

Animakee Wa Zhing #37
Financial Statements
For the year ended March 31, 2017

Animakee Wa Zhing #37
Financial Statements
For the year ended March 31, 2017

	Contents
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Debt	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Financial Statements	10
Segmented Financial Information	17

Animakee Wa Zhing #37 Management's Responsibility for Financial Reporting

The accompanying financial statements of Animakee Wa Zhing #37 and all the information in this annual report are the responsibility of the First Nations' management and have been approved by the Chief and Council.

The 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 the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.



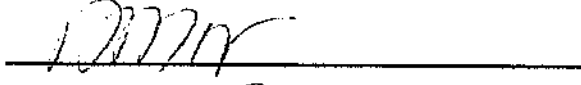
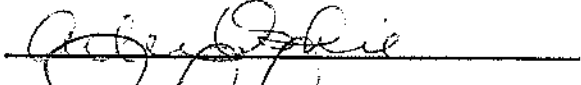
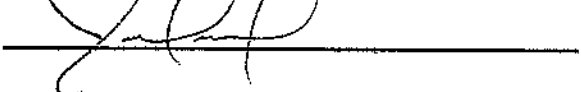
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation 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 financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Animakee Wa Zhing #37 and meet when required.

On behalf of Animakee Wa Zhing #37:

	Chief
	Councilor
	Councilor
	Councilor
	Councilor



Independent Auditor's Report

To the Chief and Council
Animakee Wa Zhing #37

We have audited the accompanying financial statements of Animakee Wa Zhing #37, which comprise the statement of financial position as at March 31, 2017, and the statement of operations, statement of changes in net debt and 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Animakee Wa Zhing #37 as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



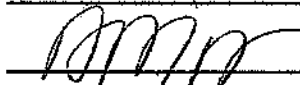


Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
August 10, 2017

Animakee Wa Zhing #37 **Statement of Financial Position**

March 31	2017	2016
Financial Assets		
Cash	\$ 82,701	\$ 170,560
Accounts receivable (Note 1)	569,701	648,938
CMHC Replacement and operating reserve funds (Note 2)	197,157	179,279
	<u>849,559</u>	<u>998,777</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	322,374	301,673
Deferred revenue (Note 5)	334,297	56,700
Long term debt (Note 6)	2,162,688	2,128,816
	<u>2,819,359</u>	<u>2,487,189</u>
Net Debt	<u>(1,969,800)</u>	<u>(1,488,412)</u>
Non-Financial Assets		
Prepaid expenses	24,652	51,571
Capital assets (Note 3)	8,437,208	7,986,712
	<u>8,461,860</u>	<u>8,038,283</u>
Accumulated surplus (Note 9)	<u>\$ 6,492,060</u>	<u>\$ 6,549,871</u>

Approved on behalf of the First Nation:

	Chief
	Councilor
	Councilor
	Councilor
	Councilor

Animakee Wa Zhing #37**Statement of Operations**

For the year ended March 31

Budget

2017

2016

Revenue

Indigenous and Northern Affairs Canada	\$ 2,178,751	\$ 2,185,401	\$ 1,945,567
Ministry of Community and Social Services	359,988	390,882	314,348
Health Canada	466,981	454,981	456,200
Ministry of Indigenous Relations and Reconciliation	280,000	280,000	280,321
AKRC/GCT #3	139,997	329,645	474,243
Canadian Mortgage and Housing Corporation	299,099	273,753	83,251
Ontario First Nations Limited Partnership (Casino Rama)	789,581	789,581	700,054
Shooniyaa Wa Biitong	8,770	8,183	67,086
Other revenues and recoveries	816,771	475,681	322,459
	5,339,938	5,188,107	4,643,529
Revenue deferred from prior year	18,844	56,700	554,919
Revenue deferred to subsequent year	-	(334,297)	(56,700)
	5,358,782	4,910,510	5,141,748

Expenses (excluding capitalized expenditures)

Administration	665,832	1,548,729	1,400,137
Education	1,494,875	1,261,306	1,177,789
Health	802,138	610,668	547,943
Economic Development and Social Services	1,227,903	757,688	701,430
Casino Rama	103,473	7,715	38,955
Capital, Operations and Maintenance	1,272,773	782,215	531,980
	5,566,994	4,968,321	4,398,234

Annual surplus for the year	(208,212)	(57,811)	743,514
Accumulated surplus, beginning of year	6,549,871	6,549,871	5,806,357
Accumulated surplus, end of year	6,341,659	\$ 6,492,060	\$ 6,549,871

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Animakee Wa Zhing #37
Statement of Changes in Net Debt

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
Annual surplus for the year	\$ (57,811)	\$ 743,514
Acquisition of tangible capital assets (Note 3)	(832,272)	(997,505)
Amortization of tangible capital assets	381,775	360,095
	<u>(508,308)</u>	<u>106,104</u>
Acquisition of prepaid expenses	(24,651)	(51,571)
Use/consumption of prepaid expenses	51,571	54,493
	<u>26,920</u>	<u>2,922</u>
Net change in debt	(481,388)	109,026
Net debt, beginning of year	<u>(1,488,412)</u>	<u>(1,597,438)</u>
Net debt, end of year	<u>\$ (1,969,800)</u>	<u>\$ (1,488,412)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Animakee Wa Zhing #37
Statement of Cash Flows

For the year ended March 31	2017	2016
Operating activities		
Annual surplus for the year	\$ (57,811)	\$ 743,514
Item not affecting cash		
Amortization	381,775	360,095
	323,964	1,103,609
Changes in non-cash operating balances		
Accounts receivable	79,237	104,685
Accounts payable	20,701	(175,729)
Deferred revenue	277,597	(498,220)
Prepaid expenses	26,919	2,921
	728,418	537,266
Financing activities		
Net change in long term debt	33,874	446,392
Investing activities		
Net purchase of capital assets	(832,272)	(997,505)
Increase in reserve funds	(17,879)	(78,227)
	(850,151)	(1,075,732)
Decrease in cash	(87,859)	(92,074)
Cash, beginning of year	170,560	262,634
Cash, end of year	\$ 82,701	\$ 170,560

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Animakee Wa Zhing #37

Summary of Significant Accounting Policies

March 31, 2017

Basis of Consolidation These financial statements include the assets, liabilities, fund balances, revenues and expenditures of the First Nation. There are no other known entities or corporations that should be included in these financial statements.

Basis of Accounting These financial statements have been prepared using Canadian public sector accounting standards for local government entities as defined in the CPA Canada Public Sector Accounting Handbook with reference to Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook.

Capital Assets Capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets. Additions over \$5,000 are subject to the capitalization policy.

Amortization is recorded over the estimated life of the capital assets as follows:

Buildings	- 4% diminishing balance
Community Infrastructure	- 5% diminishing balance
Roads	- 5% diminishing balance
Equipment	- 20% diminishing balance
Automotive	- 30% diminishing balance

Capital assets purchased with loans secured by CMHC are amortized at a rate consistent with the debt repayment schedule.

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.

Animakee Wa Zhing #37
Summary of Significant Accounting Policies

March 31, 2017

Use of Estimates

The preparation of 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 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.

**Replacement
Reserve fund**

Under agreement with Canada Mortgage and Housing Corporation (CMHC) the replacement reserve account for projects 22-288-781-001 and 22-288-781-004 are to be increased annually by an amount approved by CMHC. The replacement reserve fund, along with accumulated interest is a restricted fund to be held in a separate bank account and/or invested, only in accounts or instruments insured by the Canada Deposit Insurance Corporation. The funds in the accounts may only be drawn for authorized major renovations and repairs.

Pension Plan

The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.

Animakee Wa Zhing #37
Notes to Financial Statements

March 31, 2017

1. Accounts Receivable

	2017	2016
Indigenous and Northern Affairs Canada	\$ 67,642	\$ 128,060
HST rebates	44,956	35,000
Anishinaabeg of Kabapikotawangag Resource Council Inc.	117,144	51,872
Ministry of Northern Development and Mines	19,636	16,887
Shooniyaa Wa-Biitong	5,728	11,005
Canada Mortgage and Housing Corporation	10,438	95,804
Ministry of Indigenous Relations and Reconciliation	-	47,130
Grand Council Treaty #3	112,813	-
Province of Ontario	8,419	5,501
Health Canada	-	61,565
Ministry of Health and Long Term Care	762	2,104
Other	182,163	194,010
	<u>\$ 569,701</u>	<u>\$ 648,938</u>

2. Canada Mortgage and Housing Corporation Replacement Reserve Funds

The CMHC Replacement Reserve Funds were comprised of:

	2017	2016
Bank	\$ 197,157	\$ 179,279
Due to/from operations	4,499	3,160
	<u>\$ 201,656</u>	<u>\$ 182,439</u>

Animakee Wa Zhing #37
Notes to Financial Statements

March 31, 2017

3. Capital Assets

	Cost			Accumulated Amortization			2017	2016
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization and Write-downs	Net Book Value	Net Book Value
Buildings	\$11,898,694	\$ 818,806	\$ -	\$12,717,500	\$ 4,495,937	\$ 262,533	\$ 7,959,030	\$ 7,402,757
Community infrastructure and roads	626,027	-	-	626,027	303,127	49,760	273,140	322,900
Equipment	479,209	6,783	-	485,992	387,761	18,968	79,263	91,448
Automotive	470,353	19,825	(22,090)	468,088	300,746	50,513	125,775	169,607
	<u>\$13,474,283</u>	<u>\$ 845,414</u>	<u>\$ (22,090)</u>	<u>\$14,297,607</u>	<u>\$ 5,487,571</u>	<u>\$ 381,774</u>	<u>\$ 8,437,208</u>	<u>\$ 7,986,712</u>

At March 31, 2017, the First Nation had \$795,421 (2016 - \$298,384) assets under construction included in buildings. No amortization was taken on these assets.

Animakee Wa Zhing #37
Notes to Financial Statements

March 31, 2017

4. Accounts Payable and Accruals

	2017	2016
Trade and other payables	\$ 215,036	\$ 178,366
Payroll payables	-	33,634
Surpluses repayable	107,338	89,673
	<u>\$ 322,374</u>	<u>\$ 301,673</u>

5. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2017	Closing Balance 2016
Other programs	56,700	\$ 334,297	\$ (56,700)	\$ 334,297	56,700

6. Long Term Debt

	2017	2016
CMHC Mortgage on CMHC 4 Unit project, total loan \$811,200, repayable \$3,167 monthly, commencing January 1, 2016 including interest at 1.30%, secured by specific assets	\$ 776,456	\$ 804,224
CMHC Mortgage on CMHC phase 1 project, total loan \$825,000, repayable \$3,516 monthly, commencing May 1, 2007 including interest at 1.65%, secured by a Ministerial Guarantee, advanced to date	563,303	595,966
Loan advance from Indigenous and Northern Affairs Canada, in connection with the flooding claim, repayable from flood claim proceeds upon receipt of the proceeds or by March 31, 2019 if no proceeds are received	345,080	345,080
Loan advance from Indigenous and Northern Affairs Canada, in connection with research and negotiation of the Treaty Land Entitlement Claim, repayable on the earlier of March 31, 2019 or the date on which the claim is settled	477,849	383,546
	<u>\$ 2,162,688</u>	<u>\$ 2,128,816</u>

Animakee Wa Zhing #37
Notes to Financial Statements

March 31, 2017

6. Long Term Debt - continued

Principal payments due in the next five years are as follows:

Year	Amount
2017	\$ 61,389
2018	592,446
2019	758,128
2020	29,887
2021	686,966

7. Government Transfers

	Operating	Capital	2017 Total	Operating	Capital	2016 Total
Federal						
INAC	\$ 2,185,401	\$ -	\$ 2,185,401	\$ 1,945,567	\$ -	\$ 1,945,567
CMHC	273,753	-	273,753	83,251	-	83,251
Health Canada	454,981	-	454,981	456,200	-	456,200
Provincial	2,914,135	-	2,914,135	2,485,018	-	2,485,018
	670,882	-	670,882	594,669	-	594,669
	\$ 3,585,017	\$ -	\$ 3,585,017	\$ 3,079,687	\$ -	\$ 3,079,687

8. Ottawa Trust Fund

	2017	2016
Balance, beginning of year	\$ 84,778	\$ 83,017
Add:		
Investment income	1,572	1,761
Balance, end of year	\$ 86,350	\$ 84,778

These amounts are not carried on the statement of financial position and are presented here solely for information purposes only. The amounts on deposit with the Government of Canada are audited by the Auditor General for Canada. If the First Nation accesses these funds at a future time, they will be recognized as revenue in the year accessed.

Animakee Wa Zhing #37
Notes to Financial Statements

March 31, 2017

9. Accumulated Surplus

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

	<u>2017</u>	<u>2016</u>
Current funds	\$ (1,204,149)	\$ (616,194)
Investment in capital assets	7,097,449	6,586,522
CMHC reserve funds (Note 2)	201,656	182,439
Restricted reserve for special projects	<u>397,104</u>	<u>397,104</u>
	<u>\$ 6,492,060</u>	<u>\$ 6,549,871</u>
	<u>2017</u>	<u>2016</u>
Replacement Reserve #22-288-781-001		
Balance, beginning of year	\$ 84,150	\$ 74,800
Add:		
Replacement reserve contributions	<u>9,350</u>	<u>9,350</u>
Balance, end of year	<u>\$ 93,500</u>	<u>\$ 84,150</u>
Operating Reserve #22-288-781-001		
Balance, beginning of year	\$ 93,872	\$ 95,129
Add:		
Transfer from operations	<u>3,950</u>	<u>(1,257)</u>
Balance, end of year	<u>\$ 97,822</u>	<u>\$ 93,872</u>
Total Reserve Funds Project #22-288-781-001	<u>\$ 191,322</u>	<u>\$ 178,022</u>
Replacement Reserve #22-288-781-004		
Balance, beginning of year	\$ 1,800	\$ -
Add:		
Replacement reserve contributions	<u>5,400</u>	<u>1,800</u>
Balance, end of year	<u>\$ 7,200</u>	<u>\$ 1,800</u>
Operating Reserve #22-288-781-004		
Balance, beginning of year	\$ 2,617	\$ -
Add:		
Transfer from operations	<u>517</u>	<u>2,617</u>
Balance, end of year	<u>\$ 3,134</u>	<u>\$ 2,617</u>
Total Reserve Funds Project #22-288-781-004	<u>\$ 10,334</u>	<u>\$ 4,417</u>
Total Reserve Funds	<u>\$ 201,656</u>	<u>\$ 182,439</u>

March 31, 2017

10. Bank Line of Credit

The First Nation has in place a line of credit at the Canadian Imperial Bank of Commerce. The line of credit has a limit of \$40,000 and bears interest at a rate of prime plus 3.5%. At March 31, 2017, the line of credit was not utilized.

11. Defined Contribution Pension Plan

The expense for the First Nations pension plan for the year was \$25,674 (2016 - \$15,268). The plan is funded by the First Nations employees at the rate of 5.0% of the employees' salary. The First Nation matches the employees contributions.

12. Economic Dependence

The First Nation receives the majority of its revenue from government sources. In the event that this funding is discontinued, the First Nation would have to find alternative funding or discontinue some or all of its programs.

13. Federal Assistance Payments

The First Nation has received Federal assistance through CMHC pursuant to Section 95 of the National Housing Act to reduce mortgage interest expense to enable the First Nation to provide housing to low-income individuals. The amount of assistance received during the year was \$90,699 (2016 - \$59,814).

14. Budgets

The budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, budget figures are only presented on a non-consolidated basis for programs where available.

15. Segmented Financial Information

Animakee Wa Zhing #37 is a diversified local government that provides a wide range of services to its citizens and members, including band administration, education, health, economic development, social services, housing, Casino Rama, and capital, operations and maintenance. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

Band Administration

Administration is comprised of the administration and finance department. This department performs a management and administrative role by holding Council Meetings to administer the delivery of programs and services and to help develop a strategy for the future.

March 31, 2017

15. Segmented Financial Information - continued

Education

Education and educational programs are responsible for providing the resources necessary to enhance the educational development of community members.

Health

The First Nation operates a variety of health programs to provide health awareness and prevention and assistance programs for community members.

Economic Development and Social Services

Economic development and social services provide a variety of services and programs to improve the economic and social well-being of community members.

Casino Rama

Casino Rama programs provide assistance in a variety of First Nation initiatives including community development, economic development, cultural development, education and health.

Capital, Operations and Maintenance

Capital, operations and maintenance programs develop and maintain community infrastructure.

Animakee Wa Zhing #37
Schedule of Revenue and Expenses
Segmented Financial Information
For the year ended March 31, 2017

	Administration	Education	Health	Economic Development and Social Services	Casino Rama	Operations and Maintenance	Capital, Operations and Maintenance	Total
Revenue								
Grants	\$ 700,110	\$ 1,162,720	\$ 732,097	\$ 496,468	\$ 789,581	\$ 564,498	\$ 4,445,474	
User fees and other	287,443	-	2,387	-	-	175,206	465,036	
	987,553	1,162,720	734,484	496,468	789,581	739,704	4,910,510	
Expenses								
Administration and office	337,253	6,893	25,439	25,445	-	14,000	409,030	
Supplies and program expenses	264,046	704,736	200,749	395,337	7,715	563,414	2,135,997	
Rent and utilities	44,265	34,159	21,819	49,267	-	33,585	183,095	
Travel and training	141,914	183,504	78,117	82,599	-	7,699	493,833	
Honourariums, salaries and benefits	379,477	332,014	284,544	205,040	-	163,517	1,364,592	
Amortization	381,774	-	-	-	-	-	381,774	
	1,548,729	1,261,306	610,668	757,688	7,715	782,215	4,968,321	
Net revenue (expense) for the year	\$ (561,176)	\$ (98,586)	\$ 123,816	\$ (261,220)	\$ 781,866	\$ (42,511)	\$ (57,811)	

Animakee Wa Zhing #37
Schedule of Revenue and Expenses
Segmented Financial Information
For the year ended March 31, 2016

	Administration	Education	Health	Economic Development and Social Services	Casino Rama	Operations and Maintenance	Capital, Operations and Maintenance	Total
Revenue								
Grants	\$ 549,845	\$ 1,164,303	\$ 575,968	\$ 474,774	\$ 1,178,924	\$ 534,981	\$ 4,478,795	
User fees and other	508,076	5,800	-	5,362	-	143,715	662,953	
	1,057,921	1,170,103	575,968	480,136	1,178,924	678,696	5,141,748	
Expenses								
Administration and office	293,566	41,827	36,404	60,838	-	27,194	459,829	
Supplies and program expenses	145,879	628,845	185,513	354,672	38,955	333,616	1,687,480	
Rent and utilities	46,841	44,798	19,016	37,967	-	34,119	182,741	
Travel and training	124,853	192,984	63,548	61,482	-	13,011	455,878	
Honourariums, salaries and benefits	465,049	269,335	243,462	186,471	-	87,894	1,252,211	
Amortization	323,949	-	-	-	-	36,146	360,095	
	1,400,137	1,177,789	547,943	701,430	38,955	531,980	4,398,234	
Net revenue (expense) for the year	\$ (342,216)	\$ (7,686)	\$ 28,025	\$ (221,294)	\$ 1,139,969	\$ 146,716	\$ 743,514	