

**Lac La Croix First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2018**

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Consolidated Financial Statements  
For the year ended March 31, 2018**

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## Lac La Croix First Nation Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of Lac La Croix First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Lac La Croix First Nation.

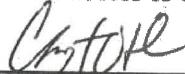
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

Lac La Croix First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.



Chief



Councilor



Councilor



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BDO Canada LLP  
607 Portage Avenue  
Fort Frances ON P9A 0A7 Canada

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## Independent Auditor's Report

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**To the Chief and Council of  
Lac La Croix First Nation**

We have audited the accompanying consolidated financial statements of Lac La Croix First Nation, as at March 31, 2018, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2018, and the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Changes in Net Financial Assets (Debt) and the Consolidated Statement of 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 Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of the 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 the 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 disclaimer of audit opinion.

**Basis for Disclaimer of Opinion**

The First Nation was not able to provide satisfactory audit evidence with respect to the completeness or existence of expenses, payroll and other revenue due to lack of supporting documentation. Accordingly, we were unable to confirm or verify by alternative means that all expenses, payroll and other revenue of the First Nation have been properly recorded, nor whether the classification of expenses, payroll and other revenue is appropriate. As a result we were unable to determine whether any adjustments might be necessary to expenses, accounts payable, payroll, other revenue and accumulated surplus.



#### **Disclaimer of Opinion**

Due to the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

#### **Other Matters**

These consolidated financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures and have been prepared to assist management of Lac La Croix First Nation to meet the reporting requirements of various funding agencies. Our report is intended solely for management of Lac La Croix First Nation and various funding agencies. As a result, the consolidated financial statements should not be distributed to or used by other parties.

*BDO Canada LLP*

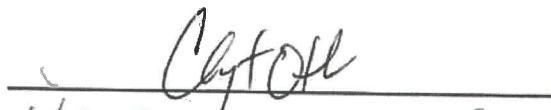
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
November 26, 2018

**Lac La Croix First Nation  
Consolidated Statement of Financial Position**

<b>March 31</b>	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 1,156,819	\$ -
Accounts and loans receivable (Note 3)	941,792	1,488,777
Investments held in trust (Note 6)	83,246	51,117
Portfolio investments (Note 4)	315	165,419
Government business enterprises and partnerships (Note 5)	1	1
	<hr/>	<hr/>
	<b>2,182,173</b>	<b>1,705,314</b>
<b>Liabilities</b>		
Bank indebtedness (Note 2)	-	51,718
Accounts payable and accrued liabilities	2,419,924	2,738,775
Deferred revenue (Note 7)	672,164	68,365
Long-term debt (Note 8)	1,616,560	1,823,825
	<hr/>	<hr/>
	<b>4,708,648</b>	<b>4,682,683</b>
<b>Net assets (debt)</b>	<b>(2,526,475)</b>	<b>(2,977,369)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	5,883,955	6,943,020
Tangible capital assets under construction (Note 11)	23,000	23,000
Prepaid expense	9,008	-
	<hr/>	<hr/>
	<b>5,915,963</b>	<b>6,966,020</b>
<b>Commitments and contingencies (Note 12)</b>		
<b>Accumulated surplus (Note 10)</b>	<b>\$ 3,389,488</b>	<b>\$ 3,988,651</b>

Approved on behalf of Council:

  
 Chief

  
 Councilor

  
 Councilor

**Lac La Croix First Nation  
Consolidated Statement of Operations**

March 31	Budget	2018	2017
(Note 17)			
<b>Revenue</b>			
Indigenous Services Canada (Note 15)	\$ 2,205,109	\$ 2,738,212	\$ 2,509,794
Health Canada	477,350	515,081	515,699
Canada Mortgage and Housing Corporation (CMHC)	85,889	204,927	96,104
Ministry of Community and Social Services	220,000	247,466	287,044
Ministry of Indigenous Relations and Reconciliation	95,407	556,118	169,217
Ministry of Natural Resources	450,000	402,712	557,108
Ministry of Health and Long-term Care	67,000	118,929	44,452
Ontario First Nations Limited Partnership	497,084	567,597	562,278
Weechi-It-Te-Win Family Services Inc.	-	708,616	566,082
Rentals and fees	-	7,800	12,543
Fort Frances Tribal Area Health Authority	63,525	144,168	117,450
Shooniyyaa Wa-Biitong	40,686	24,122	41,992
Other	134,802	491,454	700,133
	<b>4,336,852</b>	<b>6,727,202</b>	<b>6,179,896</b>
<b>Expenses</b>			
Education	1,153,049	1,670,432	1,722,949
Welfare	345,500	351,245	401,505
Band support/administration	1,019,893	2,034,970	2,168,368
Operations and maintenance	274,953	49,389	83,148
Minor capital	-	148,365	16,000
Medical transportation	95,446	95,446	95,446
Summer student	10,400	-	10,400
Economic development	35,700	58,099	59,436
Community care	-	708,616	528,052
Casino Rama	497,084	567,597	562,278
Fort Frances Tribal Area Health Authority	63,525	168,297	108,354
Water and sewer	52,516	126,198	161,013
Treaty land entitlement	95,407	233,404	9,064
CMHC	95,250	276,876	153,030
Health Canada	347,450	317,219	384,000
National child benefit reinvestment	20,600	-	18,540
Ministry of Natural Resources	435,000	408,031	645,198
Majiishkaa Community Organization	-	753,545	287,868
	<b>4,541,773</b>	<b>7,967,729</b>	<b>7,414,649</b>
<b>Annual deficit</b>	<b>\$ (204,921)</b>	<b>\$ (1,240,527)</b>	<b>\$ (1,234,753)</b>

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**Lac La Croix First Nation**  
**Consolidated Statement of Changes in Accumulated Surplus**

<b>March 31</b>	<b>2018</b>	<b>2017</b>
Accumulated surplus, beginning of year	\$ 3,988,651	\$ 5,746,123
Adjustment to First Nation Position (Note 1)	<u>641,364</u>	<u>(522,719)</u>
Accumulated surplus, beginning of year, as restated	4,630,015	5,223,404
Annual deficit	<u>(1,240,527)</u>	<u>(1,234,753)</u>
<b>Accumulated surplus, end of year</b>	<b>\$ 3,389,488</b>	<b>\$ 3,988,651</b>

**Lac La Croix First Nation**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**

March 31	2018	2017
<b>Annual deficit</b>	<b>\$ (1,240,527)</b>	<b>\$ (1,234,753)</b>
Acquisition of tangible capital assets	-	(24,900)
Amortization of tangible capital assets	1,059,065	1,054,915
Adjustment to First Nation position	<u>641,364</u>	<u>(522,719)</u>
	459,902	(727,457)
Change in prepaid expenses	<u>(9,008)</u>	-
<b>Change in net assets (debt)</b>	<b>450,894</b>	<b>(727,457)</b>
<b>Net assets (debt), beginning of year</b>	<b><u>(2,977,369)</u></b>	<b><u>(2,249,912)</u></b>
<b>Net assets (debt), end of year</b>	<b><u>\$ (2,526,475)</u></b>	<b><u>\$ (2,977,369)</u></b>

**Lac La Croix First Nation  
Consolidated Statement of Cash Flows**

<b>March 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Annual deficit	\$ (1,240,527)	\$ (1,234,753)
Items not affecting cash		
Amortization of tangible capital assets	1,059,065	1,054,915
Prior period adjustment (Note 1)	641,364	(522,719)
Gain on disposal of investments	-	(10,044)
	<hr/>	<hr/>
	459,902	(712,601)
<b>Changes in non-cash working capital</b>		
Accounts and loans receivable	546,985	(330,494)
Trust funds	(32,129)	42,156
Prepaid expense	(9,008)	-
Accounts payable	(318,851)	983,289
Deferred revenue	603,799	68,365
	<hr/>	<hr/>
	790,796	763,316
	<hr/>	<hr/>
	<b>1,250,698</b>	<b>50,715</b>
<b>Cash flows from capital activities</b>		
Purchase of capital assets	-	(24,900)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of investments	-	(474,968)
Proceeds from sale of investments	165,104	485,044
	<hr/>	<hr/>
	<b>165,104</b>	<b>10,076</b>
<b>Cash flows from financing activities</b>		
Advances of long-term debt	-	300,481
Repayment of long-term debt	(207,265)	(212,206)
	<hr/>	<hr/>
	<b>(207,265)</b>	<b>88,275</b>
<b>Net change in cash and cash equivalents</b>	<b>1,208,537</b>	<b>124,166</b>
<b>Bank indebtedness, beginning of year</b>	<b>(51,718)</b>	<b>(175,884)</b>
<b>Cash and cash equivalents (bank indebtedness), end of year</b>	<b>\$ 1,156,819</b>	<b>\$ (51,718)</b>
<b>Supplementary information</b>		
Interest received	\$ 894	\$ 767
Interest paid	\$ 15,283	\$ 16,260

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## Lac La Croix First Nation Summary of Significant Accounting Policies

**March 31, 2018**

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### **Basis of Accounting**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook, and include all organizations, operations and activities that are:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises on a modified equity method as disclosed in Note 5 to these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 4.

Government business enterprises are separate legal entities which do not rely on the government for funding. The First Nation's government business enterprises consist of investments in Ten Clans Development Corporation. These investments are accounted for using the modified equity basis of accounting.

### **Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all government organizations which are owned or controlled by the First Nation. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.

Organizations consolidated in the First Nation's financial statements include:

#### **Lac La Croix Majiishkaa Community Organization**

### **Cash and Cash Equivalents**

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

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## Lac La Croix First Nation Summary of Significant Accounting Policies

**March 31, 2018**

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### **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents, as well as, historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water and other natural resources are not recognized as tangible capital assets.

### **Amortization**

Amortization is calculated on the cost, net of contributions on a straight-line basis over the following number of years:

Buildings	20 years
Equipment	5 years
Vehicles	3 years
Computers	3 years
Infrastructure	10 - 50 years

### **Program Surplus**

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.

### **Long-term Loans Receivable**

Loans are carried at the unpaid principal less allowances for doubtful loans.

### **Allowance for Doubtful Loans**

The First Nation maintains specific allowances for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

### **Investments**

The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings.

Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

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## Lac La Croix First Nation Summary of Significant Accounting Policies

**March 31, 2018**

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<b>Replacement Reserves</b>	The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.
<b>Government Transfers</b>	Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as referred revenue and recognized as revenue when the stipulations are settled.
<b>Revenue Recognition</b>	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.
	Government transfers, which include legislative grants, are recognized as revenues in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.
	Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.
	Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.
<b>Financial Instruments</b>	The First Nation's financial instruments consist of accounts and loans receivable, portfolio investments, bank indebtedness, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

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## Lac La Croix First Nation Summary of Significant Accounting Policies

**March 31, 2018**

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<b>Trust Funds</b>	Trust funds are held in trust by Indigenous Services Canada (ISC). Revenue on trust funds is recognized in accordance with terms of the related instrument.
<b>Measurement Uncertainty</b>	Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.
<b>Use of Estimates</b>	<p>The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.</p>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

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### 1. Adjustment to First Nation Position

In prior years, amounts payable were accrued, paid and not removed from accounts payable. The amount added to the accumulated surplus in the current year in relation to these accruals equals \$641,364.

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### 2. Cash and Cash Equivalents (Bank Indebtedness)

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Lac La Croix First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents (bank indebtedness) is comprised of the following:

	<u>2018</u>	<u>2017</u>
Externally restricted Replacement reserve	\$ -	\$ -
Unrestricted Operating	<u>1,156,819</u>	<u>(51,718)</u>
<b>Total cash and cash equivalents (bank indebtedness)</b>	<b><u>\$ 1,156,819</u></b>	<b><u>\$ (51,718)</u></b>

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### 3. Accounts and Loans Receivable

	<u>2018</u>	<u>2017</u>
Accounts receivable		
Advances to Band members	<u>\$ 945,426</u>	<u>\$ 1,490,466</u>
	<u>319,092</u>	<u>418,167</u>
	<u>1,264,518</u>	<u>1,908,633</u>
Allowance for doubtful accounts	<u>(322,726)</u>	<u>(419,856)</u>
	<u>\$ 941,792</u>	<u>\$ 1,488,777</u>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 4. Portfolio Investments

	2018	2017
Portfolio investments held at CIBC Wood Gundy	<u>\$ 315</u>	<u>\$ 165,419</u>

Portfolio investments are valued at cost. The fair market value of the investments held at CIBC Wood Gundy is \$315 (2017 - \$165,419).

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### 5. Government Business Enterprises and Partnerships, at modified equity

#### Ten Clans Development Corporation

Ten Clans Development Corporation is a Corporation that was created for the purpose of developing business activities for Lac La Croix First Nation.

	2018	2017
Carrying value, beginning of the year	\$ 1	\$ 1
Share of net income	-	-
<b>Carrying value, end of the year</b>	<b>\$ 1</b>	<b>\$ 1</b>

## Lac La Croix First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

### **6. Investments Held in Trust**

	Balance March 31, 2017	Additions 2018	Withdrawals 2018	Balance March 31, 2018
<b>Held by Federal Government Capital</b>	<b>\$ 42,118</b>	<b>\$ 894</b>	<b>\$ -</b>	<b>\$ 43,012</b>
<b>Held by Rainy River District First Nations Trust</b>	<b>8,999</b>	<b>31,235</b>	<b>\$ -</b>	<b>40,234</b>
	<b>\$ 51,117</b>	<b>\$ 32,129</b>	<b>\$ -</b>	<b>\$ 83,246</b>

#### **Held by Federal Government Capital**

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in Trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

#### **Held by Rainy River District First Nations Trust**

The trust funds arise from monies derived from a resource sharing agreement. The monies are intended to fund educational and training initiatives within the First Nation community.

### **7. Deferred Revenue**

	Balance March 31, 2017	Funding Received 2018	Revenue Recognized 2018	Balance March 31, 2018
<b>Federal Government</b>				
ISC - fire protection	\$ -	\$ 436,275	\$ 21,696	\$ 414,579
ISC - minor capital	-	87,409	-	87,409
ISC - prev/least disruptive measures	-	37,900	-	37,900
CMHC - RRAP	-	15,000	-	15,000
CMHC - ERP	-	15,000	-	15,000
	<b>-</b>	<b>591,584</b>	<b>21,696</b>	<b>569,888</b>
<b>Provincial Government</b>				
MIRR	-	436,370	372,177	64,193
<b>Other</b>				
Weechi-It-Te-Win	68,365	678,334	708,616	38,083
	<b>\$ 68,365</b>	<b>\$ 1,706,288</b>	<b>\$ 1,102,489</b>	<b>\$ 672,164</b>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

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### 8. Long-term Debt

	<u>2018</u>	<u>2017</u>
CMHC mortgage with interest at 1.04%, repayable in monthly instalments of \$5,030 principal and interest, maturing October 1, 2029.	\$ 658,505	\$ 711,731
CMHC mortgage with interest at 1.62%, repayable in monthly instalments of \$3,093 principal and interest, maturing March 1, 2033.	494,223	523,108
ISC loan, interest free, repayable in full on March 31, 2020.	126,518	126,518
ISC loan, interest free, repayable in full on March 31, 2019.	136,833	136,833
ISC loan, interest free, repayable in full on March 31, 2021.	50,481	50,481
Promissory note, repayable to Dr. Michael Dan, interest free, no terms of repayment.	150,000	150,000
Bank of Montreal loan with interest at BMO prime plus 3%, repayable in monthly instalments of \$867 principal plus interest, maturing August 31, 2017.	-	154
Bank of Montreal demand loan with interest at BMO prime plus 3%, repayable in monthly instalments of \$25,000 principal plus interest, maturing August 31, 2017.	-	125,000
	<hr/> <u>\$ 1,616,560</u>	<hr/> <u>\$ 1,823,825</u>

Mortgages are secured by a first charge mortgage against rental properties and Ministerial Guarantees from Indigenous Services Canada.

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**Lac La Croix First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

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**8. Long-term Debt (continued)**

Principal repayments required over the next five years and thereafter are as follows:

	<b>Principal Repayments</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 370,489	\$ 13,825	\$ 384,314
2020	210,664	13,335	223,999
2021	135,681	12,281	147,962
2022	86,268	11,213	97,481
2023	87,350	10,131	97,481
Thereafter	726,108	42,799	768,907
	<b>\$ 1,616,560</b>	<b>\$ 103,584</b>	<b>\$ 1,720,144</b>

	<b>2018</b>	<b>2017</b>
Interest expense for the year on long-term debt	<b>\$ 15,283</b>	<b>\$ 16,260</b>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 9. Replacement Reserve

	Phase I 22-049-373/1	Phase II 22-049-373/2	Total
Balance March 31, 2016	\$ 105,682	\$ 52,843	\$ 158,525
Expenditures for the year	-	-	-
Allocation to restricted funds	10,200	5,100	15,300
Balance March 31, 2017	115,882	57,943	173,825
Expenditures for the year	-	-	-
Allocation to restricted funds	10,200	5,100	15,300
<b>Balance March 31, 2018</b>	<b>\$ 126,082</b>	<b>\$ 63,043</b>	<b>\$ 189,125</b>

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$189,125. The amount held in a restricted bank account in relation to this reserve is \$NIL; therefore, the reserve is underfunded by \$189,215 (2017 - \$173,825) as of March 31, 2018.

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### 10. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2018	2017
Investment in tangible capital assets		
Tangible capital assets	\$ 5,883,955	\$ 6,943,020
Tangible capital assets under construction	23,000	23,000
Debt relating to tangible capital assets	<u>(1,152,727)</u>	<u>(1,234,839)</u>
Total investment in tangible capital assets	4,754,228	5,731,181
Operations	(1,568,846)	(1,931,336)
Operating reserves	14,981	14,981
Replacement reserves	<u>189,125</u>	<u>173,825</u>
	<b>\$ 3,389,488</b>	<b>\$ 3,988,651</b>

**Lac La Croix First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

**11. Tangible Capital Assets**

	<b>2018</b>					
	Buildings and housing	Infrastructure	Vehicles	Equipment	Computers	Total
Cost, beginning of year	\$ 17,412,171	\$ 4,583,305	\$ 515,857	\$ 489,736	\$ 223,946	<b>\$ 23,225,015</b>
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Cost, end of year	<b>17,412,171</b>	<b>4,583,305</b>	<b>515,857</b>	<b>489,736</b>	<b>223,946</b>	<b>23,225,015</b>
Accumulated amortization, beginning of year	12,335,398	2,761,472	487,290	486,371	211,464	<b>16,281,995</b>
Amortization	870,609	153,956	23,935	2,244	8,321	<b>1,059,065</b>
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	<b>13,206,007</b>	<b>2,915,428</b>	<b>511,225</b>	<b>488,615</b>	<b>219,785</b>	<b>17,341,060</b>
Net carrying amount, end of year	<b>\$ 4,206,164</b>	<b>\$ 1,667,877</b>	<b>\$ 4,632</b>	<b>\$ 1,121</b>	<b>\$ 4,161</b>	<b>\$ 5,883,955</b>

The net book value of tangible capital assets not being amortized because they are under construction is \$23,000 (2017 - \$23,000). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the new band office project.

**Lac La Croix First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2018**

**11. Tangible Capital Assets (continued)**

	<b>2017</b>					
	Buildings and housing	Infrastructure	Vehicles	Equipment	Computers	Total
<b>Cost, beginning of year</b>	<b>\$ 17,412,171</b>	<b>\$ 4,583,305</b>	<b>\$ 490,957</b>	<b>\$ 489,736</b>	<b>\$ 223,946</b>	<b>\$23,200,115</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>24,900</b>	<b>-</b>	<b>-</b>	<b>24,900</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cost, end of year</b>	<b>17,412,171</b>	<b>4,583,305</b>	<b>515,857</b>	<b>489,736</b>	<b>223,946</b>	<b>23,225,015</b>
 <b>Accumulated amortization, beginning of year</b>	 11,464,790	 2,607,515	 467,505	 484,128	 203,142	 15,227,080
<b>Amortization</b>	<b>870,608</b>	<b>153,957</b>	<b>19,785</b>	<b>2,243</b>	<b>8,322</b>	<b>1,054,915</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>Accumulated amortization, end of year</b>	 12,335,398	 2,761,472	 487,290	 486,371	 211,464	 16,281,995
<b>Net carrying amount, end of year</b>	<b>\$ 5,076,773</b>	<b>\$ 1,821,833</b>	<b>\$ 28,567</b>	<b>\$ 3,365</b>	<b>\$ 12,482</b>	<b>\$ 6,943,020</b>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 12. Commitments and Contingencies

The First Nation is involved in several claims and counter claims, over disputed payable balances. The consolidated financial statements include provisions for these payables based on Management's assessment of the claims.

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### 13. Economic Dependence

Lac La Croix First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

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### 14. Federal Assistance Payments

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2018 was \$204,927 (2017 - \$80,104).

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### 15. ISC Funding Reconciliation

	2018	2017
ISC revenue per funding confirmation	\$ 3,283,671	\$ 2,509,794
Deferred revenue, beginning of year	-	-
Deferred revenue, end of year	(539,888)	-
Recovery of prior years' funding	(5,571)	-
 ISC revenue per the consolidated financial statements	 <u>\$ 2,738,212</u>	 <u>\$ 2,509,794</u>

### 16. Expenditure by Object

	2018	2017
Salaries, wages and employee benefits	\$ 3,516,036	\$ 3,389,128
Materials and supplies	2,781,897	2,294,702
Contracted services	73,324	353,670
Rents and financial expenses	308,487	192,414
Travel	228,920	129,820
Amortization	1,059,065	1,054,915
 	 <u>\$ 7,967,729</u>	 <u>\$ 7,414,649</u>

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

**March 31, 2018**

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### **17. Budget Information**

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

	<u>2018</u>
Financial Plan (budget) by-law surplus for the year	\$ 32,949
Add:	
Transfers	817,045
Less:	
Amortization	<u>(1,054,915)</u>
Budget deficit per consolidated statement of operations	<u>\$ (204,921)</u>

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## **Lac La Croix First Nation Notes to Consolidated Financial Statements**

**March 31, 2018**

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### **18. Segmented Information**

Lac La Croix First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

#### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

#### **Operations and Maintenance**

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection and community buildings.

#### **Social Services**

This segment contains activities that provide financial support or support by other means to Band members that is aimed at developing both the individual as well as the community.

#### **Band Support**

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

#### **Capital**

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

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## Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### **18. Segmented Information (continued)**

#### **Other Services**

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities and others.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers and have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

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### **19. Comparative Figures**

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.

**Lac La Croix First Nation  
2018 Segment Disclosure**

	Operations and Support Maintenance						Social Services			Capital		Other		Total
For the year ended March 31, 2018	Band	Support	Maintenance	Education	Social Services	Capital								
<b>Revenue</b>														
ISC	\$ 433,588	\$ 133,749	\$ 1,626,063	\$ 44,629	\$ 148,365	\$ 351,818								\$ 2,738,212
Canada	-	-	-	-	-	-								781,621
Ontario	-	-	-	-	247,466	-								1,394,106
Casino Rama	-	-	-	-	-	-								567,597
Trust income	42,231	-	-	-	-	-								42,231
Other Aboriginal Organizations	24,122	-	11,960	-	-	-								888,865
Interest, rentals and other	228,547	-	-	63,629	-	-								22,394
Administration	92,479	-	-	(4,479)	-	-								(88,000)
Transfers	389,436	93,801	-	-	-	-								(483,237)
	<b>1,210,403</b>	<b>227,550</b>	<b>1,638,023</b>	<b>351,245</b>	<b>148,365</b>	<b>3,151,616</b>								<b>6,727,202</b>
<b>Expenditures</b>														
Salaries, wages and benefits	641,605	181,559	1,069,294	74,299	104,315	1,444,964								3,516,036
Materials, supplies and capital	491,921	44,137	596,481	266,274	39,423	1,343,661								2,781,897
Contracted services	65,593	225	-	-	1,881	5,625								73,324
Rents and financial expenses	183,137	-	-	-	-	-								125,350
Travel	99,652	1,629	4,658	10,672	2,746	109,563								308,487
Amortization	942,495	-	-	-	-	-								228,920
	<b>2,424,403</b>	<b>227,550</b>	<b>1,670,433</b>	<b>351,245</b>	<b>148,365</b>	<b>3,145,733</b>								<b>7,967,729</b>
<b>Excess (deficiency) of revenue over expenditures</b>														
	<b>\$ (1,214,000)</b>	<b>\$ -</b>	<b>\$ (32,410)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>								<b>\$ (1,240,527)</b>

**Lac La Croix First Nation  
2017 Segment Disclosure**

	For the year ended March 31, 2017						
	Band Support		Operations and Maintenance		Social Services		
	Band	Support	Education	Capital	Other	Total	
<b>Revenue</b>							
ISC	\$ 397,965	\$ 131,005	\$ 1,799,546	\$ 52,300	\$ -	\$ 128,978	\$ 2,509,794
Canada	-	-	-	16,000	-	595,803	611,803
Ontario	-	-	287,044	-	-	771,163	1,058,207
Casino Rama	-	-	-	-	-	562,278	562,278
Trust income	484,969	-	-	-	-	-	484,969
Other Aboriginal Organizations	41,992	-	-	-	-	-	-
Interest, rentals and other	121,651	-	-	44,452	-	683,532	725,524
Administration	194,506	(2,125)	(125,492)	(3,470)	-	106,056	272,159
Transfers	197,755	95,706	-	-	140,000	(63,419)	-
						(433,461)	-
1,438,838	224,586	1,674,054	380,326	156,000	-	2,350,930	6,224,734
						(44,838)	(44,838)
1,438,838	224,586	1,674,054	380,326	156,000	2,306,092	6,179,896	
<b>Expenditures</b>							
Salaries, wages and benefits	757,760	185,747	1,072,653	116,858	127,646	1,128,464	3,389,128
Materials, supplies and capital	358,954	73,045	594,582	282,180	26,887	959,054	2,294,702
Contracted services	224,422	2,493	49,883	-	-	76,872	353,670
Rents and financial expenses	50,428	-	1,700	400	-	139,886	192,414
Travel	36,212	1,930	4,131	2,068	1,467	84,012	129,820
Amortization	938,345	-	-	-	-	116,570	1,054,915
2,366,121	263,215	1,722,949	401,506	156,000	2,504,858	7,414,649	
<b>Deficiency of revenue over expenditures</b>							
	\$ (927,283)	\$ (38,629)	\$ (48,895)	\$ (21,180)	\$ -	\$ (198,766)	\$ (1,224,753)