755

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Changes in Net Assets
For the year ended March 31, 2018

	<i>Contributed equity</i>	<i>Operating fund</i>	2018	2017
Net assets, beginning of year	14,782,878	3,381,430	18,164,308	17,128,366
Excess of revenue over expenses	-	573,772	573,772	392,755
Capital contributions	2,192,297	-	2,192,297	2,831,655
Funding granted by SIEF Contribution Program	(1,444,857)	-	(1,444,857)	(2,188,468)
Net assets, end of year	15,530,318	3,955,202	19,485,520	18,164,308

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	573,772	392,755
Amortization	54,214	51,587
Provision for loan losses	296,958	85,427
Loss from investment in subsidiary	15,576	19,291
Unrealized gain on Investment	(612,245)	-
Dividends reinvested	(36,667)	-
	291,608	549,060
Changes in working capital accounts		
Accounts receivable	19,126	(13,515)
Grants receivable	110,041	32,522
Prepaid expenses	10,618	(9,542)
Accounts payable and accrued liabilities	484	(6,458)
Deferred contributions	52,675	-
	484,552	552,067
Financing		
Repayment of mortgage payable	(38,966)	(36,871)
Net change in capital contributions and funding by SIEF Contribution Program	747,440	643,187
	708,474	606,316
Investing		
Net change in advances to related parties	7,500	35,519
Purchase of capital assets	(24,170)	(7,676)
Net change in loans receivable	(724,990)	(1,070,728)
	(741,660)	(1,042,885)
Increase in cash and cash equivalents	451,366	115,498
Cash and cash equivalents, beginning of year	3,387,379	3,271,881
Cash and cash equivalents, end of year	3,838,745	3,387,379

The accompanying notes are an integral part of these financial statements

Saskatchewan Indian Equity Foundation Inc.

Notes to the Financial Statements

For the year ended March 31, 2018

1. Organization

Saskatchewan Indian Equity Foundation Inc. ("SIEF" or the "Foundation") is incorporated under the Saskatchewan Non-Profit Corporations Act. SIEF is restricted to providing financial services to Status Indian entrepreneurs. By its Articles of Incorporation, membership in SIEF is restricted to First Nations of Saskatchewan.

SIEF was one of the first Aboriginal institutions in Canada to offer developmental lending to First Nations businesses in Saskatchewan. SIEF is owned by the 74 First Nations of Saskatchewan and affiliated with the Federation of Saskatchewan Indians, Inc. ("FSI"). SIEF offers commercial and agricultural lending and business consulting services through their location in Saskatoon on the Asimakaniseekan Askiy Reserve. SIEF provides business lending solutions and business consulting services, and administers lending programs and services. SIEF is committed to developing a strong economic base among First Nations in Saskatchewan. The goal of SIEF is to continue to assist in the creation of jobs and to foster economic growth for First Nations People.

SIEF is a tax exempt organization under Section 149(1)(l) of the Income Tax Act.

Program

The SIEF Contribution Program began public offerings as of April 1, 2013. Using an equity fund, this program will provide non-repayable contributions to eligible Aboriginal businesses and entrepreneurs that have viable business activities in the province of Saskatchewan. National Aboriginal Capital Corporations Association ("NACCA") has agreed to supply the funding for this program. Details of these contributions are included in the statement of changes in net assets.

Schedule 1 of the financial statements provides details on the revenues and expenses associated with this program. These amounts are included in the statement of operations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with original maturities of three months or less.

Capital assets

Capital assets are recorded at cost. Amortization is provided using the declining balance or straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	<i>Method</i>	<i>Rate</i>
Building	straight-line	20 years
Office equipment	declining balance	20-100 %
Leasehold improvements	straight-line	5 years

Long-term investments

Long-term investments are share investments recorded at fair value. They have been classified as long-term assets in concurrence with the nature of the investment.

Investment in subsidiary entity

The Foundation's investment in its wholly-owned subsidiary, SIEF Investments Inc., is accounted for using the equity method and is included in long-term investments. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of earnings and decreased by losses and distributions received.

All transactions with the subsidiary are disclosed as related party transactions.

SIEF Financial Inc. is a wholly owned subsidiary of SIEF Investments Inc. SIEF Financial Inc. is accounted for using the equity method of accounting by SIEF Investments Inc.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

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

Loans receivable

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the straight-line method. Loan administration fees are amortized over the term of the loan using the straight-line method.

Interest income on loans is recorded on the accrual basis until such time as the loan is classified as impaired.

Loans are classified as impaired, and a provision for loss is established, when there is no longer reasonable assurance of the timely collection of the full amount of principal or interest. Whenever a payment is 30 days past due, loans are classified as impaired unless they are fully secured or collection efforts are reasonably expected to result in repayment of the debt.

In such cases, a specific provision is established to write down the loan to the estimated future net cash flows from the loan discounted at the rate inherent in the loan when impairment was recognized. In cases where it is impractical to estimate the future cash flows, the carrying amount of the loan is reduced to its estimated realizable value. At this time, accrual of interest is discontinued and any previously accrued but unpaid interest on the loan is charged to provision for loan losses.

Allowance for loan impairment

Allowance for loan impairment represents specific provisions established as a result of reviews of individual loans. A specific allowance for loan losses is determined on a regular basis by review of those loans where payments are overdue. The allowance is based on a review of the payment history and security held.

Restructured loans are not considered impaired where reasonable assurance exists that the borrower will meet the terms of the modified debt agreement.

Foreclosed assets held for sale

Foreclosed assets held for sale are recorded at the lower of carrying amount, and fair value less anticipated selling costs. Any difference between the carrying amount of the loan prior to foreclosure and the amount at which the foreclosed assets are initially measured is recognized by a charge or credit to the allowance for impairment of foreclosed assets.

Revenues and expenses of the property during the possession period are recorded as adjustments to the carrying value of the foreclosed property, but not in excess of net realizable value.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. All other revenue is recognized when performance is achieved and reasonable assurance regarding measurement and collectability of the consideration exists.

Employee future benefits

The Foundation's employee future benefit program consists of a defined contribution pension plan.

Financial instruments

The Foundation recognizes its financial instruments when the Foundation 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 Section 3840 *Related Party Transactions* (refer to Note 12).

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies (Continued from previous page)

At initial recognition, the Foundation may irrevocably elect to subsequently measure any financial instrument at fair value. The equity investment in First Nations Bank of Canada, shown as a long-term investment on the statement of financial position, has been designated to be subsequently measured at its fair value. Fair value is determined by a third party evaluator that values these shares bi-annually as there is not a quoted market price regularly available.

The Foundation 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 third party evaluations. 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 unless otherwise elected. With the exception of financial liabilities indexed to a measure of the Foundation'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.

Financial asset impairment

The Foundation assesses impairment of all of its financial assets measured at cost or amortized cost. The Foundation groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. When there is an indication of impairment, the Foundation determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Foundation reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Foundation reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Long-lived assets

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

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

Long-lived assets are classified as held for sale when all of the following criteria are met:

- Management, having the authority to approve the action, commits the Foundation to a plan to sell the asset;
- The asset is available for immediate sale in its present condition;
- The Foundation has initiated an active program to locate a buyer;
- The sale is probable, and is expected to qualify for recognition as a completed sale within one year;
- The asset is being actively marketed for sale at a reasonable price relative to its fair value; and
- It is unlikely that the plan to sell the asset will be withdrawn or that significant changes will be made to the plan.

Long lived assets classified as held for sale are initially measured at the lower of their carrying amount and fair value less costs to sell, and are not amortized. Subsequent increases in fair value not in excess of the cumulative loss previously recorded are recognized as gains.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management estimates the provision for anticipated loan losses after evaluation as to the loans collectibility. Amortization is based on the estimated useful lives of capital assets. Fair value less selling costs of foreclosed assets held for sale are based on comparison to market prices. Actual results could differ from those estimations.

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.

3. Grants receivable

Included in grants receivable is \$nil (2017 - \$23,390) from NACCA for operating costs related to the SIEF Contribution Program.

4. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Building	909,251	509,628	399,623	445,086
Office equipment	396,579	355,885	40,694	25,277
Leasehold improvements	93,225	93,225	-	-
	1,399,055	958,738	440,317	470,363

5. Long-term investments

	2018	2017
Measured at cost:		
Investment in SIEF Investments Inc.	1,404,385	1,419,961
Measured at fair value:		
First Nations Bank of Canada	7,371,139	6,722,226

The Foundation owns 19% of the outstanding shares in First Nations Bank of Canada which was determined not to result in significant influence.

SIEF Investments Inc. is a wholly owned subsidiary of the Foundation as outlined in Note 2. SIEF Investments Inc. is an investing company operating in the province of Saskatchewan.

During the year, the Foundation recorded equity losses in relation to SIEF Investments Inc. of \$15,576 (2017 - \$19,291).

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

5. Long-term investments (Continued from previous page)

At March 31, 2018 SIEF Investments Inc. had total assets of \$1,708,600 (2017 - \$1,735,443), total liabilities of \$8,898 (2017 - \$15,776) and equity of \$1,699,702 (2017 - \$1,719,667).

For the year ending March 31, 2018 SIEF Investments Inc. had total revenue of \$20,193 (2017 - \$3,444) and total expenses of \$28,696 (2017 - \$24,100). After an unrealized loss of \$7,073 (2017 - \$1,365 gain), and current taxes of \$nil (2017 - \$nil) there was total net loss of \$15,576 (2017 - \$19,291).

6. Advances to related parties

Advances to related parties consists of amounts loaned to SIEF Investments Inc. These amounts are non-interest-bearing and have no specified terms of repayment.

	2018	2017
Advances to SIEF Investments Inc.	-	7,500

7. Loans receivable

	2018	2017
Capital and working capital	6,749,082	6,270,721
Youth	17,805	41,410
Accrued interest	243,271	169,815
	7,010,158	6,481,946

Allowances for loan impairment:

Specific allowance for losses	(357,271)	(257,092)
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Total loans receivable	6,652,887	6,224,854
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Allowance for loan impairment results from the following:

Allowance for loan losses, beginning of the year	257,092	393,523
Provision for loan losses	296,958	85,427
Write-offs	(196,779)	(221,858)
	357,271	257,092

Total principal balance of impaired loans at March 31, 2018 is \$447,234 (2017 - \$493,190).

At year-end, the Foundation has approved loans in the amount of \$142,544 (2017 - \$115,940) that have not yet been disbursed.

These loans receivable carry an average interest rate of 11.98% (2017 - 11.95%).

8. Bank indebtedness

The Foundation has an operating line of credit with First Nations Bank of Canada with an approved borrowing limit up to \$2,000,000 (2017 - \$2,000,000) and bearing interest at prime plus 1.5%. The line of credit is secured by a general security agreement representing a first charge on all assets of the Foundation.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

9. Deferred contributions

Deferred contributions consist of unspent contributions received from NACCA restricted for operating costs related to the SIEF Contribution Program. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

10. Mortgage payable

	2018	2017
Due to First Nations Bank of Canada, bears interest at the rate of 4.67% and is repayable by monthly principal and interest payments of \$3,953, matures in November 2021	155,524	194,490
Less: Current portion	37,359	35,661
	118,165	158,829

Principal repayments on mortgage payable in each of the next four years are estimated as follows:

2019	37,359
2020	42,594
2021	44,637
2022	30,934
	155,524

The Foundation has pledged their building as collateral against mortgage payable amounts, with a carrying amount of \$399,623 (2017 – \$445,086).

Mortgage payable is subject to certain financial covenants with respect to the debt service coverage ratio. As at March 31, 2018, the Foundation is in compliance with all such covenants. It is management's opinion that the Foundation is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2018.

11. Operating fund

The operating fund balance consists of the following:

	2018	2017
Unrestricted net assets	(142,036)	(94,643)
Investment in capital assets	284,793	275,873
Accumulated unrealized gain	3,812,445	3,200,200
Operating fund, end of year	3,955,202	3,381,430

The accumulated unrealized gain is in relation to adjustments of long-term investments to fair value. In the current year this resulted in an unrealized gain of \$612,245 (2017 - \$nil).

12. Related party transactions

During the year, the Foundation earned management fees from SIEF Investments Inc. in the amount of \$15,000 (2017 - \$15,000). See Note 5 for additional information.

These transactions were conducted in the normal course of operations and recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

13. Commitment

The Foundation has entered into an equipment lease agreement with estimated minimum annual payments as follows:

2019	6,751
2020	6,751
2021	6,751
2022	6,751
2023	6,751
	<hr/>
	33,755

14. Financial instruments

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

Credit concentration

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of loans receivable. The loans receivable balance is 34% (2017 - 34%) of the Foundations's total asset balance. No loan has an outstanding balance greater than 10% of the total loan balance at the end of the year (2017 - no loans). The Foundation believes that there is minimal risk associated with the collection of these amounts, as the balance of loans receivable is widely distributed. Although the Foundation's loan portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in Saskatchewan. The Foundation manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible loans receivable. The Foundation holds collateral such as mortgages, personal property registrations and personal guarantees as security over loans receivable.

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 Foundation is exposed to interest rate price risk with respect to loans receivable and mortgage payable. Interest rates on all loans are fixed at the time of approval, with the Board of Directors reserving the right to change the rate to a floating rate on specific loans when reassessing payment record, risk and security positions. The mortgage payable has limited exposure to interest rate risk due to the current fixed rate being similar to current market rates.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities.

The Foundation manages the liquidity risk by implementing policies that address limits on the sources, quality and amount of the assets to meet normal operational and regulatory requirements. The Foundation follows a policy for loan disbursement to mitigate risks of collections and create a timely inflow of cash.

The Board of Directors is ultimately responsible for the liquidity risk management policy. Management reports to the Board on a regular basis.

Saskatchewan Indian Equity Foundation Inc.
Notes to the Financial Statements
For the year ended March 31, 2018

14. **Financial Instruments** *(Continued from previous page)*

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Foundation's investment in First Nations Bank of Canada exposes the Foundation to price risk as these investments are subject to price changes due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

Saskatchewan Indian Equity Foundation Inc.
Schedule 1 - Schedule of SIEF Contribution Program
For the year ended March 31, 2018

	2018	2017
Revenue		
Grant revenue	296,326	347,318
Expenses		
Administrative	25,000	25,000
Advertising	11,922	16,161
Board of Directors	26,224	26,390
Conferences	-	1,304
Insurance	2,000	2,000
Management fees	17,545	17,545
Membership fees	231	233
Office	7,401	10,711
Postage	1,392	969
Professional fees	10,000	10,000
Rent	33,000	33,000
SIEF annual report	3,121	-
Salaries and benefits	136,987	191,503
Service contracts	11,996	2,218
Telephone	2,731	2,353
Training and education	51	2,556
Travel	6,725	5,375
	296,326	347,318
Excess of revenue over expenses	-	-