

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

Mitaanjigamiing First Nation
Consolidated Financial Statements
For the year ended March 31, 2018

Contents

| | |
|---|-----------|
| Management's Responsibility for Financial Reporting | 2 |
| Independent Auditor's Report | 3 |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position | 5 |
| Consolidated Statement of Operations | 6 |
| Consolidated Statement of Changes in Accumulated Surplus | 7 |
| Consolidated Statement of Change in Net Financial Assets (Debt) | 8 |
| Consolidated Statement of Cash Flows | 9 |
| Summary of Significant Accounting Policies | 10 |
| Notes to Consolidated Financial Statements | 13 |
| 2018 Segment Disclosure | 27 |
| 2017 Segment Disclosure | 28 |
| Review Engagement Report | 29 |
| Schedule of Salary, Honoraria and Travel for Elected Officials | 30 |

Mitaanjigamiing First Nation Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Mitaanjigamiing 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 Mitaanjigamiing First Nation.

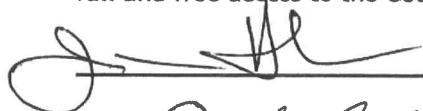
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

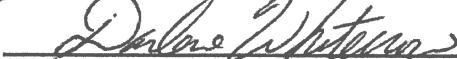
The Mitaanjigamiing First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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



Tel: 807-274-9848
Fax: 807-274-5142
www.bdo.ca

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

Independent Auditor's Report

To the Members of Mitaanjigamiing First Nation

We have audited the accompanying consolidated financial statements of Mitaanjigamiing First Nation as at March 31, 2018, which are comprised of the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Change 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 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 of 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of Mitaanjigamiing First Nation as at March 31, 2018, and the results of operations, change in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

Mitaanjigamiing has also prepared another set of consolidated Consolidated Financial Statements for the year ended March 31, 2018 in accordance with Canadian public sector accounting standards. However, these consolidated Consolidated Financial Statements do not include unaudited supplementary schedules. Our audit report on the other set of consolidated Consolidated Financial Statements was issued to the members of Mitaanjigamiing First Nation and was dated July 20, 2018.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 20, 2018

Mitaanjigamiing First Nation
Consolidated Statement of Financial Position

| March 31 | 2018 | 2017 |
|--|----------------------------|----------------------------|
| Financial assets | | |
| Cash and cash equivalents (Note 1) | \$ 1,511,014 | \$ 289,296 |
| Accounts receivable | 1,194,381 | 1,061,182 |
| Loans and advances (Note 2) | 32,595 | 89,115 |
| Investments held in trust (Note 11) | 81,813 | 46,944 |
| Notes receivable | 50,000 | 50,000 |
| Portfolio investments (Note 3) | <u>516,064</u> | <u>341,830</u> |
| | <u><u>3,385,867</u></u> | <u><u>1,878,367</u></u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 710,607 | 726,074 |
| Term loans (Note 8) | 9,270 | 1,157,570 |
| Obligations under capital lease | 40,600 | - |
| Demand debt (Note 7) | 2,091,468 | 3,496,044 |
| Deferred revenue (Note 6) | <u>938,417</u> | <u>681,678</u> |
| | <u><u>3,790,362</u></u> | <u><u>6,061,366</u></u> |
| Net financial assets (debt) | <u><u>(404,495)</u></u> | <u><u>(4,182,999)</u></u> |
| Non-financial assets | | |
| Tangible capital assets (Note 5) | 9,987,143 | 9,150,815 |
| Tangible capital assets under construction | <u>102,647</u> | <u>417,826</u> |
| | <u><u>10,089,790</u></u> | <u><u>9,568,641</u></u> |
| Accumulated surplus (Note 4) | <u><u>\$ 9,685,295</u></u> | <u><u>\$ 5,385,642</u></u> |
| Contingent liabilities (Note 13) | | |


 _____ Chief

 _____ Councilor

Mitaanjigamiing First Nation Consolidated Statement of Operations

| <u>For the year ended March 31</u> | <u>Budget</u> | <u>2018</u> | <u>2017</u> |
|---|----------------|----------------|---------------|
| (Note 10) | | | |
| Revenue | | | |
| ISC - grant | \$ 233,844 | \$ 233,844 | \$ - |
| ISC - set contribution funding | 663,511 | 503,500 | 56,000 |
| ISC - fixed contribution funding | 2,159,225 | 2,011,505 | 2,238,898 |
| ISC - flexible contribution funding | 1,090,578 | 333,247 | 1,090,578 |
| Revenue - trust fund | - | 133 | 47 |
| Rental - housing and other buildings | 17,500 | 18,000 | 17,850 |
| Ministry of Community and Social Services | - | 162,448 | 144,955 |
| Ministry of Education | - | 126,780 | - |
| Ministry of Health and Long-Term Care | 55,300 | 55,300 | - |
| Ministry of Indigenous Relations and Reconciliation | 375,000 | 375,000 | 275,000 |
| Ministry of Transportation | - | - | 250,000 |
| Miscellaneous | 119,238 | 136,968 | 108,535 |
| Shooniyaa Wa-Biitong | 53,148 | 60,085 | 42,746 |
| Small Communities Fund | 500,000 | 9,772 | - |
| Resource and other economic development | 51,718 | 414,102 | 186,262 |
| FedNor | - | 285,000 | 200,000 |
| Ministry of Tourism, Culture and Sport | 48,000 | 49,284 | 48,000 |
| Northern Ontario Heritage Fund | 122,469 | 48,404 | 85,842 |
| OFNLP | 493,423 | 469,447 | 462,255 |
| Fort Frances Area Tribal Health Authority | 142,736 | 144,950 | 117,736 |
| Weechi-it-te-win | 459,472 | 545,298 | 471,369 |
| Health Canada | 210,574 | 210,574 | 247,061 |
| 1468069 Ontario Limited o/a Gobe Corporation | - | 335,898 | 1,036,857 |
| TLE Settlement | 3,776,389 | 4,205,421 | - |
| Impairment loss from investments | - | - | (179,988) |
| Estimated recovery of current year funds | 10,572,125 | 10,734,960 | 6,900,003 |
| | - | (140,471) | - |
| | 10,572,125 | 10,594,489 | 6,900,003 |
| Expenditures | | | |
| Band support | 1,131,517 | 1,412,906 | 838,629 |
| Operations and maintenance | 796,124 | 292,182 | 256,773 |
| Education | 1,404,043 | 1,121,778 | 1,184,928 |
| Social services | 87,168 | 194,413 | 193,073 |
| Other operating programs | 79,211 | 77,034 | 52,341 |
| Weechi-it-te-win program | 459,472 | 496,674 | 471,620 |
| Aboriginal healing and wellness strategy | 63,525 | 65,576 | 58,425 |
| Capital programs | 1,787,836 | 804,602 | 1,506,000 |
| Other ISC programs | 68,967 | 77,020 | 45,930 |
| Integrated Community Based Health Services | 223,945 | 191,186 | 195,204 |
| OFNLP | 462,255 | 419,842 | 462,255 |
| New Relationship Fund | 90,000 | 88,858 | 84,778 |
| Tourism lodge | 85,370 | 24,389 | 8,254 |
| Economic development expenses | 23,147 | 52,325 | 39,434 |
| Land and flood claims | 327,500 | 483,696 | 478,814 |
| 1468069 Ontario Limited o/a Gobe Corporation | - | 353,511 | 871,412 |
| Child and family program | 160,011 | 20,404 | - |
| TLE Settlement | 2,463,789 | 68,670 | - |
| Home and community care | 55,300 | 49,770 | - |
| Annual surplus | 9,769,180 | 6,294,836 | 6,747,870 |
| | \$ 802,945 | \$ 4,299,653 | \$ 152,133 |

Mitaanjigamiing First Nation
Consolidated Statement of Changes in Accumulated Surplus

| <u>For the year ended March 31</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| First Nation accumulated surplus, beginning of year | \$ 5,385,642 | \$ 5,233,509 |
| Annual surplus | <u>4,299,653</u> | <u>152,133</u> |
| First Nation accumulated surplus, end of year | \$ 9,685,295 | \$ 5,385,642 |

Mitaanjigamiing First Nation
Consolidated Statement of Change in Net Financial Assets (Debt)

| For the year ended March 31 | Budget | 2018 | 2017 |
|--|-----------------------|---------------------|-----------------------|
| (Note 10) | | | |
| Annual surplus | \$ 802,945 | \$ 4,299,653 | \$ 152,133 |
| Acquisition of tangible capital assets | - | (915,770) | (509,835) |
| Amortization of tangible capital assets | 318,947 | 363,603 | 345,733 |
| Gain on sale of tangible capital assets | - | (9,297) | (31,189) |
| Proceeds on sale of tangible capital assets | - | 40,315 | 49,365 |
| | 1,121,892 | 3,778,504 | 6,207 |
| Consumption of prepaid expenses and inventory of supplies | - | - | 10,000 |
| Net increase in net financial assets (debt) | 1,121,892 | 3,778,504 | 16,207 |
| Net financial assets (debt), beginning of year | (4,182,999) | (4,182,999) | (4,199,206) |
| Net financial assets (debt), end of year | \$ (3,061,107) | \$ (404,495) | \$ (4,182,999) |

Mitaanjigamiing First Nation Consolidated Statement of Cash Flows

| For the year ended March 31 | 2018 | 2017 |
|---|----------------------------|--------------------------|
| Cash flows from operating activities | | |
| Annual surplus | \$ 4,299,653 | \$ 152,133 |
| Items not involving cash | | |
| Amortization of tangible capital assets | 363,603 | 345,733 |
| Gain on sale of equipment | (9,297) | (31,189) |
| Changes in non-cash working capital | | |
| Accounts receivable | (133,199) | (224,551) |
| Loans and advances | 56,520 | (13,849) |
| Prepaid expenses | - | 10,000 |
| Accounts payable and accrued liabilities | (15,465) | (29,324) |
| Deferred revenue | <u>256,738</u> | <u>288,468</u> |
| | <u>4,818,553</u> | <u>497,421</u> |
| Cash flows from capital activities | | |
| Purchase of capital assets | (915,770) | (509,835) |
| Proceeds on sale of capital assets | <u>40,315</u> | <u>49,365</u> |
| | <u>(875,455)</u> | <u>(460,470)</u> |
| Cash flows from financing activities | | |
| Increase in demand and long-term debt | 142,500 | 322,500 |
| Repayment of demand debt | (2,695,377) | (1,085,044) |
| Increase in obligation under capital lease | <u>40,600</u> | <u>-</u> |
| | <u>(2,512,277)</u> | <u>(762,544)</u> |
| Cash flows from investing activities | | |
| Disposal of portfolio investments | (174,234) | 764,976 |
| Trust funds | <u>(34,869)</u> | <u>(35,625)</u> |
| | <u>(209,103)</u> | <u>729,351</u> |
| Increase in cash during the year | 1,221,718 | 3,758 |
| Cash, beginning of year | <u>289,296</u> | <u>285,538</u> |
| Cash, end of year | <u>\$ 1,511,014</u> | <u>\$ 289,296</u> |

Mitaanjigamiing First Nation Summary of Significant Accounting Policies

March 31, 2018

| | |
|----------------------------------|--|
| Basis of Accounting | <p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting and Auditing Handbook, and include all Organizations, operations and activities that are:</p> <p class="list-item-l1">1) accountable for the administration of their financial affairs and resources directly to the First Nation; and</p> <p class="list-item-l1">2) owned or controlled by the First Nation.</p> <p>This includes all aspects of band operations including provision of social, educational, administration and operational services.</p> <p>Other long-term investments are reflected at cost as disclosed in Note 3.</p> <p>The First Nation owns 100% of the common shares of 1468069 Ontario Limited o/a Gobe Corporation. This Corporation has been classified as an other government Organization and has been fully consolidated.</p> |
| Government Transfers | <p>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.</p> |
| Cash and Cash Equivalents | <p>Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.</p> |

Mitaanjigamiing First Nation Summary of Significant Accounting Policies

March 31, 2018

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

| | |
|-----------|----------------|
| Buildings | 50 years |
| Equipment | 10 years |
| Vehicles | 10 years |
| Roads | 15 to 80 years |
| Housing | 50 years |
| Other | 20 years |

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.

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 the service is performed.

Financial Instruments

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, loans and advances, accounts payable and accrued liabilities, trust funds, advances to affiliated parties, short-term investments, portfolio investments and demand 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.

Investments

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.

Mitaanjigamiing First Nation Summary of Significant Accounting Policies

March 31, 2018

**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 public sector accounting standards 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 property, plant and equipment and accrued liabilities.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Cash and Cash Equivalents

| | 2018 | 2017 |
|---|----------------------------|--------------------------|
| Internally restricted Reserves | \$ 42,799 | \$ 42,799 |
| Unrestricted Operating | <u>1,468,215</u> | <u>246,497</u> |
| Total cash and cash equivalents | <u>\$ 1,511,014</u> | <u>\$ 289,296</u> |

Bank indebtedness is covered by a credit line with a maximum authorized amount of \$900,000. The credit line carries an interest rate of prime + 2.20% and is due on demand.

2. Loans and Advances

| | 2018 | 2017 |
|---------------------------------|-------------------------|-------------------------|
| Nanicost Ltd. - note receivable | \$ - | \$ 60,648 |
| Loans and advances | 45,800 | 41,672 |
| Allowance for doubtful accounts | <u>(13,205)</u> | <u>(13,205)</u> |
| | <u>\$ 32,595</u> | <u>\$ 89,115</u> |

The majority of loans and advances are due from band members for rent, services provided or outstanding travel advances.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Portfolio Investments

| | 2018 | 2017 |
|---|--------------------------|--------------------------|
| Rainy Lake Tribal Development Corporation (RLTDC) | \$ 100,000 | \$ 100,000 |
| Boundary Waters Anishinaabeg Development, LP | 80,922 | 80,922 |
| Rainy Lake Tribal Resource Management | 7,035 | 7,035 |
| Nanicost Ltd. | 7,389 | 7,389 |
| Marketable securities | <u>320,718</u> | <u>146,484</u> |
| | <u><u>\$ 516,064</u></u> | <u><u>\$ 341,830</u></u> |

Portfolio investments are valued at cost. The fair market value of the marketable securities at March 31, 2018, was \$316,478 (2017 - \$169,733). The fair market value of all other investments approximate their costs. The securities are traded on an exchange.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

4. Accumulated Surplus

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

| | 2018 | 2017 |
|---|----------------------------|----------------------------|
| Investment in tangible capital assets | | |
| Tangible capital assets | \$ 9,987,143 | \$ 9,150,815 |
| Tangible capital assets under construction | 102,647 | 417,826 |
| Debt related to capital | <u>(40,600)</u> | <u>(1,148,399)</u> |
| Total investment in tangible capital assets | <u>10,049,190</u> | <u>8,420,242</u> |
| Current fund deficit | <u>(594,491)</u> | <u>(2,847,939)</u> |
| Other government Organization | <u>(294,017)</u> | <u>(276,404)</u> |
| Reserve funds | | |
| School bus | 22,799 | 22,799 |
| Water treatment plant | 20,000 | 20,000 |
| Land Acquisition | 300,000 | - |
| Boffin Lake | 100,000 | - |
| Total reserve funds | <u>442,799</u> | <u>42,799</u> |
| Trust investments | | |
| Revenue trust | 10,732 | 7,099 |
| Rainy River District First Nation Trust | <u>71,082</u> | <u>39,845</u> |
| Total trust investments | <u>81,814</u> | <u>46,944</u> |
| | <u>\$ 9,685,295</u> | <u>\$ 5,385,642</u> |

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by Council resolution for specific purposes.

Mitaanjigaming First Nation
Notes to Consolidated Financial Statements

March 31, 2018

5. Tangible Capital Assets

| | 2018 | | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|---------------------|------------------|---------------------|
| | Buildings | Equipment | Vehicles | Roads | Housing | Other | Total |
| Cost, beginning of year | \$ 7,548,631 | \$ 623,212 | \$ 573,850 | \$ 207,373 | \$ 4,020,973 | \$ 102,566 | \$ 13,076,605 |
| Additions | 31,107 | 82,363 | 132,401 | - | 983,578 | 1,500 | 1,230,949 |
| Disposals | - | - | (38,772) | - | - | - | (38,772) |
| Cost, end of year | 7,579,738 | 705,575 | 667,479 | 207,373 | 5,004,551 | 104,066 | 14,268,782 |
| Accumulated amortization, beginning of year | 1,957,381 | 493,076 | 380,137 | 83,444 | 963,812 | 47,940 | 3,925,790 |
| Amortization | 151,594 | 38,258 | 65,400 | 2,307 | 100,091 | 5,953 | 363,603 |
| Disposals | - | - | (7,754) | - | - | - | (7,754) |
| Accumulated amortization, end of year | 2,108,975 | 531,334 | 437,783 | 85,751 | 1,063,903 | 53,893 | 4,281,639 |
| Net carrying amount, end of year | \$ 5,470,763 | \$ 174,241 | \$ 229,696 | \$ 121,622 | \$ 3,940,648 | \$ 50,173 | \$ 9,987,143 |

The net book value of tangible capital assets not being amortized because they are under construction is \$102,647 (2017 - \$417,826). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the housing, water treatment plant upgrades and beach access projects.

March 31, 2018

**Mitaanjigaming First Nation
Notes to Consolidated Financial Statements**

5. Tangible Capital Assets (continued)

| | 2017 | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | Buildings | Equipment | Vehicles | Roads | Housing | Other |
| Cost, beginning of year | \$ 7,530,556 | \$ 630,855 | \$ 535,078 | \$ 207,373 | \$ 3,924,841 | \$ 65,870 |
| Additions | 18,075 | 26,357 | 38,772 | - | 96,132 | 36,696 |
| Disposals | - | (34,000) | - | - | - | (34,000) |
| Cost, end of year | <u>7,548,631</u> | <u>623,212</u> | <u>573,850</u> | <u>207,373</u> | <u>4,020,973</u> | <u>102,566</u> |
| Accumulated amortization, beginning of year | 1,806,408 | 464,704 | 317,427 | 81,137 | 883,393 | 42,812 |
| Amortization | 150,973 | 44,196 | 62,710 | 2,307 | 80,419 | 5,128 |
| Disposals | - | (15,824) | - | - | - | (15,824) |
| Accumulated amortization, end of year | <u>1,957,381</u> | <u>493,076</u> | <u>380,137</u> | <u>83,444</u> | <u>963,812</u> | <u>47,940</u> |
| Net carrying amount, end of year | <u>\$ 5,591,250</u> | <u>\$ 130,136</u> | <u>\$ 193,713</u> | <u>\$ 123,929</u> | <u>\$ 3,057,161</u> | <u>\$ 54,626</u> |
| | | | | | | <u>\$ 9,150,815</u> |

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

6. Deferred Revenue

| | Balance March 31, 2017 | Funding Received 2018 | Revenue Recognized 2018 | Balance March 31, 2018 |
|--------------------------------|------------------------------|-----------------------------|-------------------------------|------------------------------|
| Federal Government | | | | |
| ISC - Land Management | \$ 16,247 | \$ - | \$ - | \$ 16,247 |
| ISC - Special Education | 61,481 | 154,763 | 75,259 | 140,985 |
| ISC - Post Secondary Education | 239,509 | 430,751 | 467,704 | 202,556 |
| ISC - Economic Development | 53,704 | - | 24,389 | 29,315 |
| ISC - Multi-Units | 310,737 | 250,000 | 560,737 | - |
| ISC - CCP | - | 75,000 | - | 75,000 |
| ISC - Roads and bridges | - | 751,070 | 333,247 | 417,823 |
| Provincial Government | | | | |
| Ministry of Education | - | 160,011 | 126,780 | 33,231 |
| Other | | | | |
| IESO | - | 29,538 | 6,278 | 23,260 |
| | \$ 681,678 | \$ 1,851,133 | \$ 1,594,394 | \$ 938,417 |

ISC

Indigenous Services Canada advanced the First Nation funding in relation to land management, post secondary education, economic development, community comprehensive plan, and roads and bridges. These funds must be spent on land management projects within the boundaries of the First Nation, post secondary costs of First Nation members, tourism lodge business plan, community comprehensive plan, and roads and bridges.

IESO

IESO advanced the First Nation funding in relation to a new development of a Community Energy Plan. The funding must be spent on Community Energy Plan costs within the boundaries of the First Nation.

Ministry of Education

The Ministry of Education advanced the First Nation funding in relation to the Child and Family Program. These funds must be spent on Child and Family programming costs.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Demand Debt

| | <u>2018</u> | <u>2017</u> |
|--|---------------------------|---------------------------|
| Flood claim litigation loan, non-interest bearing, maturing March 2020 or when litigation is settled, whichever comes first. | \$ 15,000 | \$ 15,000 |
| Flood claim litigation loan, non-interest bearing, maturing March 2021 or when litigation is settled, whichever comes first. | 142,566 | 142,566 |
| Flood claim litigation loan, non-interest bearing, maturing March 2022 or when litigation is settled, whichever comes first. | 565,546 | 565,546 |
| Flood claim litigation loan, non-interest bearing, maturing March 2023 or when litigation is settled, whichever comes first. | 345,044 | 345,044 |
| Flood claim litigation loan, non-interest bearing, maturing March 2024 or when litigation is settled, whichever comes first. Maximum 5 year extension is available if litigation is not settled by 2018. | 305,082 | 305,082 |
| Flood claim litigation loan, non-interest bearing, maturing March 2025 or when litigation is settled, whichever comes first. Maximum 5 year extension is available if litigation is not settled by 2025. | 207,346 | 207,346 |
| Flood claim litigation loan, non-interest bearing, maturing March 2026 or when litigation is settled, whichever comes first. Maximum 5 year extension is available if litigation is not settled by 2026. | 225,884 | 225,884 |
| Flood claim litigation loan, non-interest bearing, maturing March 2027 or when litigation is settled, whichever comes first. Maximum 5 year extension is available if litigation is not settled by 2027. | 142,500 | 142,500 |
| Flood claim litigation loan, non-interest bearing, maturing March 2028 or when litigation is settled, whichever comes first. Maximum 5 year extension is available if litigation is not settled by 2028. | 142,500 | - |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 51,410 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 130,395 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 182,793 |
| | <hr/> <u>\$ 2,091,468</u> | <hr/> <u>\$ 2,313,566</u> |

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Demand Debt (continued)

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Carried forward | \$ 2,091,468 | \$ 2,313,566 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 151,140 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 187,965 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 153,305 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 260,302 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 145,083 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | 104,683 |
| Land claim litigation loan, non-interest bearing. Paid in full during 2018. | - | <u>180,000</u> |
| | \$ 2,091,468 | \$ 3,496,044 |

Demand debt is not secured.

Scheduled principal repayments are as follows:

| | Year | Amount |
|--|------------|---------------------|
| | 2019 | \$ 130,395 |
| | 2020 | 197,793 |
| | 2021 | 293,706 |
| | 2022 | 753,511 |
| | 2023 | 498,349 |
| | Thereafter | <u>217,714</u> |
| | | \$ 2,091,468 |

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

8. Term Loans

| | <u>2018</u> | <u>2017</u> |
|---|------------------------|----------------------------|
| Capital projects loan with interest at 5%, due October 2025, secured by assignment of Ontario First Nations Limited Partnership funds due to the borrower, payable in monthly instalments of \$15,189 principal plus interest. Loan was paid in full during 2018. | \$ - \$ 1,148,399 | |
| 1468069 Ontario Limited o/a Gobe Corporation equipment loan, 11% repayable in monthly instalments of \$444 principal and interest, secured by specific equipment. | <u>9,270</u> | <u>9,171</u> |
| | <u><u>\$ 9,270</u></u> | <u><u>\$ 1,157,570</u></u> |

Principal repayments required over the next 2 years are as follows:

| | Principal Repayments | Interest | Total |
|------|-------------------------|------------------------|-------------------------|
| 2019 | \$ 4,527 | \$ 796 | \$ 5,323 |
| 2020 | <u>4,743</u> | <u>272</u> | <u>5,015</u> |
| | <u><u>\$ 9,270</u></u> | <u><u>\$ 1,068</u></u> | <u><u>\$ 10,338</u></u> |

9. Economic Dependence

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

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

10. 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 statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council, with adjustments as follows:

| | <u>2018</u> |
|---|-------------------|
| Financial Plan (budget) deficit for the year | \$ (139,342) |
| Add: | |
| Capital expenditures | 1,403,734 |
| Loan principal payments | (318,947) |
| Less: | |
| Amortization | (142,500) |
| Loan proceeds budgeted as revenue | \$ 802,945 |
| Budget surplus per consolidated statement of operations | <u>\$ 802,945</u> |

11. Investments Held in Trust

| | Balance March 31, 2017 | Additions 2018 | Withdrawals 2018 | Balance March 31, 2018 |
|----------------------|------------------------------|-------------------|---------------------|------------------------------|
| Rainy River District | | | | |
| First Nation Trust | \$ 39,846 | \$ 31,235 | \$ - | \$ 71,081 |
| Revenue | 7,098 | 3,634 | - | 10,732 |
| | <u>\$ 46,944</u> | <u>\$ 34,869</u> | <u>\$ -</u> | <u>\$ 81,813</u> |

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.

The funds held in the Rainy River District First Nation Trust are controlled by the First Nation and arose from the signing of a resource sharing agreement.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

12. OFNLP Funds

OFNLP Funds represent amounts received from the Ontario First Nation Limited Partnership as a distribution to the First Nation of their share of Casino Rama profits according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, economic development and cultural development. The First Nation holds a unit in the Ontario First Nation Limited Partnership and share of a related Company - Ontario First Nation General Partner Inc. - the carrying values of which are nominal and are not recorded on the First Nation's consolidated financial statements.

13. Contingent Liabilities

Mitaanjigamiing First Nation has been named defendant in a lawsuit arising in the ordinary course of business. Mitaanjigamiing First Nation has contested the claim and, in management's opinion, the lawsuit is groundless. It is premature to make any evaluation of the possible outcome or possible settlement amount of this claim. Consequently, no provision for this claim has been made in the financial statements.

14. Comparative Figures

The prior year's figures have been restated to conform to current year's financial statement presentation and new ISC requirements.

15. Expenditure by Object

| | <u>2018</u> | <u>2017</u> |
|---------------------------------------|---------------------|---------------------|
| Salaries, wages and employee benefits | \$ 1,659,230 | \$ 1,286,477 |
| Materials and supplies | 2,345,892 | 3,346,333 |
| Contracted services | 1,089,753 | 1,110,264 |
| Rents and financial expenses | 437,333 | 237,543 |
| Travel | 399,025 | 421,520 |
| Amortization | 363,603 | 345,733 |
| | <hr/> | <hr/> |
| | <u>\$ 6,294,836</u> | <u>\$ 6,747,870</u> |

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

16. Segmented Information

Mitaanjigamiing First Nation is a diversified government institution that provides a wide range of services to its members, including education, operations and maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

16. Segmented Information (continued)

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the Segment Disclosure, along with the services they provide, are as follows:

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, electrical and community buildings.

Medical and Other Health Services

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

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.

Other Services

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

Mitaanjigamiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

16. Segmented Information (continued)

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.

17. Pension Plan

The First Nation has a defined contribution pension plan for full-time employees. The First Nation matches employee contributions at 5.5% of the employee salary. As a defined contribution pension plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. Contributions made by the First Nation to the pension plan for 2018 were \$65,995 (2017 - \$33,134).

18. Funding Reconciliation

| | |
|---|----------------------------|
| ISC revenue per funding confirmation | \$ 3,282,344 |
| Deferred revenue | <u>(200,248)</u> |
| ISC revenue per the consolidated financial statements | <u><u>\$ 3,082,096</u></u> |

19. Subsequent Events

On June 26, 2018, the First Nation was approved for three separate terms loan facilities to purchase capital assets including industrial equipment and building new homes for community members. The financial effect on the First Nation will be an increase to liabilities of \$2,192,200. As of the date of the audit report, \$558,000 has been issued to the First Nation.

**Mitaanjigamiing First Nation
2018 Segment Disclosure**

| | For the year ended March 31, 2018 | | Band Support | Operations and Maintenance | Education | Medical and Health | Capital | Other | Total |
|---------------------------------|--|---------------------|---------------------|-----------------------------------|-------------------|---------------------------|---------------------|------------------|--------------|
| Revenue | | | | | | | | | |
| Indigenous Services Canada | \$ 390,195 | \$ 203,494 | \$ 1,299,144 | \$ - | \$ 210,574 | \$ 1,040,875 | \$ 148,388 | \$ 3,082,096 | |
| Canada | - | - | - | - | - | 285,000 | - | - | 495,574 |
| Ontario | 149,284 | 9,772 | - | - | - | 48,404 | 619,528 | 826,988 | |
| OFNLP | - | - | - | - | - | - | 469,447 | 469,447 | |
| Trust income | 133 | - | - | - | - | - | - | 133 | |
| Other Aboriginal Organizations | - | - | - | 65,742 | - | - | 624,506 | 690,248 | |
| Interest, rentals and other | 187,756 | 18,000 | - | - | 9,297 | - | 4,955,421 | 5,170,474 | |
| | 727,368 | 231,266 | 1,299,144 | 276,316 | 1,383,576 | 6,817,290 | 10,734,960 | | |
| | - | - | (140,471) | - | - | - | - | (140,471) | |
| | 727,368 | 231,266 | 1,158,673 | 276,316 | 1,383,576 | 6,817,290 | 10,594,489 | | |
| Expenditures | | | | | | | | | |
| Salaries, wages and benefits | 620,104 | 109,023 | 151,869 | 143,198 | 39,001 | 596,035 | 1,659,230 | | |
| Materials, supplies and capital | 194,347 | 227,094 | 262,614 | 78,456 | 765,601 | 817,780 | 2,345,892 | | |
| Contracted services | 31,880 | 13,441 | 598,904 | 7,134 | - | 438,394 | 1,089,753 | | |
| Rents and financial expenses | 277,741 | - | - | - | - | 159,592 | 437,333 | | |
| Travel | 50,725 | 2,477 | 88,000 | 23,315 | - | 234,508 | 399,025 | | |
| Amortization | 238,109 | 79,722 | 20,391 | 4,659 | - | 20,722 | 363,603 | | |
| | 1,412,906 | 431,757 | 1,121,778 | 256,762 | 804,602 | 2,267,031 | 6,294,836 | | |
| | \$ (685,538) | \$ (200,491) | \$ 36,895 | \$ 19,554 | \$ 578,974 | \$ 4,550,259 | \$ 4,299,653 | | |
| | Excess (deficiency) of | | | | | | | | |
| | revenue over expenditures | | | | | | | | |

**Mitaanjigamiing First Nation
2017 Segment Disclosure**

| | <u>For the year ended March 31, 2018</u> | | <u>Band</u> | <u>Support</u> | <u>Operations</u> | <u>and</u> | <u>Medical</u> | <u>and</u> | <u>Capital</u> | <u>Other</u> | <u>Total</u> |
|---|--|---------------------|--------------------|--------------------|-------------------|------------------|-------------------|------------------|----------------|--------------|--------------|
| | | | <u>Maintenance</u> | <u>Maintenance</u> | <u>Education</u> | <u>Health</u> | | | | | |
| Revenue | | | | | | | | | | | |
| Indigenous Services Canada | \$ 357,216 | \$ 163,793 | \$ 1,145,899 | \$ - | \$ 247,061 | \$ 1,610,994 | \$ 107,574 | \$ 3,385,476 | | | |
| Canada | - | - | - | - | - | 200,000 | - | - | | | |
| Ontario | 155,302 | - | - | - | - | 335,842 | 419,955 | - | 447,061 | | |
| OFNLP | - | - | - | - | - | - | 462,255 | - | 911,099 | | |
| Trust income | 47 | - | - | - | - | - | - | - | 462,255 | | |
| Other Aboriginal Organizations | - | - | - | - | - | - | - | - | - | 47 | |
| Interest, rentals and other | 43,979 | 17,850 | - | - | 63,525 | - | 525,580 | - | 589,105 | | |
| | 556,544 | 181,643 | 1,145,899 | 310,586 | 2,146,836 | 2,558,495 | 1,043,131 | 1,104,960 | | | |
| Expenditures | | | | | | | | | | | |
| Salaries, wages and benefits | 358,013 | 85,197 | 172,733 | 128,179 | 5,908 | 536,447 | 1,286,477 | | | | |
| Materials, supplies and capital | 182,036 | 175,228 | 227,436 | 74,837 | 1,500,092 | 1,186,704 | 3,346,333 | | | | |
| Contracted services | 33,364 | 16,355 | 696,773 | 8,234 | - | 355,538 | 1,110,264 | | | | |
| Rents and financial expenses | 69,566 | - | - | - | - | 167,977 | 237,543 | | | | |
| Travel | 97,206 | 2,061 | 63,286 | 29,008 | - | 229,959 | 421,520 | | | | |
| Amortization | 205,746 | 75,130 | 24,700 | 13,371 | - | 26,786 | 345,733 | | | | |
| | 945,931 | 353,971 | 1,184,928 | 253,629 | 1,506,000 | 2,503,411 | 6,747,870 | | | | |
| Excess (deficiency) of revenue over expenditures | \$ (389,387) | \$ (172,328) | \$ (39,029) | \$ 56,957 | \$ 640,836 | \$ 55,084 | \$ 152,133 | | | | |