

Lac La Croix First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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

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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Independent Auditor's Report

To the Chief and Council of
Lac La Croix First Nation

Disclaimer of Opinion

We have audited the consolidated financial statements of Lac La Croix First Nation and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at March 31, 2019, 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 notes to consolidated financial statements, including a summary of significant accounting policies.

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.

Basis for Disclaimer of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
September 12, 2019

Lac La Croix First Nation Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 1,461,633	\$ 1,156,819
Accounts and loans receivable (Note 3)	1,682,229	941,792
Investments held in trust (Note 6)	118,248	83,246
Portfolio investments (Note 4)	367	315
Government business enterprises and partnerships (Note 5)	1	1
	<u>3,262,478</u>	<u>2,182,173</u>
Liabilities		
Accounts payable and accrued liabilities	2,070,906	2,419,924
Deferred revenue (Note 7)	1,552,090	672,164
Long-term debt (Note 8)	1,720,889	1,616,560
	<u>5,343,885</u>	<u>4,708,648</u>
Net assets (debt)	<u>(2,081,407)</u>	<u>(2,526,475)</u>
Non-financial assets		
Tangible capital assets (Note 11)	5,290,698	5,883,955
Tangible capital assets under construction (Note 11)	128,545	23,000
Prepaid expense	-	9,008
	<u>5,419,243</u>	<u>5,915,963</u>
Commitments and contingencies (Note 12)		
Accumulated surplus (Note 10)	<u>\$ 3,337,836</u>	<u>\$ 3,389,488</u>

Approved on behalf of Council:



Chief



Councilor



Councilor

Lac La Croix First Nation Consolidated Statement of Operations

March 31	Budget	2019	2018
	(Note 17)		
Revenue			
Indigenous Services Canada (Note 15)	\$ 4,090,656	\$ 3,259,944	\$ 2,738,212
Health Canada	505,904	581,055	515,081
Canada Mortgage and Housing Corporation (CMHC)	110,104	110,104	204,927
Ministry of Community and Social Services	166,052	262,115	247,466
Ministry of Indigenous Affairs	-	478,769	556,118
Ministry of Natural Resources	351,000	448,936	402,712
Ministry of Health and Long-term Care	132,173	181,221	118,929
Ontario First Nations Limited Partnership	718,050	718,053	567,597
Weechi-It-Te-Win Family Services Inc.	-	664,810	708,616
Rentals and fees	-	-	7,800
Fort Frances Tribal Area Health Services	140,403	104,101	144,168
Shooniyaa Wa-Biitong	-	-	24,122
Other	152,832	320,799	491,454
	6,367,174	7,129,907	6,727,202
Expenses			
Education	1,497,661	1,435,428	1,670,432
Welfare	226,922	372,033	351,245
Band support/administration	1,054,395	1,796,193	2,034,970
Operations and maintenance	365,423	192,035	49,389
Minor capital	1,274,392	299,302	148,365
Medical transportation	149,042	105,395	95,446
Economic development	42,000	42,000	58,099
Community care	-	664,810	708,616
Casino Rama	718,050	524,253	567,597
Fort Frances Tribal Area Health Services	235,403	199,102	168,297
Water and sewer	149,643	149,643	126,198
Treaty land entitlement	-	45,115	233,404
CMHC	214,674	151,027	276,876
Health Canada	400,443	373,985	317,219
Ministry of Natural Resources	351,000	484,683	408,031
Majiishkaa Community Organization	-	475,612	753,545
	6,679,048	7,310,616	7,967,729
Annual deficit	\$ (311,874)	\$ (180,709)	\$ (1,240,527)

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

<u>March 31</u>	<u>2019</u>	<u>2018</u>
Accumulated surplus, beginning of year	\$ 3,389,488	\$ 3,988,651
Adjustment to First Nation Position (Note 1)	<u>129,057</u>	<u>641,364</u>
Accumulated surplus, beginning of year, as restated	3,518,545	4,630,015
Annual deficit	<u>(180,709)</u>	<u>(1,240,527)</u>
Accumulated surplus, end of year	<u>\$ 3,337,836</u>	<u>\$ 3,389,488</u>

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

March 31	2019	2018
Annual deficit	\$ (180,709)	\$ (1,240,527)
Acquisition of tangible capital assets	(617,515)	-
Amortization of tangible capital assets	1,105,227	1,059,065
Adjustment to First Nation position	129,057	641,364
	<u>436,060</u>	<u>459,902</u>
Change in prepaid expenses	9,008	(9,008)
Change in net financial assets (debt)	445,068	450,894
Net financial assets (debt), beginning of year	<u>(2,526,475)</u>	<u>(2,977,369)</u>
Net financial assets (debt), end of year	<u>\$ (2,081,407)</u>	<u>\$ (2,526,475)</u>

Lac La Croix First Nation Consolidated Statement of Cash Flows

March 31	2019	2018
Cash flows from operating activities		
Annual deficit	\$ (180,709)	\$ (1,240,527)
Items not affecting cash		
Amortization of tangible capital assets	1,105,227	1,059,065
Prior period adjustment (Note 1)	129,057	641,364
	<u>1,053,575</u>	<u>459,902</u>
 Changes in non-cash working capital		
Accounts and loans receivable	(740,437)	546,985
Trust funds	(35,002)	(32,129)
Prepaid expense	9,008	(9,008)
Accounts payable	(349,018)	(318,851)
Deferred revenue	879,926	603,799
	<u>(235,523)</u>	<u>790,796</u>
	<u>818,052</u>	<u>1,250,698</u>
 Cash flows from capital activities		
Purchase of capital assets	<u>(617,515)</u>	<u>-</u>
 Cash flows from investing activities		
Purchase of investments	(53)	-
Proceeds from sale of investments	-	165,104
	<u>(53)</u>	<u>165,104</u>
 Cash flows from financing activities		
Advances of long-term debt	187,466	-
Repayment of long-term debt	(83,136)	(207,265)
	<u>104,330</u>	<u>(207,265)</u>
 Net change in cash and cash equivalents	<u>304,814</u>	<u>1,208,537</u>
 Cash and cash equivalents (bank indebtedness), beginning of year	<u>1,156,819</u>	<u>(51,718)</u>
 Cash and cash equivalents, end of year	<u>\$ 1,461,633</u>	<u>\$ 1,156,819</u>
 Supplementary information		
Interest received	\$ 999	\$ 894
Interest paid	\$ 14,257	\$ 15,283

Lac La Croix First Nation Summary of Significant Accounting Policies

March 31, 2019

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.

Lac La Croix First Nation Summary of Significant Accounting Policies

March 31, 2019

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.

Lac La Croix First Nation Summary of Significant Accounting Policies

March 31, 2019

Replacement Reserves

The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.

Government Transfers

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.

Revenue Recognition

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.

Financial Instruments

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.

Lac La Croix First Nation Summary of Significant Accounting Policies

March 31, 2019

Trust Funds

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.

Measurement Uncertainty

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.

Use of Estimates

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.

The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

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 \$129,057 (2018 - \$641,364).

2. Cash and Cash Equivalents

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 Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

	2019	2018
Externally restricted		
Replacement reserve	\$ -	\$ -
Unrestricted		
Operating	1,461,633	1,156,819
Total cash and cash equivalents	\$ 1,461,633	\$ 1,156,819

3. Accounts and Loans Receivable

	2019	2018
Accounts receivable	\$ 1,686,969	\$ 945,426
Advances to Band members	247,361	319,092
	1,934,330	1,264,518
Allowance for doubtful accounts	(252,101)	(322,726)
	\$ 1,682,229	\$ 941,792

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Portfolio Investments

	2019	2018
Portfolio investments held at CIBC Wood Gundy	\$ 367	\$ 315

Portfolio investments are valued at cost. The fair market value of the investments held at CIBC Wood Gundy is \$367 (2018 - \$315).

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.

	2019	2018
Carrying value, beginning of year	\$ 1	\$ 1
Share of net income	-	-
Carrying value, end of year	\$ 1	\$ 1

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

6. Investments Held in Trust

	Balance March 31, 2018	Additions 2019	Withdrawals 2019	Balance March 31, 2019
Held by Federal Government Capital	\$ 43,012	\$ 998	\$ -	\$ 44,010
Held by Rainy River District First Nations Trust	40,234	34,004	-	74,238
	\$ 83,246	\$ 35,002	\$ -	\$ 118,248

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.

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

7. Deferred Revenue

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Balance March 31, 2019
Federal Government				
ISC - fire protection	\$ 414,579	\$ -	\$ 414,579	\$ -
ISC - minor capital	87,409	1,186,983	269,302	1,005,090
ISC - prev/least disruptive measures	37,900	195,700	-	233,600
ISC - education	-	1,634,511	1,560,427	74,084
CMHC - RRAP	15,000	-	15,000	-
CMHC - ERP	15,000	-	15,000	-
	<u>569,888</u>	<u>3,017,194</u>	<u>2,274,308</u>	<u>1,312,774</u>
Provincial Government				
MIA	64,193	522,067	575,721	10,539
Other				
Weechi-It-Te-Win	38,083	817,122	664,810	190,395
FFTAHS	-	142,484	104,102	38,382
	<u>38,083</u>	<u>959,606</u>	<u>768,912</u>	<u>228,777</u>
	<u>\$ 672,164</u>	<u>\$ 4,498,867</u>	<u>\$ 3,618,941</u>	<u>\$ 1,552,090</u>

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Long-term Debt

	2019	2018
CMHC mortgage with interest at 1.04%, repayable in monthly instalments of \$5,030 principal and interest, maturing October 1, 2029.	\$ 604,724	\$ 658,505
CMHC mortgage with interest at 1.62%, repayable in monthly instalments of \$3,093 principal and interest, maturing March 1, 2033.	464,867	494,223
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, 2024.	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 demand loan with interest at BMO prime plus 3.5%, repayable in monthly instalments of \$2,871 principal plus interest, maturing March 31, 2026.	187,466	-
	<u>\$ 1,720,889</u>	<u>\$ 1,616,560</u>

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

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2019

8. Long-term Debt (continued)

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

	Principal Repayments	Interest	Total
2020	\$ 382,367	\$ 26,081	\$ 408,448
2021	158,512	23,899	182,411
2022	110,860	21,071	131,931
2023	113,838	18,092	131,930
2024	253,810	14,954	268,764
Thereafter	701,502	38,200	739,702
	<u>\$ 1,720,889</u>	<u>\$ 142,297</u>	<u>\$ 1,863,186</u>

	2019	2018
Interest expense for the year on long-term debt	<u>\$ 14,257</u>	<u>\$ 15,283</u>

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

9. Replacement Reserve

	Phase I 22-049-373/1	Phase II 22-049-373/2	Total
Balance March 31, 2017	\$ 115,882	\$ 57,943	\$ 173,825
Expenditures for the year	-	-	-
Allocation to restricted funds	10,200	5,100	15,300
Balance March 31, 2018	126,082	63,043	189,125
Expenditures for the year	-	-	-
Allocation to restricted funds	10,200	5,100	15,300
Balance March 31, 2019	\$ 136,282	\$ 68,143	\$ 204,425

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$204,425. The amount held in a restricted bank account in relation to this reserve is \$NIL; therefore, the reserve is underfunded by \$204,425 (2018 - \$189,215) as of March 31, 2019.

10. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets		
Tangible capital assets	\$ 5,290,698	\$ 5,883,955
Tangible capital assets under construction	128,545	23,000
Debt relating to tangible capital assets	(1,069,591)	(1,152,727)
Total investment in tangible capital assets	4,349,652	4,754,228
Operations	(1,270,186)	(1,568,846)
Operating reserves	53,945	14,981
Replacement reserves	204,425	189,125
	\$ 3,337,836	\$ 3,389,488

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2019

11. Tangible Capital Assets

						2019
	Buildings and housing	Infrastructure	Vehicles	Equipment	Computers	Total
Cost, beginning of year	\$ 17,412,171	\$ 4,583,305	\$ 515,857	\$ 489,736	\$ 223,946	\$23,225,015
Additions	-	-	318,170	193,800	-	511,970
Disposals	-	-	-	-	-	-
Cost, end of year	17,412,171	4,583,305	834,027	683,536	223,946	23,736,985
Accumulated amortization, beginning of year	13,206,007	2,915,428	511,225	488,615	219,785	17,341,060
Amortization	843,326	147,923	69,936	39,881	4,161	1,105,227
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	14,049,333	3,063,351	581,161	528,496	223,946	18,446,287
Net carrying amount, end of year	\$ 3,362,838	\$ 1,519,954	\$ 252,866	\$ 155,040	\$ -	\$ 5,290,698

The net book value of tangible capital assets not being amortized because they are under construction is \$128,545 (2018 - \$23,000). These items are recognized separately as tangible capital assets under construction on 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, 2019

11. Tangible Capital Assets (continued)

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

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

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.

13. Economic Dependence

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

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 2019 was \$110,104 (2018 - \$80,104).

15. ISC Funding Reconciliation

	2019	2018
ISC revenue per funding confirmation	\$ 4,032,830	\$ 3,283,671
Deferred revenue, beginning of year	539,888	-
Deferred revenue, end of year	(1,312,774)	(539,888)
Recovery of prior years' funding	-	(5,571)
ISC revenue per the consolidated financial statements	<u>\$ 3,259,944</u>	<u>\$ 2,738,212</u>

16. Expenditure by Object

	2019	2018
Salaries, wages and employee benefits	\$ 3,225,804	\$ 3,519,036
Materials and supplies	2,249,283	2,778,897
Contracted services	264,373	73,324
Rents and financial expenses	264,870	308,487
Travel	201,059	228,920
Amortization	1,105,227	1,059,065
	<u>\$ 7,310,616</u>	<u>\$ 7,967,729</u>

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

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>2019</u>
Financial Plan (budget) by-law surplus for the year	\$ -
Add:	
Transfers	793,353
Less:	
Amortization	<u>(1,105,227)</u>
Budget deficit per consolidated statement of operations	<u>\$ (311,874)</u>

Lac La Croix First Nation Notes to Consolidated Financial Statements

March 31, 2019

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 on the First Nation during the year, including housing construction and renovations.

Lac La Croix First Nation
Notes to Consolidated Financial Statements

March 31, 2019

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.

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
2019 Segment Disclosure**

For the year ended March 31, 2019	Operations and					Total
	Band Support	Maintenance	Education	Social Services	Capital	
Revenue						
ISC	\$ 646,052	\$ 550,918	\$ 1,560,428	\$ 41,600	\$ 269,302	\$ 3,259,945
Canada	-	-	-	-	30,000	661,159
Ontario	-	-	-	262,115	-	1,351,802
Casino Rama	-	-	-	-	-	718,053
Trust income	34,055	-	-	-	-	34,055
Other Aboriginal Organizations	-	-	-	-	-	884,456
Interest, rentals and other	84,324	-	-	70,221	-	35,892
Administration	207,905	-	(125,000)	(1,903)	-	(81,002)
Transfers	334,674	16,775	-	-	-	(351,449)
	1,307,010	567,693	1,435,428	372,033	299,302	3,148,441
						7,129,907
Expenditures						
Salaries, wages and benefits	388,727	211,636	1,050,244	97,516	132,647	1,345,034
Materials, supplies and capital	333,324	80,618	372,730	271,128	161,470	1,030,013
Contracted services	209,318	-	-	-	1,916	53,139
Rents and financial expenses	161,399	-	-	1,868	-	101,603
Travel	49,445	917	12,454	1,521	3,269	133,453
Amortization	988,657	-	-	-	-	116,570
	2,130,870	293,171	1,435,428	372,033	299,302	2,779,812
						7,310,616
Excess (deficiency) of revenue over expenditures	\$ (823,860)	\$ 274,522	\$ -	\$ -	\$ -	\$ 368,629
						\$ (180,709)

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

For the year ended March 31, 2018	Operations and					Total
	Band Support	Maintenance	Education	Social Services	Capital	
Revenue						
ISC	\$ 433,588	\$ 133,749	\$ 1,626,063	\$ 44,629	\$ 148,365	\$ 2,738,212
Canada	-	-	-	-	-	781,621
Ontario	-	-	-	247,466	-	1,146,640
Casino Rama	-	-	-	-	-	567,597
Trust income	42,231	-	-	-	-	42,231
Other Aboriginal Organizations	24,122	-	11,960	-	-	852,783
Interest, rentals and other	228,547	-	-	63,629	-	22,394
Administration	92,479	-	-	(4,479)	-	(88,000)
Transfers	389,436	93,801	-	-	-	(483,237)
	1,210,403	227,550	1,638,023	351,245	148,365	6,727,202
Expenditures						
Salaries, wages and benefits	641,605	181,559	1,069,294	74,299	104,315	1,447,964
Materials, supplies and capital	491,921	44,137	596,481	266,274	39,423	1,340,661
Contracted services	65,593	225	-	-	1,881	5,625
Rents and financial expenses	183,137	-	-	-	-	125,350
Travel	99,652	1,629	4,658	10,672	2,746	109,563
Amortization	942,495	-	-	-	-	116,570
	2,424,403	227,550	1,670,433	351,245	148,365	3,145,733
Excess (deficiency) of revenue over expenditures	\$ (1,214,000)	\$ -	\$ (32,410)	\$ -	\$ -	\$ 5,883
						\$ (1,240,527)