

**EAGLE LAKE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

EAGLE LAKE FIRST NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2018

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 Gauthier
Chief



Diana Karamush
Councillor



D. K.
Councillor



William D.
Councillor

January 11, 2019

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, 2018 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, 2018 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 11, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 3,487,487	2,188,064
Accounts receivable (Note 3)	256,342	289,799
Trust funds held by the federal government (Note 4)	<u>67,267</u>	<u>87,902</u>
	<u>3,811,096</u>	<u>2,565,765</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	858,841	608,712
Incomplete projects (Note 7)	2,901,774	2,001,347
Long-term debt (Note 8)	<u>2,004,247</u>	<u>1,135,883</u>
	<u>5,764,862</u>	<u>3,745,942</u>
NET DEBT	\$ 1,953,766	1,180,177
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	<u>7,181,819</u>	<u>6,978,950</u>
	\$ 7,181,819	6,978,950
ACCUMULATED SURPLUS	\$ 5,228,053	5,798,773

APPROVED ON BEHALF OF THE FIRST NATION:

 **CHIEF**
 **COUNCILLOR**

 **COUNCILLOR**
 **COUNCILLOR**

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
ISC (Page 13)	\$ 3,673,510	2,674,828
Health Canada (Page 37)	928,634	775,643
Federal Government - other	60,380	53,775
Province of Ontario	1,039,157	863,377
Business enterprises - net	(160,765)	(82,203)
CMHC - rental subsidies	63,637	63,546
Other	2,208,928	1,749,789
Net transfer from (to) incomplete projects	<u>(900,427)</u>	<u>244,271</u>
	<u>6,913,054</u>	<u>6,343,026</u>
EXPENSES		
Community development	2,137,768	2,077,904
Economic development	277,321	225,712
Education	1,509,327	1,773,824
Government support	653,978	784,841
Social development	1,029,759	848,973
Health	1,004,401	788,423
Amortization	<u>871,220</u>	<u>939,598</u>
	<u>7,483,774</u>	<u>7,439,275</u>
ANNUAL (DEFICIT)	<u>(570,720)</u>	<u>(1,096,249)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>5,798,773</u>	<u>6,895,022</u>
ACCUMULATED SURPLUS AT END OF YEAR	\$ 5,228,053	5,798,773

EAGLE LAKE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
ANNUAL (DEFICIT)	\$ (570,720)	(1,096,249)
Acquisition of tangible capital assets	(1,074,089)	(68,008)
Amortization of tangible capital assets	<u>871,220</u>	<u>939,598</u>
CHANGE IN NET DEBT	(773,589)	(224,659)
NET DEBT AT BEGINNING OF YEAR	<u>1,180,177</u>	<u>955,518</u>
NET DEBT AT END OF YEAR	\$ <u>1,953,766</u>	<u>1,180,177</u>

EAGLE LAKE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
OPERATING TRANSACTIONS		
Annual (deficit)	\$ (570,720)	(1,096,249)
Item not affecting cash:		
Amortization	<u>871,220</u>	<u>939,598</u>
	300,500	(156,651)
Change in non-cash charges to operations:		
Accounts receivable	33,457	29,054
Trust funds held by the federal government	20,635	(1,600)
Accounts payable and accrued liabilities	250,129	(163,374)
Incomplete projects	<u>900,427</u>	<u>(244,271)</u>
	1,505,148	(536,842)
Cash provided by (applied to) operating transactions		
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(1,074,089)</u>	<u>(68,008)</u>
FINANCING TRANSACTIONS		
Proceeds from long-term debt	1,024,000	-
Debt retirement	<u>(155,636)</u>	<u>(142,311)</u>
	868,364	(142,311)
Cash provided by (applied to) financing transactions		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,299,423	(747,161)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,188,064</u>	<u>2,935,225</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,487,487</u>	<u>2,188,064</u>

EAGLE LAKE FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 a 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) 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, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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 revenue 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.

f) Revenue recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is 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 revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the 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, 2018

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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. Their funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. Cash and cash equivalents is comprised of the following:

	2018	2017
Externally restricted		
Replacement Reserve Fund	\$ 125,100	117,264
Operating Surplus Fund	132,011	121,182
Internally restricted		
Incomplete projects	2,901,774	2,001,347
Unrestricted	460,613	69,453
Total cash and cash equivalents	\$ 3,487,487	2,188,064

3) ACCOUNTS RECEIVABLE

	2018	2017
Trade receivables	\$ 165,452	133,248
Due from government and other government organizations		
Federal government		
Indigenous Services Canada	37,500	4,920
Health Canada	14,502	32,549
Canada Mortgage and Housing Corporation	5,303	41,694
Other	-	27,475
Provincial government	33,585	49,913
Total Accounts Receivable	\$ 256,342	289,799

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

4) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2017</u>	<u>Additions 2018</u>	<u>Withdrawals 2018</u>	<u>March 31, 2018</u>
Revenue	\$ 33,493	1,865	(22,500)	12,858
Capital	<u>54,409</u>	<u>-</u>	<u>-</u>	<u>54,409</u>
	<u>\$ 87,902</u>	<u>1,865</u>	<u>(22,500)</u>	<u>67,267</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>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 3,810,620	520,174	2,781,620	477,887
Buildings - other	17,448,580	13,922,408	17,448,580	13,358,133
Infrastructure	4,199,190	3,908,787	4,199,190	3,698,828
Equipment	1,309,334	1,309,334	1,342,393	1,342,393
Vehicles	<u>688,638</u>	<u>613,840</u>	<u>628,033</u>	<u>543,625</u>
	<u>\$ 27,456,362</u>	<u>20,274,543</u>	<u>26,399,816</u>	<u>19,420,866</u>
Net book value	<u>\$ 7,181,819</u>		<u>\$ 6,978,950</u>	

6) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Trade payables	\$ 780,984	539,453
Vacation pay accrual	77,857	56,462
Due to government and other government organizations		
Federal government	-	-
Provincial government	-	12,797
	<u>\$ 858,841</u>	<u>608,712</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, 2018

7) INCOMPLETE PROJECTS

	Balance March 31, 2017	Funding Received 2018	Revenue Recognized 2018	Balance March 31, 2018
<u>Federal Government</u>				
Capital projects	\$ 6,184	762,750	(6,184)	762,750
Other	20,750	39,043	(20,750)	39,043
	<u>26,934</u>	<u>801,793</u>	<u>(26,934)</u>	<u>801,793</u>
<u>Provincial Government</u>				
Capital projects	76,190	-	-	76,190
<u>Other</u>				
Restricted contributions	1,898,223	617,817	(492,249)	2,023,791
	<u>\$ 2,001,347</u>	<u>1,419,610</u>	<u>(519,183)</u>	<u>2,901,774</u>

8) LONG-TERM DEBT

		2018	2017
CMHC - Capital Fund			
4.64% mortgage payable at \$285 monthly including principal and interest, maturing January 1, 2022, secured by 1 rental house	\$ 11,991	14,788	
2.35% mortgage loan payable at \$4,769 monthly including principal and interest, maturing September 1, 2018, secured by 14 rental houses	736,952	776,141	
2.41% mortgage payable at \$6,812 monthly including principal and interest, maturing April 1, 2023, secured by 5 rental houses	1,024,000	-	
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%	231,304	344,954	
	<u>\$ 2,004,247</u>	<u>1,135,883</u>	

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

March 31, 2019	891,530
March 31, 2020	162,918
March 31, 2021	93,052
March 31, 2022	64,636
March 31, 2023	63,351

EAGLE LAKE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

9) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2018	2017
Salaries, wages and benefits	\$ 3,252,394	3,255,806
Staff development	34,750	30,320
Supplies and services	2,540,202	2,474,536
Interest	20,183	35,603
Professional services	335,647	272,469
Rental expenditures	8,876	10,643
Fees and contract services	420,502	420,300
Amortization	871,220	939,598
	<hr/> \$ 7,483,774	<hr/> 7,439,275

10) COMPARATIVE FIGURES

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

EAGLE LAKE FIRST NATION

SUMMARY OF ISC FUNDING

FOR THE YEAR ENDED MARCH 31, 2018

(Unaudited)

	PAGE	REVENUE				EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	
		TRANSFER				EXPENDITURE	EXCESS (DEFICIENCY) OVER EXPENDITURE
		FROM	TO	INCOMPLETE	TOTAL		
		ISC	OTHER				
Band support	14	\$ 345,034	270,626	-	-	615,660	678,415 (62,755)
Education	15	1,682,365	260,997	25,716	(39,043)	1,930,035	1,732,287 197,748
Social services	23	120,200	366,539	-	-	486,739	506,351 (19,612)
Capital	27	506,424	24,139	-	(177,355)	353,208	353,208 -
Operations & maintenance	28	110,431	98,326	-	-	208,757	233,636 (24,879)
Economic development	29	68,512	19,163	-	-	87,675	52,495 35,180
Band employee benefits	31	46,000	-	-	-	46,000	49,068 (3,068)
Summer work experience	32	3,300	-	-	-	3,300	3,300 -
Skills Link	33	3,918	-	-	-	3,918	3,918 -
Water O&M	34	112,626	762	-	-	113,388	143,829 (30,441)
Water main project	34	610,000	32,699	-	(585,395)	57,304	57,304 -
In-home care	35	13,800	71,789	-	-	85,589	75,277 10,312
Day care and early childhood development	36	9,800	279,795	-	-	289,595	312,108 (22,513)
CFS Prevention	36	<u>41,100</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>56,100</u>	<u>56,100</u> -
		\$ 3,673,510	1,439,835	25,716	(801,793)	4,337,268	4,257,296
							79,972