

**EAGLE LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

EAGLE LAKE FIRST NATION
MANAGEMENT'S REPORT
FOR THE YEAR ENDED MARCH 31, 2017

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

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 Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council 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 consolidated financial statements and the external auditor's report.

The external auditors, Heartland Chartered Professional Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Eagle Lake First Nation and meet when required.

On behalf of Eagle Lake First Nation:


Arnold Gardner
Chief


Shelly Loh
Councillor


Councillor


Krista Kavanaugh
Councillor

January 24, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Eagle Lake First Nation:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Eagle Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the notes to the financial statements.

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.

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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The consolidated financial statements include results from six government business enterprises which were not subject to audit. The six enterprises are listed in Note 1c to the consolidated financial statements.

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 consolidated financial position of Eagle Lake First Nation as at March 31, 2017 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Winnipeg, Manitoba
January 24, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 2,188,064	2,935,225
Accounts receivable (Note 3)	289,799	318,853
Trust funds held by the federal government (Note 4)	<u>87,902</u>	<u>86,302</u>
	<u>2,565,765</u>	<u>3,340,380</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	608,712	772,086
Incomplete projects (Note 7)	2,001,347	2,245,618
Long-term debt (Note 8)	<u>1,135,883</u>	<u>1,278,194</u>
	<u>3,745,942</u>	<u>4,295,898</u>
NET DEBT	\$ 1,180,177	955,518
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 5)	<u>6,978,950</u>	<u>7,850,540</u>
	\$ 6,978,950	7,850,540
ACCUMULATED SURPLUS	\$ 5,798,773	6,895,022

APPROVED ON BEHALF OF THE FIRST NATION:

 **CHIEF**
  **OUNCILLOR**
 **OUNCILLOR**
  **OUNCILLOR**

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
REVENUES		
INAC (Page 13)	\$ 2,674,828	2,374,713
Health Canada (Page 37)	775,643	809,496
Federal Government - other	53,775	-
Province of Ontario	863,377	902,348
Business enterprises - net	(82,203)	195,324
CMHC - rental subsidies	63,546	63,665
Other	1,749,789	1,436,648
Net transfer from (to) incomplete projects	<u>244,271</u>	<u>(296,392)</u>
	<u>6,343,026</u>	<u>5,485,802</u>
EXPENSES		
Community development	2,077,904	1,251,917
Economic development	225,712	185,056
Education	1,773,824	1,309,976
Government support	784,841	610,420
Social development	848,973	802,537
Health	788,423	873,684
Amortization	939,598	1,118,788
Other	-	174,167
	<u>7,439,275</u>	<u>6,326,545</u>
ANNUAL DEFICIT	<u>(1,096,249)</u>	<u>(840,743)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>6,895,022</u>	<u>7,735,765</u>
ACCUMULATED SURPLUS AT END OF YEAR	\$ 5,798,773	6,895,022

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
ANNUAL DEFICIT	\$ (1,096,249)	(840,743)
Acquisition of tangible capital assets	(68,008)	(41,000)
Amortization of tangible capital assets	<u>939,598</u>	<u>1,118,788</u>
CHANGE IN NET DEBT	(224,659)	237,045
NET DEBT AT BEGINNING OF YEAR	<u>955,518</u>	<u>1,192,563</u>
NET DEBT AT END OF YEAR	<u>\$ 1,180,177</u>	<u>955,518</u>

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
OPERATING TRANSACTIONS		
Annual deficit	\$ (1,096,249)	(840,743)
Item not affecting cash:		
Amortization	939,598	1,118,788
	(156,651)	278,045
Change in non-cash charges to operations		
Accounts receivable	29,054	(90,634)
Trust funds held by the federal government	(1,600)	(1,793)
Accounts payable and accrued liabilities	(163,374)	348,419
Incomplete projects	(244,271)	296,392
	(536,842)	830,429
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(68,008)	(41,000)
FINANCING TRANSACTIONS		
Debt retirement	(142,311)	(141,106)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(747,161)	648,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,935,225	2,286,902
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,188,064	2,935,225

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

b) Reporting entity

The Eagle Lake First Nation reporting entity includes the Eagle Lake First Nation government and all related entities that are controlled by the First Nation.

c) Principles of consolidation

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

Under the modified equity method of accounting, only Eagle Lake First Nations investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Eagle Lake First Nation.

Organizations accounted for on an modified equity basis:

- Ojibway Paradise Resort
- Bingo Palace
- 1157065 Ontario Inc. (o/a Eagle Lake Contractors)
- Migisi Logging
- Recreation (Arena) Operations
- Concession Operation

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

f) Tangible capital assets

Tangible capital assets acquired after March 31, 1999 are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Tangible capital assets acquired prior to April 1, 1999 were recorded at insured values at that date.

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Tangible capital assets (continued)

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Eagle Lake First Nation incremental cost of borrowing.

Amortization is provided at the following rates and methods:

Buildings - CMHC	Amount of principal repayment of mortgage
Buildings - other	5% straight line
Infrastructure	5% straight line
Equipment	20% straight line
Vehicles	30% straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Eagle Lake First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

g) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Measurement uncertainty

In preparing the consolidated financial statements for Eagle Lake First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the estimated life of tangible capital assets. Actual results could differ from these estimates.

2) CASH AND CASH EQUIVALENTS

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

	2017	2016
Externally restricted		
Replacement Reserve Fund	\$ 117,264	104,001
Operating Surplus Fund	121,182	96,832
Internally restricted		
Incomplete projects	2,001,347	2,245,618
Unrestricted	69,453	585,606
Total cash and cash equivalents	\$ 2,188,064	2,935,225

3) ACCOUNTS RECEIVABLE

	2017	2016
Trade receivables	\$ 133,248	313,560
Due to government and other government organizations		
Federal government		
Indigenous and Northern Affairs Canada	4,920	-
Health Canada	32,549	-
Canada Mortgage and Housing Corporation	41,694	5,293
Other	27,475	
Provincial government	49,913	-
Total Accounts Receivable	\$ 289,799	318,853

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2016</u>	<u>Additions 2017</u>	<u>Withdrawals 2017</u>	<u>March 31, 2017</u>
Revenue	\$ 31,893	1,600	-	33,493
Capital	<u>54,409</u>	<u>-</u>	<u>-</u>	<u>54,409</u>
	<u>\$ 86,302</u>	<u>1,600</u>	<u>-</u>	<u>87,902</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.

5) TANGIBLE CAPITAL ASSETS

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 2,781,620	477,887	2,781,620	436,494
Buildings - other	17,448,580	13,358,133	17,448,580	12,687,923
Infrastructure	4,199,190	3,698,828	4,199,190	3,488,869
Equipment	1,342,393	1,342,393	1,342,393	1,339,511
Vehicles	628,033	543,625	560,025	528,471
	<u>\$ 26,399,816</u>	<u>19,420,866</u>	<u>26,331,808</u>	<u>18,481,268</u>
Net book value	<u>\$ 6,978,950</u>		<u>\$ 7,850,540</u>	

6) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 539,453	709,158
Vacation pay accrual	56,462	62,928
Due to government and other government organizations		
Federal government	-	-
Provincial government	12,797	-
	<u>\$ 608,712</u>	<u>772,086</u>

The vacation pay liability is comprised of the vacation pay that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

7) INCOMPLETE PROJECTS

	Balance March 31, 2016	Funding Received 2017	Revenue Recognized 2017	Balance March 31, 2017
<u>Federal Government</u>				
Capital projects	\$ 2,077	6,184	(2,077)	6,184
Other	8,714	20,750	(8,714)	20,750
	<u>10,791</u>	<u>26,934</u>	<u>(10,791)</u>	<u>26,934</u>
<u>Provincial Government</u>				
Capital projects	76,190	-	-	76,190
<u>Other</u>				
Restricted contributions	2,158,637	651,809	(912,223)	1,898,223
	<u>\$ 2,245,618</u>	<u>678,743</u>	<u>(923,014)</u>	<u>2,001,347</u>

8) LONG-TERM LIABILITIES

	2017	2016
CMHC - Capital Fund		
4.64% mortgage payable at \$285 monthly including principal and interest, maturing January 1, 2022, secured by 1 rental house	\$ 14,788	17,562
2.35% mortgage payable at \$4,769 monthly including principal and interest, maturing July 1, 2033, secured by 14 rental houses	776,141	814,761
Royal Bank of Canada - Community Building expansion loan		
The loan is repayable at \$8,410 monthly plus interest at Royal Bank prime plus 1.25%	344,954	445,871
	<u>\$ 1,135,883</u>	<u>1,278,194</u>

Anticipated annual principal payments over the next five years are as follows:

March 31, 2018	143,110
March 31, 2019	144,179
March 31, 2020	145,275
March 31, 2021	87,687
March 31, 2022	46,086

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

9) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2017	2016
Salaries, wages and benefits	\$ 3,255,806	2,319,501
Staff development	30,320	83,626
Supplies and services	2,474,536	1,830,454
Interest	35,603	44,208
Professional services	272,469	225,747
Rental expenditures	10,643	88,748
Fees and contract services	420,300	615,473
Amortization	939,598	1,118,788
	<hr/> \$ 7,439,275	<hr/> 6,326,545

10) COMPARATIVE FIGURES

Comparative figures have been provided where practicable in the Schedules of Revenue and Expenditures. Certain comparative figures have been reclassified to conform to the current year's method of presentation.

EAGLE LAKE FIRST NATION

SUMMARY OF INAC FUNDING

FOR THE YEAR ENDED MARCH 31, 2017

(Unaudited)

	PAGE	REVENUE				EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	
		TRANSFER				EXPENDITURE	EXPENDITURE
		FROM INCOMPLETE	TO INCOMPLETE	TOTAL			
		INAC	OTHER				
Band support	14	\$ 308,692	153,137	-	-	461,829	783,157
Education	15	1,721,993	64,499	8,507	(25,716)	1,769,283	1,855,840
Social services	22	104,700	389,108	-	-	493,808	468,178
Capital	26	256,366	66,985	-	-	323,351	311,945
Operations & maintenance	27	106,066	74,674	-	-	180,740	216,560
Economic development	28	42,000	-	-	-	42,000	54,632
Band employee benefits	29	59,300	-	-	-	59,300	49,935
Summer work experience	30	3,500	-	-	-	3,500	3,500
Planning-housing	31	-	-	8,714	-	8,714	8,714
Skills Link	32	3,000	-	-	-	3,000	3,000
Water O&M	33	45,611	10,000	-	-	55,611	201,344
Day care and early childhood development	35	9,800	241,554	-	-	251,354	292,440
In-home care	36	13,800	56,690	-	-	70,490	74,880
		\$ 2,674,828	1,056,647	17,221	(25,716)	3,722,980	4,324,125
							(601,145)