

**Attawapiskat First Nation**  
**Consolidated Financial Statements**  
*March 31, 2018*

# Attawapiskat First Nation

## Contents

*For the year ended March 31, 2018*

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	<b>Page</b>
<b>Management's Responsibility</b>	
<b>Independent Auditors' Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
<b>Notes to the Consolidated Financial Statements.....</b>	<b>5</b>
<b>Schedules</b>	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	16
Schedule 2 - Consolidated Schedule of Expenses by Object.....	18
Schedule 3 - Consolidated Schedule of Segmented Disclosure.....	19

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## **Management's Responsibility**

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To the Council of Attawapiskat First Nation

The accompanying consolidated financial statements of Attawapiskat First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Attawapiskat First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 26, 2018

  
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Executive Director

  
\_\_\_\_\_

Councillor

## Independent Auditors' Report

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To the Members of Attawapiskat First Nation:

We have audited the accompanying consolidated financial statements of Attawapiskat First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Basis for Qualified Opinion*

Canadian public sector accounting standards require budget figures be reported in the consolidated statement of operations and accumulated surplus and change in net debt. No budget figures were available.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Attawapiskat First Nation as at March 31, 2018 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Emphasis of Matter*

We draw your attention to note 23 which describes prior period adjustments relating to government business enterprises arising from information which was previously unavailable.

Timmins, Ontario  
July 26, 2018

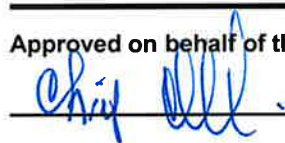
*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**Attawapiskat First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	2018	2017
<b>Financial assets</b>		
Cash (Note 4)	5,295,484	4,080,922
Accounts receivable (Note 6)	1,497,259	3,622,261
Portfolio investments (Note 5)	696,870	917,425
Due from related parties (Note 9)	67,228	245,083
Receivable from funding agencies	1,515,222	1,279,836
Investment in government business entities (Note 8)	6,407,550	6,025,269
Funds held in trust (Note 7)	203,594	199,363
CMHC reserve fund	2,450	3,250
	<b>15,685,657</b>	<b>16,373,409</b>
<b>Liabilities</b>		
Bank indebtedness	281,698	783,961
Accounts payable and accruals	7,677,920	8,739,105
Deferred revenue (Note 10)	5,893,777	6,465,477
Repayable to funding agencies (Note 12)	3,669,895	6,057,964
Debt (Note 11)	6,362,603	5,912,359
	<b>23,885,893</b>	<b>27,958,866</b>
<b>Net debt</b>	<b>(8,200,236)</b>	<b>(11,585,457)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 24)	110,328,361	109,392,367
Inventories of supplies	2,352,195	1,928,993
Prepaid expenses	105,679	16,000
	<b>112,786,235</b>	<b>111,337,360</b>
<b>Accumulated surplus (Note 20)</b>	<b>104,585,999</b>	<b>99,751,903</b>

Approved on behalf of the Chief and Council



Councillor  
chief



Councillor

# Attawapiskat First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2018*

	2018	2017 <i>Restated</i>
<b>Revenue</b>		
Indigenous and Northern Affairs Canada		
Set funding	118,648	714,554
Fixed funding	16,765,501	15,642,473
Grant funding	1,299,175	1,044,831
Flexible funding	1,572,220	691,517
Prior year adjustments	2,156,244	(263,903)
Health Canada	2,799,384	1,731,618
Canada Mortgage and Housing Corporation	451,403	985,492
Ontario First Nation Limited Partnership	1,964,273	1,936,607
Province of Ontario	7,265,747	6,660,334
Contracting and user fees	2,306,118	2,641,670
IBA Trust Funding	889,401	591,797
Mushkegowuk Council	295,964	526,557
Investment income	382,281	910,378
Rental income	1,286,669	1,224,942
User fees	248,700	247,860
Interest income	34,295	5,432
Other revenue (Note 18)	1,617,443	3,604,521
Deferred revenue - prior year	6,431,656	3,052,012
Deferred revenue - current year	(5,859,957)	(6,431,656)
	<b>42,025,165</b>	<b>35,517,036</b>
<b>Expenditures</b>		
Administration	2,165,649	2,099,877
Community development	1,918,511	2,657,180
Day Care	474,671	438,664
Economic development	1,460,512	2,219,471
Education	11,224,640	10,293,562
Governance	384,441	523,885
Health	2,052,637	1,874,396
Housing	2,279,778	2,261,032
Infrastructure	6,606,084	7,043,398
Social Assistance	7,349,493	7,082,330
Technical Services	1,274,653	1,077,069
	<b>37,191,069</b>	<b>37,570,864</b>
<b>Annual surplus (deficit)</b>	<b>4,834,096</b>	<b>(2,053,828)</b>
<b>Accumulated surplus, beginning of year</b>	<b>99,751,903</b>	<b>101,805,731</b>
<b>Accumulated surplus, end of year</b>	<b>104,585,999</b>	<b>99,751,903</b>

**Attawapiskat First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2018*

	<b>2018</b>	<i>2017 Restated</i>
<b>Annual surplus (deficit)</b>	<b>4,834,096</b>	(2,053,828)
Acquisition of tangible capital assets	<b>(6,020,370)</b>	(2,984,385)
Amortization of tangible capital assets	<b>5,084,375</b>	5,048,859
Acquisition of prepaid expenses	<b>(89,679)</b>	(16,000)
Acquisition of inventory of supplies	<b>(423,201)</b>	(390,854)
<b>Change in net debt</b>	<b>3,385,221</b>	(396,208)
<b>Net debt, beginning of year</b>	<b>(11,585,457)</b>	(11,189,249)
<b>Net debt, end of year</b>	<b>(8,200,236)</b>	(11,585,457)

**Attawapiskat First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<i>2017 Restated</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	<b>4,834,096</b>	(2,053,828)
Non-cash items		
Amortization	<b>5,084,375</b>	5,048,859
	<b>9,918,471</b>	2,995,031
Changes in working capital accounts		
Accounts receivable	<b>2,125,002</b>	(265,206)
Prepaid expenses	<b>(89,679)</b>	(16,000)
Portfolio investments	<b>220,555</b>	(583,423)
Inventory of supplies	<b>(423,201)</b>	(390,859)
Receivable from funding agencies	<b>(235,389)</b>	(740,034)
Funds held in trust - Ottawa	<b>(3,432)</b>	(1,675)
Accounts payable and accruals	<b>(1,061,185)</b>	1,740,473
Deferred revenue	<b>(571,700)</b>	3,379,644
	<b>9,879,442</b>	6,117,951
<b>Financing activities</b>		
Advances to related parties	<b>(2,388,069)</b>	(29,939)
Advances of long-term debt	<b>810,248</b>	-
Repayment of long-term debt	<b>(360,000)</b>	(1,107,000)
	<b>(1,937,821)</b>	(1,136,939)
<b>Capital activities</b>		
Acquisition of tangible capital assets	<b>(6,020,370)</b>	(2,984,385)
<b>Investing activities</b>		
Repayment of advances to related parties	<b>177,855</b>	435,499
Loss in government business enterprises	<b>(382,281)</b>	(910,378)
	<b>(204,426)</b>	(474,879)
<b>Increase in cash resources</b>	<b>1,716,825</b>	1,521,748
<b>Cash resources, beginning of year</b>	<b>3,296,961</b>	1,775,213
<b>Cash resources, end of year</b>	<b>5,013,786</b>	3,296,961
<b>Cash resources are composed of:</b>		
Cash	<b>5,295,484</b>	4,080,922
Bank indebtedness	<b>(281,698)</b>	(783,961)
	<b>5,013,786</b>	3,296,961

The accompanying notes are an integral part of these financial statements



**1. Operations**

Attawapiskat First Nation (the "Nation") is located in the province of Ontario, and provides various services to its members. Attawapiskat First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Reporting entity***

The reporting entity includes the Attawapiskat First Nation government and all related entities controlled by the Nation.

***Principles of Consolidation***

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprises which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Attawapiskat First Nation's financial statements are as follows:

- Attawapiskat First Nation Band
- Attawapiskat First Nation Education Authority
- Attawapiskat First Nation Maytawaywin Authority (Arena Gymnasium facility)
- Attawapiskat Development Corporation
- Attawapiskat Health Services Board

The Nation manages the operation of community health services previously operated by Attawapiskat Health Services Board. As such, Attawapiskat Health Services Board reported no revenues or expenditures during the year. Organizations accounted for on a modified equity basis are as follows:

- Attawapiskat Power Corporation
- Attawapiskat Enterprises, which is comprised of the following entities:
  - Attawapiskat Resources Inc.
  - Attawapiskat Limited Partnership
  - Attawapiskat Catering Limited Partnership
  - Attawapiskat Catering Inc.
  - Advanced Security Limited Partnership
  - Attawapiskat Security Inc.

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

***Portfolio investments***

Portfolio investments traded in an active market are recorded at their market value with any changes in market value reported as remeasurement gains and losses until realized. Other portfolio investments are recorded at cost.

***Inventory***

Inventories of supplies, comprised of fuel stock, building materials, coarse aggregate stockpiles for resale and use in operations, and parts inventory for own use, are recorded at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis. All inventory is reported as non-financial assets as the proportion held for resale is indeterminable and represents a minor portion of the reported amount. Management expects the inventory to be utilized in the 2019 fiscal year.

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

***Tangible capital assets***

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Method</b>	<b>Rate</b>
Land improvements	straight-line	15 years
Buildings	declining balance	10% & 20-40 years
Vehicles	straight-line	5-20 years
Equipment	declining balance	4-100% & 5-20 years
Roads	straight-line	80 years
Sewer and Water	straight-line	50 years

***Net debt***

The Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

***Revenue recognition***

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon, when restricted by agreement or legislation, are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the acquisition of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period the related expenditures are incurred, services performed or the tangible capital assets are acquired.

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the organization. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

***Measurement uncertainty***

In preparing the consolidated financial statements for the Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenditures during the period. The main estimates used in preparing these consolidated financial statements include an allowance for doubtful accounts, useful lives of tangible capital assets and landfill closure and post-closure liability. Actual results could differ from these estimates.

**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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

**Prior year funding adjustments**

The Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with potential audit adjustments repayable to the government. These adjustments are recorded in the consolidated financial statements in the year they become known.

**3. Going concern**

These consolidated financial statements have been prepared on the basis of a going concern which assumes the Nation will be able to realize its assets and settle its obligations in the normal course of operations. At the date of these financial statements, the Nation, pursuant to Indigenous and Northern Affairs Canada directives, was operating under a Management Action Plan.

**4. Cash and bank indebtedness**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the 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 CMHC with any interest earned to be credited as revenue to the CMHC Replacement Reserve Fund. At the year-end date, the respective monies on hand were not sufficient to meet the CMHC reserve fund requirements. The deficiency amounted to \$476,026 (2017 - \$424,986).

**5. Portfolio investments**

	2018	2017
Sunlife Financial Inc. - 4,269 common shares (market value)	225,873	207,303
Kimesskanemenow Corporation (cost)	352,704	533,126
Creewest Limited Partnership (cost)	118,293	176,996
	<b>696,870</b>	<b>917,425</b>

**6. Accounts receivable**

	2018	2017
Housing rentals	659,860	413,268
Trade receivables	1,852,115	2,480,475
User Fees	999,879	1,235,566
Ministry of Community and Social Services	201,671	264,043
Other	722,421	1,235,589
	<b>4,435,946</b>	<b>5,628,941</b>
Less: Allowance for doubtful accounts	2,938,687	2,006,680
	<b>1,497,259</b>	<b>3,622,261</b>

**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**7. Funds held in trust**

Trust funds held by the federal government 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.

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Members.

	<b>2018</b>	<b>2017</b>
<b>Trust Funds - Ottawa</b>		
Balance, beginning of year	<b>199,363</b>	197,688
Revenue	<b>4,231</b>	1,675
<b>Balance, end of year</b>	<b>203,594</b>	199,363

**8. Investments in government business entities**

The Nation has interests in a number of Government Business Enterprises and Government Business Partnerships as described below. Unless otherwise noted, the Nation's interest is 100% of the shares or units of the respective entities.

Attawapiskat Power Corporation was established by the Nation to provide hydro-electric power distribution to members of the community.

Attawapiskat Enterprises is comprised of the following entities:

- Attawapiskat Resources Inc. - is the general partner of Attawapiskat Limited Partnership
- Attawapiskat Limited Partnership - seeks business opportunities for the benefit of the First Nation and its members
- Attawapiskat Catering Limited Partnership - provides catering services at the DeBeers Canada Victor Mine
- Attawapiskat Catering Inc. - is the general partner of Attawapiskat Catering Limited Partnership
- Advanced Security Limited Partnership - provides security and related services in Northern Ontario
- Attawapiskat Security Inc. - is the general partner of Advanced Security Limited Partnership

Summary financial information for each Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i><b>Attawapiskat Power Corporation As at December 31, 2017</b></i>	<i><b>Attawapiskat Enterprises As at March 31, 2018</b></i>
<b>Assets</b>		
Current Assets	<b>5,152,557</b>	<b>862,959</b>
Capital assets	<b>2,702,468</b>	<b>285,478</b>
<b>Total assets</b>	<b>7,855,025</b>	<b>1,148,437</b>
<b>Liabilities</b>		
Current liabilities	<b>1,186,199</b>	<b>452,456</b>
Long-term debt	<b>906,010</b>	<b>51,049</b>
<b>Total liabilities</b>	<b>2,092,209</b>	<b>503,505</b>
<b>Net assets</b>	<b>5,762,816</b>	<b>644,932</b>
<b>Total revenue</b>	<b>3,796,498</b>	<b>4,238,051</b>
<b>Total expenses</b>	<b>3,469,974</b>	<b>4,147,401</b>
<b>Net income</b>	<b>326,524</b>	<b>90,650</b>

**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**9. Related party transactions and balances**

The parties are related by significant influence. The transactions are recorded at their exchange amount, which is the amount agreed to by the parties.

	2018	2017
Due from Attawapiskat Power Corporation (AFN)	-	177,855
Due from Kimesskanemenow Corporation (AFN)	137,500	137,500
Due from Attawapiskat Recreation Committee (AFNEA)	65,918	65,918
Due to Attawapiskat Recreation Committee (AFNMA)	(136,190)	(136,190)
	<b>67,228</b>	<b>245,083</b>

**10. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Opening Balance</i>	<i>Deferred Recorded (Realized)</i>	<i>Closing Balance</i>
Economic Development	33,821	-	33,821
Instructional Services	680,373	(680,373)	-
Low Cost Special Education	212,960	(212,960)	-
Adult Education	131,081	(131,081)	-
Band Operated Student Transportation	24,717	(24,717)	-
Schools O&M	567,767	(567,767)	-
Teacherage O&M	104,826	(104,826)	-
Band Operated Schools	378,046	(378,046)	-
Counselling Services	262,140	(262,140)	-
Capital Portable Conversion	311,038	(80,736)	230,302
Capital Intra B Gravel - Road & Bridges	288,713	(91,784)	196,929
Economic Development	40,404	(23,093)	17,311
Minor Capital Funding	981,070	(981,070)	-
Planning Design - Core Capital	62,522	(62,522)	-
FNIIP Upgrade Fuel Tank	173,657	-	173,657
Remediation-CSMWG STEPs 7-9	324,958	189,231	514,189
Plan/Risk Management Government Capital Development	-	125,000	125,000
Planning Design and Construction- Education (over \$1.5M)	72,450	(72,450)	-
ARK4X-Lot Servicing (Riverside Lot) (Fx)	304,678	-	304,678
ARK24-Immediate Needs - Duplex Purchase	236,980	(236,980)	-
ARK24-Immediate Needs-Renovation	238,759	(188,192)	50,567
ARK24-Immediate Needs-Lot Servicings	125,778	272,541	398,319
ARK3B - Attawapiskat Youth Centre (991783)	23,964	233,730	257,694
ARK42-Landfill Upgrade	20,150	150,000	170,150
Special Services	120,552	-	120,552
ARKA6 Major Infrastructure to ATR Feasibility Study	-	80,000	80,000
ARKB5 - WTP Immediate Repairs	-	384,968	384,968
Multiplex (5-Duplex) - Capital	-	215,442	215,442
Recreation Program	218,126	(218,126)	-
IBA Trust - FNIIP Repairs to Hydrants	-	24,981	24,981
Day Care	23,025	(23,025)	-
CMHC - 7 Unit Granny Suites Retro (Capital)	274,045	(274,045)	-
NAN - Federal Immediate Relief Funding	86,054	(86,054)	-
Instructional services formula	-	621,757	621,757
Instructional services formula	-	158,046	158,046
Instructional services formula	-	104,246	104,246

# Attawapiskat First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2018*

Low Cost Special Education	-	383,852	383,852
Instructional services formula	-	154,721	154,721
Band operated school - direct services	-	871,730	871,730
Student Transportation Services - Band Operated	-	63,032	63,032
Guidance and Counselling	-	237,833	237,833
Can. Env. Assessment CEAA	31,500	(31,500)	-
Land Use Planning	14,550	(14,550)	-
IBA Implementation Costs	96,773	(96,773)	-
	<b>6,465,477</b>	<b>(571,700)</b>	<b>5,893,777</b>

### 11. Debt

	2018	2017
Bank of Nova Scotia loan payable bearing interest at 0%, repayable at \$566 per month principal, maturing February 2022, secured by 2016 Dodge Ram with a carrying value of \$36,565.	26,591	33,380
Bank of Nova Scotia loan payable bearing interest at 0%, repayable at \$570 per month principal, maturing February 2022, secured by 2016 Dodge Ram with a carrying value of \$36,840.	26,790	33,630
Ford Credit loan bearing interest at 0%, repayable at \$704 per month principal, maturing February 2021, secured by 2016 Ford F150 XLT with a carrying value of \$38,036.	24,653	33,105
Ford Credit loan bearing interest at 0%, repayable at \$704 per month principal, maturing February 2021, secured by 2016 Ford F150 XLT with a carrying value of \$38,036.	24,653	33,105
CMHC mortgage payable bearing interest at 2.41%, repayable at \$6,431 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable April 2023, maturing February, 2033.	969,134	1,025,452
CMHC mortgage payable bearing interest at 1.82%, repayable at \$6,149 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable September 2019, maturing September 2034.	978,460	1,028,882
CMHC mortgage payable bearing interest at 1.82%, repayable at \$3,401 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable September 2019, maturing September 2034.	540,907	568,780
CMHC mortgage payable bearing interest at 1.85%, repayable at \$2,580 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable August 2019, maturing July 2034.	398,013	418,709
Great West Life mortgage payable bearing interest at 9.47%, repayable at \$4,424 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, maturing August 2019.	74,833	119,122
CMHC mortgage payable bearing interest at 1.85%, repayable at \$6,626 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable August 2019, maturing July 2034.	1,022,848	1,076,033

**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

CMHC mortgage payable bearing interest at 1.43%, repayable at \$6,988 per month principal and interest, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first charge on specific housing units, renewable April 2022, maturing March 2037.	<b>1,396,701</b>	1,460,421
Meridian OneCap Credit Corp. loan payable bearing interest at 7.614% repayable at 1,043 per month principal and interest, secured by 2015 Ford Super Duty F-550 with a carrying value of \$47,858.	<b>69,020</b>	28,809
TD Canada Trust demand loan bearing interest at the bank prime rate of 3%, repayable at \$20,000 per month principal plus interest, secured by general security agreement	<b>260,000</b>	-
CMHC mortgage advance, terms to be determined upon completion of financing.	<b>550,000</b>	-
TD Canada Trust demand loan bearing interest at the bank prime rate of 3%, repaid during the year.	-	52,931
	<b>6,362,603</b>	5,912,359

Principal repayments on long-term debt in each of the next five year, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2019	386,430
2020	378,521
2021	350,628
2022	338,543
2023	319,185
	<b>1,773,307</b>
Thereafter	4,589,296

**12. Repayable to funding agencies**

	<b>2018</b>	2017
Indigenous and Northern Affairs Canada	<b>1,195,922</b>	3,290,149
Health Canada	<b>1,763,048</b>	2,056,890
Ministry of Health and Long Term Care	<b>710,925</b>	710,925
	<b>3,669,895</b>	6,057,964

**13. Contingent liabilities**

The Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the Nation becomes involved in legal actions pertaining to employment matters, contract disputes, and other matters. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expenditure recorded in the Nation's financial statements.

**14. Economic dependence**

The Nation received 51.3% of its revenue from Indigenous and Northern Affairs Canada, Health Canada, the Province of Ontario and other funding agencies (2017 - 51.7%). The nature and extent of this revenue is of such significance that the Nation is economically dependent on these sources of revenue. The ability of the Nation to continue program delivery to its members is dependent on this funding.

**15. Distribution from Ontario First Nations Limited Partnership**

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

**16. Financial Instruments**

The Nation is exposed to various risks through its financial instruments. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2018.

***Credit Risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from members and customers. An allowance for doubtful accounts of \$2,938,687 (2017 - \$2,006,680) is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of members/customers which minimizes concentration of credit risk.

***Liquidity Risk***

The Nation has interest bearing credit facilities on which prevailing interest rate fluctuations apply. Accordingly, there is a financial risk to the Nation's annual surplus that arises from fluctuations in prevailing interest rates and the degree of volatility of these rates. The Nation does not utilize derivative instruments to reduce its exposure to interest rate risk.

***Interest rate risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Nation is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, long-term debt, callable debt and accounts payable.

**17. Budget information**

Budget figures have not been presented as the information was not available from the management of certain entities.



**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**18. Other revenue**

The balance reported as "Other Revenue" on the Consolidated Statement of Operations and Accumulated Surplus consists of the following:

	<b>2018</b>	<b>2017</b>
Attawapiskat Development Corporation	<b>291,605</b>	984,675
DeBeers Canada	<b>34,830</b>	38,183
Donations	-	3,529
Ministry of Education	<b>289,114</b>	360,563
Right to Play	<b>34,028</b>	17,457
Nishnawbe Aski Nation	<b>439,801</b>	351,106
Other revenue	<b>528,065</b>	1,849,008
	<b>1,617,443</b>	3,604,521

**19. Liability for contaminated site**

Public Sector Accounting Standards require the disclosure of the net present value of landfill closure and post-closure care expenditures. The landfill site in operation is at full capacity and management is involved in discussions to develop a second landfill location. Accounts payable and accruals includes \$600,000 (2017- \$507,828) in respect of landfill closure and post-closure expenditures.

Closure involves capping the site with a compacted impermeable clay layer, a layer of topsoil, the re-introduction of a vegetative cover and the construction of surface drainage controls. Post-closure care involves routine inspections, cap maintenance, and ground water sampling and analysis, if applicable. The reported liability is based on estimates and assumptions using information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, if and when applicable.

**20. Accumulated surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>2018</b>	<b>2017</b>
Unrestricted Deficit	<b>5,056,779</b>	1,298,795
Restricted Surplus		
INAC - Trust Fund	<b>203,595</b>	199,363
CMHC Replacement Reserve	<b>988,859</b>	1,152,485
	<b>1,192,454</b>	1,351,848
Equity in tangible capital assets	<b>98,336,766</b>	97,101,260
	<b>104,585,999</b>	99,751,903

**21. Segmented information**

Attawapiskat First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the 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 specific regulations, requirements or limitations.

The Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

**ADMINISTRATION**

-Manages the administrative operations of the Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

**COMMUNITY DEVELOPMENT**

-Undertakes activities of the Ontario First Nations Limited Partnership (OFNLP) Fund, which derives revenue from gaming facilities located in the Province of Ontario.

**DAYCARE**

-Manages the activities of the local children's daycare program.

**ECONOMIC DEVELOPMENT**

-Manages the development of economic opportunities for Nation entities and provides support to member entities and manages telecommunication services throughout the community.

**EDUCATION**

-Provides elementary and secondary education instructional services and provides financial support to post-secondary students.

**GOVERNANCE**

-Undertakes Nation operated governance initiatives through the activities of Chief and Council and other activities relating to reserve lands, membership matters and other governance initiatives.

**HEALTH**

-Provides a variety of health care programs and support to Nation members.

**SOCIAL HOUSING**

-Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

**INFRASTRUCTURE**

-Manages Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

**SOCIAL ASSISTANCE**

-Administers the provision of social assistance to qualifying members.

**TECHNICAL SERVICES**

-Provides contract management services, heavy equipment operations, bulk fuel operations, general labour services and other related activities.

**Attawapiskat First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**21. Segmented information** *(Continued from previous page)*

OTHER

-Reports on the reserve and equity portions of other funds.

For each reported segment, revenues and expenditures represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

**22. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**23. Prior period adjustment**

Prior period comparative figures have been restated to account for changes made to the reported balance of investments in government business enterprises arising from financial information which was previously unavailable. The effect of these changes on the 2017 comparative figures were as follows:

	<i>As Previously Reported</i>	<i>Prior Period Adjustment</i>	<i>As Restated</i>
Investments in Government business enterprises	5,024,384	1,000,885	6,025,269
Income from Government business enterprises	(90,507)	1,000,885	1,091,392
Annual Deficit	(3,054,713)	1,000,885	(2,053,828)
Net Debt	(12,586,339)	1,000,885	(11,585,454)
Ending Accumulated Surplus	98,751,021	1,000,885	99,751,906

**24. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

**Attawapiskat First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<i>Land Improvements</i>	<i>Attawapiskat First Nation Buildings</i>	<i>Attawapiskat Education Authority Buildings</i>	<i>Teacherage Housing Facilities</i>	<i>Vehicles</i>	<i>Equipment and Other</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	12,359,364	95,437,481	16,593,287	3,500,524	1,688,684	6,150,810	135,730,150
Acquisition of tangible capital assets	64,722	4,511,086	98,795	610,675	201,597	356,335	5,843,210
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	12,424,086	99,948,567	16,692,082	4,111,199	1,890,281	6,507,145	141,573,360
<b>Accumulated amortization</b>							
Balance, beginning of year	3,424,215	26,550,308	13,544,385	3,155,912	1,151,573	3,881,988	51,708,381
Annual amortization	856,485	2,647,750	421,308	68,074	97,384	405,160	4,496,161
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	4,280,700	29,198,058	13,965,693	3,223,986	1,248,957	4,287,148	56,204,542
<b>Net book value of tangible capital assets</b>	<b>8,143,386</b>	<b>70,750,509</b>	<b>2,726,389</b>	<b>887,213</b>	<b>641,324</b>	<b>2,219,997</b>	<b>85,368,818</b>
2017							
Net book value of tangible capital assets	8,935,149	68,887,173	3,048,902	344,612	537,111	2,268,822	84,021,769

**Attawapiskat First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<i>Subtotal</i>	<i>Roads, Streets and Bridges</i>	<i>Water and Sewer</i>	<i>2018</i>	<i>2017</i>
<hr/>					
<b>Cost</b>					
Balance, beginning of year	135,730,150	15,077,035	19,974,858	170,782,043	167,996,678
Acquisition of tangible capital assets	5,843,210	5,352	171,807	6,020,369	2,984,385
Disposal of tangible capital assets	-	-	-	-	(199,020)
Balance, end of year	141,573,360	15,082,387	20,146,665	176,802,412	170,782,043
<b>Accumulated amortization</b>					
Balance, beginning of year	51,708,381	2,613,170	7,068,125	61,389,676	56,539,837
Annual amortization	4,496,161	188,542	399,672	5,084,375	5,048,859
Accumulated amortization on disposals	-	-	-	-	(199,020)
Balance, end of year	56,204,542	2,801,712	7,467,797	66,474,051	61,389,676
<b>Net book value of tangible capital assets</b>	<b>85,368,818</b>	<b>12,280,675</b>	<b>12,678,868</b>	<b>110,328,361</b>	<b>109,392,367</b>
<hr/>					
	2017				
Net book value of tangible capital assets	84,021,769	12,463,865	12,906,733	109,392,367	

**Attawapiskat First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Consolidated expenses by object</b>		
Administration	<b>112,722</b>	103,204
Amortization	<b>5,084,375</b>	5,048,859
Bad debts	<b>963,668</b>	1,004,679
Bank charges and interest	<b>148,983</b>	137,614
Consulting and contracted services	<b>362,143</b>	1,267,664
Freight	<b>430,245</b>	312,533
Honouraria	<b>317,368</b>	323,439
Insurance	<b>769,629</b>	821,297
Interest on long-term debt	<b>103,690</b>	111,887
Office and other	<b>506,194</b>	424,153
Professional fees	<b>590,668</b>	482,762
Purchases - material and other	<b>3,416,763</b>	1,081,344
Equipment leases	<b>545,247</b>	327,978
Rent	<b>169,120</b>	153,153
Repairs and maintenance	<b>3,303,042</b>	2,881,446
Salaries and benefits	<b>13,471,214</b>	12,882,298
Social assistance	<b>6,087,098</b>	6,111,761
Student tuition and other expenses	<b>1,471,175</b>	1,368,794
Supplies	<b>1,879,701</b>	2,563,307
Training and professional development	<b>696,375</b>	339,559
Utilities	<b>1,548,026</b>	1,537,779
Vehicle and travel	<b>1,108,282</b>	979,604
Capital expenditures	<b>(5,894,659)</b>	(2,694,250)
	<b>37,191,069</b>	37,570,864

**Attawapiskat First Nation**  
**Schedule 3 - Consolidated Schedule of Segmented Disclosure**  
*For the year ended March 31, 2018*

	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Administration	1,424,008	202,256	(125,000)	1,501,264	2,165,649	(402,069)	(1,066,454)
Community development	82,312	3,453,863	128,273	3,664,448	1,918,511	744,855	2,490,792
Day Care	46,700	397,966	23,025	467,691	474,671	-	(6,980)
Economic development	225,400	890,713	255,769	1,371,882	1,460,512	(50,024)	(138,654)
Education	10,888,502	204,768	(160,857)	10,932,413	11,224,640	-	(292,227)
Governance	26,558	(183,105)	-	(156,547)	384,441	(235,204)	(776,192)
Health	130,600	3,304,939	86,054	3,521,593	2,052,637	305,504	1,774,460
Housing	2,432,316	1,182,520	249,064	3,863,900	2,279,778	(535,384)	1,048,738
Infrastructure	5,696,658	1,331,762	115,372	7,143,792	6,606,084	41,522	579,230
Social Assistance	958,734	7,201,926	-	8,160,660	7,349,493	130,799	941,966
Technical Services	-	1,554,070	-	1,554,070	1,274,653	-	279,417
<b>Total</b>	<b>21,911,788</b>	<b>19,541,678</b>	<b>571,700</b>	<b>42,025,166</b>	<b>37,191,069</b>	<b>(1)</b>	<b>4,834,096</b>