

**Iskatewizaagegan No. 39 Independent
First Nation
Consolidated Financial Statements
For the year ended March 31, 2017**

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Financial Statements
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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Iskatewizaagegan No. 39 Independent First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the Band.


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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


The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet 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 annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian auditing standards on behalf of the members. BDO Canada LLP has full access to the First Nation Council.



Chief

Councilor

Councilor

Councilor



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Independent Auditor's Report

To the Chief and Council of
Iskatewizaagegan No. 39 Independent First Nation

We have audited the accompanying financial statements of Iskatewizaagegan No. 39 Independent First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statement of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 under 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 presentation of the financial statements.

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

Basis for Qualified Opinion

The Summary of Significant Accounting Policies describes the capitalization policies with respect to the First Nation's tangible capital assets. The First Nation has not completed an assessment of their tangible capital assets with respect to PS 3150 Tangible Capital Assets adoption. The capital assets recorded are only those assets that have been acquired since 1996 and as such the tangible capital asset amounts reported may not be complete. The First Nation has not reviewed the remaining useful lives or condition of recorded capital assets which may impact the valuation of capital assets and the accuracy and completeness of accumulated amortization. This caused us to modify our audit opinion on the financial statements relating to the years ended March 31, 2017 and 2016. Accordingly, we were unable to determine whether any adjustments might be necessary to tangible capital assets, accumulated amortization and accumulated surplus as at April 1, 2016 and 2017 and March 31, 2017 and 2016 and amortization expense and annual surplus (deficit) for the years ended March 31, 2017 and 2016.



Qualified Opinion

In our opinion, except for the 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 Iskatewizaagegan No. 39 Independent First Nation 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
January 9, 2018

Iskatewizaagegan No. 39 Independent First Nation

Consolidated Statement of Financial Position

As at March 31

2017

2016

Financial Assets

Cash and bank (Note 1)	\$ 518,902	\$ 240,412
Temporary investments (Note 2)	449,099	437,912
Accounts receivable (Note 3)	1,439,420	654,157
	<u>2,407,421</u>	<u>1,332,481</u>

Liabilities

Bank indebtedness (Note 5)	725,528	319,812
Accounts payable and accruals (Note 6)	758,743	691,340
Deferred revenue (Note 7)	887,041	204,512
Long-term debt (Note 8)	953,583	973,376
	<u>3,324,895</u>	<u>2,189,040</u>

Net Debt

(917,474) (856,559)


Non Financial Assets

Inventory	38,352	67,258
Prepaid expenses and other current assets	93,335	127,391
Capital assets (Note 9)	13,058,024	12,643,127
	<u>13,189,711</u>	<u>12,837,776</u>

Accumulated surplus (Note 10)


\$ 12,272,237 \$ 11,981,217

Approved on behalf of the Band Council:


Chief


Councilor

Councilor


Councilor

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

Iskatewizaagegan No. 39 Independent First Nation

Consolidated Statement of Operations

For the year ended March 31	Budget	2017	2016
	(Note 14)		
Revenue (Note 13)			
Indigenous and Northern Affairs Canada	\$ 5,439,269	\$ 5,461,934	\$ 3,619,787
Anishinaabe Abinoojii Family Services	147,091	163,815	122,655
Bimose Tribal Council	72,170	89,986	50,420
Casino Rama	620,843	620,843	550,233
Canada Mortgage and Housing Corporation	64,830	137,399	80,642
Health Canada	741,602	741,602	643,211
Independent Electricity Systems Operator	89,980	34,866	28,120
Kenora Chiefs Advisory	10,652	10,652	63,897
Ministry of Indigenous Relations and Reconciliation	90,000	90,000	231,421
Ministry of Community and Social Services/Children and Youth Services	480,450	932,128	838,129
Ministry of Citizenship and Culture	23,939	23,261	25,939
Ministry of Health and Long-Term Care	48,286	48,286	47,924
Ministry of Education	461,331	461,457	461,331
Ministry of Natural Resources and Forestry	-	50,000	50,000
Other revenue	213,153	390,530	257,594
Rent	77,525	60,198	61,897
Revenue deferred from prior year	-	126,577	60,596
Revenue deferred to subsequent year	(581,232)	(887,041)	(126,577)
Sales	-	1,962,227	1,611,233
Shooniyya Wa-Biitong	121,974	167,862	136,667
Surplus repayable	-	(85,137)	(2,458)
	8,121,863	10,601,445	8,812,661
Expenses			
Band Support Programs	712,482	776,670	687,967
Casino Rama Programs	19,908	16,110	165,642
Economic Development Programs	251,805	408,008	283,606
Social Service Programs	433,300	936,552	898,825
Infrastructure Programs	1,434,652	1,599,323	1,217,153
Training Programs	80,211	63,695	80,232
Education Programs	2,754,885	2,705,699	2,246,048
Health Programs	1,132,031	1,212,010	949,427
Child Care Programs	568,598	671,365	638,964
Commercial Enterprises	45,005	1,920,993	1,523,910
	7,432,877	10,310,425	8,691,774
Annual surplus	\$ 688,986	291,020	120,887
Accumulated surplus, beginning of year		11,981,217	11,860,330
Accumulated surplus, end of year		\$ 12,272,237	\$ 11,981,217

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

Iskatewizaagegan No. 39 Independent First Nation

Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget	2017	2016
	(Note 14)		
Annual surplus for the year	\$ 688,986	\$ 291,020	\$ 120,887
Acquisition of tangible capital assets	(901,584)	(1,223,422)	(397,469)
Amortization of tangible capital assets	808,527	808,527	816,417
	<u>595,929</u>	<u>(123,875)</u>	<u>539,835</u>
Acquisition of prepaid expenses and inventory	-	(131,687)	(194,647)
Use/consumption of prepaid expenses and inventory	-	194,647	129,050
	<u>-</u>	<u>62,960</u>	<u>(65,597)</u>
Net change in net debt	595,929	(60,915)	474,238
Net debt, beginning of year	<u>(856,559)</u>	<u>(856,559)</u>	<u>(1,330,797)</u>
Net debt, end of year	<u>\$ (260,630)</u>	<u>\$ (917,474)</u>	<u>\$ (856,559)</u>

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

Iskatewizaagegan No. 39 Independent First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Operating activities		
Annual surplus for the year	\$ 291,020	\$ 120,887
Item not affecting cash		
Amortization	808,527	816,417
Changes to non-cash operating balances		
Temporary investments	(11,187)	(11,060)
Accounts receivable	(785,263)	(188,191)
Accounts payable and accruals	67,402	(149,368)
Deferred revenue	682,529	65,482
Inventory	28,906	(12,893)
Prepaid expense and other current assets	34,055	(52,703)
	<u>1,115,989</u>	<u>588,571</u>
Financing activities		
Repayment of long term debt	(94,293)	(72,271)
Proceeds from long term debt	74,500	125,000
	<u>(19,793)</u>	<u>52,729</u>
Investing activities		
Purchase of capital assets	(1,223,422)	(397,469)
Increase (decrease) in cash	(127,226)	243,831
Bank indebtedness, beginning of year	(79,400)	(323,231)
Bank indebtedness, end of year	\$ (206,626)	\$ (79,400)
Consists of:		
Cash and bank	\$ 518,902	\$ 240,412
Bank indebtedness	(725,528)	(319,812)
	<u>\$ (206,626)</u>	<u>\$ (79,400)</u>

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

Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies

March 31, 2017

Basis of Accounting These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CPA Canada Public Sector Accounting Handbook.

These consolidated financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation The Iskatewizaagegan No. 39 Independent First Nation reporting entity includes the Iskatewizaagegan No. 39 Independent First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Iskatewizaagegan No. 39 Independent First Nation.

The following controlled entities' results of operations are included in these financial statements:

Canada Mortgage and Housing Corporation project - 100% controlled
Ombigi Aawasoon Childcare Centre - 100% controlled
Social Services - 100% controlled
Mr. Bubbles Laundromat - 100% owned
Shoal Lake Landing - 100% owned

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.

Revenue from the Shoal Lake Landing and Mr. Bubbles Laundromat is recognized at point of sale.

Measurement Uncertainty The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

Inventory Inventory is valued at the lower of cost and net realizable value and includes the inventory at Shoal Lake Landing and Mr. Bubbles Laundromat.

Iskatewizaagegan No. 39 Independent First Nation Summary of Significant Accounting Policies

March 31, 2017

Capital Assets

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenses and were not reported in the consolidated statement of financial position.

Subsequent to March 31, 1996, capital assets in excess of \$5,000 are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

Amortization is recorded over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use using the declining balance basis at the following annual rates:

Housing	5%
Housing renovations	10%
Infrastructure	4 and 10%
Community buildings and renovations	10%
Equipment	10%
Laundromat investment	5 and 6%
Computer equipment	30%
Gravel pit	10%
Vehicles	30%

Replacement Reserve Fund

Under agreement with Canada Mortgage and Housing Corporation (CMHC) the replacement reserve account for project #18-677-518 is 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.

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

1. Cash and Bank

	2017	2016
Unrestricted		
General	\$ 3,948	\$ 47,548
ATM	68,564	43,843
Casino Rama	195,891	50,175
Shoal Lake Landing	198,233	-
Ombigi Aawasoon Childcare Centre	39,107	-
Social Services	13,159	53,225
	<u>518,902</u>	<u>194,791</u>
Externally Restricted		
Funds held in trust for day care renovations	-	45,621
	<u>\$ 518,902</u>	<u>\$ 240,412</u>

2. Temporary Investments

	2017	2016
Externally Restricted		
GIC, 60% of original \$300,000, (\$60,000 maturing annually for five years), interest earned at 2.10%, maturing January 2020, held as cash collateral on general operating line of credit	\$ 191,472	\$ 246,300
GIC, interest earned at 1.50%, maturing January 2021, held as cash collateral on general operating line of credit	60,900	60,000
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on general operating line of credit	60,000	-
GIC, 60% of original \$60,000, (\$12,000 maturing annually for five years), interest earned at 2.10%, maturing January 2020, held as cash collateral on landing operating line of credit	38,294	49,260
GIC, interest earned at 1.50%, maturing January 2021, held as cash collateral on landing operating line of credit	12,180	12,000
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on landing operating line of credit	12,000	-
Cashable GIC, interest earned at 0.5%, maturing December 2017, represents CMHC reserve funds	74,253	70,352
	<u>\$ 449,099</u>	<u>\$ 437,912</u>

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

3. Accounts Receivable

	2017	2016
Indigenous and Northern Affairs Canada	\$ 481,798	\$ 30,833
Canada Mortgage and Housing Corporation	147,234	56,565
Health Canada	-	76,611
Ministry of Education	287,985	59,621
Shooniyaa Wa-Biitong	83,019	118,973
Other government funding	146,828	110,304
Members	47,519	102,140
HST rebates	74,852	50,251
Other	286,002	104,426
Allowance for doubtful accounts	(115,817)	(55,567)
	\$ 1,439,420	\$ 654,157

4. Funds Held in Trust

	Revenue	Capital	2017	2016
Ottawa Trust Fund				
Balance, beginning of year	\$ 59,030	\$ 3,373	\$ 62,403	\$ 61,107
Interest for the year	1,157	-	1,157	1,296
Balance, end of year	\$ 60,187	\$ 3,373	\$ 63,560	\$ 62,403

The Ottawa Trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The First Nation is permitted to use its revenue for any purpose that will promote the general progress and welfare of the First Nation and First Nation members. The expenditure of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Trust Funds administered by Indigenous and Northern Affairs Canada for the benefit of the First Nation have not been included in the statement of financial position nor have the operations been included in the statement of operations.

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

5. Bank Indebtedness

	2017	2016
General operating account	\$ 425,528	\$ 97,109
Shoal Lake Landing	-	10,153
Ombigi Aawasoon Childcare Centre	-	27,550
General - RBC business operating line of credit	300,000	185,000
	<u>\$ 725,528</u>	<u>\$ 319,812</u>

The RBC business general line of credit is a revolving demand facility with a maximum credit capacity of \$300,000 and bears interest at prime plus 0.90%. The unused credit capacity at year end was \$nil.

The Landing line of credit is a revolving demand facility with a maximum credit capacity of \$60,000 and bears interest at prime plus 0.90%. The unused credit capacity at year end was \$60,000.

Other facilities are:

- a \$300,000 revolving lease line of credit to finance the acquisition of capital assets. The unused credit capacity at year end was \$159,171
- Visa Business to a maximum amount of \$30,000.

Security consists of a general security agreement and cash collateral agreements assigning GICs in the amount of \$300,000 against the general line and \$60,000 against the Landing line.

6. Accounts Payable and Accruals

	2017	2016
Trade and other payables	\$ 641,459	\$ 582,604
Payroll payables	18,311	102,349
Surpluses repayable	98,973	6,387
	<u>\$ 758,743</u>	<u>\$ 691,340</u>

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

7. Deferred Revenue

	Opening balance	Funding received	Revenue recognized/ repayable	Closing balance 2017	Closing balance 2016
Indigenous and Northern Affairs Canada					
- O&M water	\$77,935	\$ -	\$ (77,935)	-	\$77,935
- Renovations (ARK24)	-	275,000	-	275,000	-
- Housing - Triplex	-	1,040,000	(733,885)	306,115	-
- Capacity development	-	143,424	(35,960)	107,464	-
- Innovation	-	79,522	(28,649)	50,873	-
- David Kejick School	-	106,620	-	106,620	-
CMHC - RRAP	32,000	-	(24,322)	7,678	32,000
IESO Aboriginal Community Energy Plan	-	34,866	(29,275)	5,591	-
Shooniyaa Wa-Biitong - training	4,956	-	(4,956)	-	4,956
Ministry of Aboriginal Affairs - day care renovations	89,621	-	(89,621)	-	89,621
Shooniyaa Wa-Biitong - daycare	-	27,700	-	27,700	-
	\$204,512	\$1,707,132	\$ (1,024,603)	\$887,041	\$204,512

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

8. Long Term Debt

	<u>2017</u>	<u>2016</u>
Mortgage payable, repayable in monthly installments of \$4,915 including interest at 4.55%, guaranteed by Indigenous and Northern Affairs Canada, next renewal date March 1, 2018	\$ 313,284	\$ 356,983
Bank loan payable, repayable in monthly installments of \$746 including interest at 4.5%, secured by specific automotive equipment, maturing 2020	23,751	31,449
Promissory note payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable on the earlier of March 31, 2020 or a date on which the Garden Island Claim is settled	264,722	264,722
Promissory note payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable on the earlier of March 31, 2020 or a date on which the Flooding Claim is settled	218,572	218,572
Obligation under capital lease, repayable in monthly installments of \$3,714 including interest at 4.68%, secured by specific automotive equipment, maturing 2018	60,974	101,650
Obligation under capital lease, repayable in monthly installments of \$2,220 including interest at 4.879%, secured by specific automotive equipment, maturing 2020	72,280	-
	<u>\$ 953,583</u>	<u>\$ 973,376</u>

The estimated principal repayments on the above long term debt over the next three years are as follows:

2018	\$ 387,595
2019	51,593
2020	514,395
	<u>\$ 953,583</u>

Iskatewizaagegan No. 39 Independent First Nation **Notes to Financial Statements**

March 31, 2016

9. Capital Assets

	Cost			Accumulated Amortization				2017		2016	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Net Book Value	Net Book Value	Net Book Value	Net Book Value
Housing	\$5,922,301	\$ 983,830	\$ -	\$6,906,131	\$ 2,239,195	\$ 200,494	\$ -	\$4,466,442	\$3,683,105		
Housing renovations	476,077	-	-	476,077	360,528	11,555	-	103,994	115,549		
Infrastructure	13,344,972	-	-	13,344,972	6,917,356	375,622	-	6,051,994	6,427,616		
Community buildings	2,835,118	-	-	2,835,118	1,048,111	71,480	-	1,715,527	1,787,007		
Community building renovations	512,177	74,508	-	586,685	363,355	16,691	-	206,639	148,822		
Equipment	548,836	57,675	-	606,511	341,140	36,917	-	228,454	215,311		
Laundromat investment	51,069	-	-	51,069	46,253	289	-	4,527	4,816		
Computer equipment	91,230	8,080	-	99,310	70,780	7,347	-	21,183	12,834		
Gravel pit	30,000	-	-	30,000	25,595	441	-	3,964	4,405		
Motor vehicles	523,135	99,329	-	622,464	279,473	87,691	-	255,300	243,662		
	\$24,334,915	\$1,223,422	\$ -	\$25,558,337	\$ 11,691,786	\$ 808,527	\$ -	\$13,058,024	\$12,643,127		

Motor vehicles includes assets under capital lease obligation with an original cost of \$199,500 (2016 - \$125,000.)

The net book value of tangible capital assets not being amortized because they are under construction or development or otherwise not yet available for use is \$732,917 (2016 - \$244,744).

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

10. Accumulated Surplus

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

	<u>2017</u>	<u>2016</u>
Current funds	\$ (361,466)	\$ (242,180)
Investment in capital assets	12,587,735	12,153,045
Replacement reserve	<u>45,968</u>	<u>70,352</u>
	<u>\$ 12,272,237</u>	<u>\$ 11,981,217</u>

The investment in capital assets represents amounts already spent and invested in capital assets.

Current funds represent the general activities of the First Nation.

The replacement reserve reports on the CMHC replacement reserve activities.

Activity in the CMHC replacement reserve was as follows:

	<u>2017</u>	<u>2016</u>
Balance , beginning of year	\$ 70,352	\$ 66,852
Interest income	401	-
Allocation to reserve	3,500	3,500
Expenditures	<u>(28,285)</u>	<u>-</u>
Balance , end of year	<u>\$ 45,968</u>	<u>\$ 70,352</u>

11. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$93,348 (2016 - \$72,820). The plan is funded equally by the organization and the First Nation's employees at rates of 3%, 5% or 8% of the employee's salary. The funds are invested in segregated funds as directed by the First Nations' individual employees' investment directives.

Iskatewizaagegan No. 39 Independent First Nation

Notes to Financial Statements

March 31, 2017

12. Segmented Information

Iskatewizaagegan No. 39 Independent First Nation is a local government that provides a wide range of services to its citizens and members, including band support, economic development, social services, infrastructure, training and education, health, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

13. Government Transfers

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
INAC	\$3,985,725	\$ 1,476,209	\$5,461,934	\$3,449,950	\$ 169,837	\$ 3,619,787
Health Canada	679,922	61,680	741,602	637,717	5,494	643,211
CMHC	137,399	-	137,399	80,642	-	80,642
Sub-total	4,803,046	1,537,889	6,340,935	4,168,309	175,331	4,343,640
Provincial	1,605,131	-	1,605,131	1,608,664	-	1,608,664
Total	\$6,408,177	\$ 1,537,889	\$7,946,066	\$5,776,973	\$ 175,331	\$ 5,952,304

14. Budget

The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statements results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budgets expensed all capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and changes in net debt represent the budgets adopted by Council with adjustments as follows. As well, 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 where available.

Budget surplus	\$ 548,730
Add:	
Capital expenditures	901,584
Budgeted payments of long term debt	43,699
Budget reserve fund surplus	3,500
Less:	
Amortization	(808,527)
Budget surplus per statement of operations	<u>\$ 688,986</u>

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2017

15. Tangible Capital Assets

For the year ending March 31, 2011, the First Nation was required to comply with Section 3150, Tangible capital assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As at March 31, 2017, this has not been completed. As a transitional provision, Public Sector Guideline - 7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. The First Nation has completed inventories of several categories of tangible capital assets, however total amounts for cost and accumulated amortization have not been completed.

16. Contingent Liabilities

The Band has made a claim against the City of Winnipeg. If unsuccessful, the claim could potentially result in a liability for costs. The outcome of the claims is not yet determinable and no amounts have been recorded in the accounts relating to this claim or possible claims.

The First Nation has been co-named in a claim for \$17.1 million in damages, plus interest and legal costs. In the opinion of management and legal counsel, the outcome of the claim is not yet determinable. Should any loss result from the resolution of the claim, such losses will be expensed to operations in the year of resolution.

Iskatewizaagegan No. 39 Independent First Nation
Segmented Disclosure
For the year ended March 31, 2017

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises	Consolidated 2017
Revenue										
Government transfers, net of deferrals/repayable	\$ 433,191	\$ -	\$ 212,938	\$ 854,039	\$ 1,450,896	\$ 2,602,374	\$ 943,175	\$ 520,988	\$ -	\$ 7,017,601
Sales	-	-	-	-	-	-	-	-	1,962,226	1,962,226
Other	123,360	620,843	17,877	63,900	214,321	208,718	216,778	155,821	-	1,621,618
	556,551	620,843	230,815	917,939	1,665,217	2,811,092	1,159,953	676,809	1,962,226	10,601,445
Expenses										
Amortization	17,726	329	80,908	21,317	542,809	58,458	25,332	17,058	44,590	808,527
Debt servicing	-	-	-	-	16,816	-	-	-	-	16,816
Purchases for resale	-	-	-	-	-	-	-	-	1,630,749	1,630,749
Salaries and benefits	335,894	-	141,140	273,967	517,552	1,391,642	521,667	458,811	129,898	3,770,571
Other expenses	423,050	15,781	185,960	641,268	522,146	1,319,294	665,011	195,496	115,756	4,083,762
	776,670	16,110	408,008	936,552	1,599,323	2,769,394	1,212,010	671,365	1,920,993	10,310,425
Excess of revenue (expense)	(220,119)	604,733	(177,193)	(18,613)	65,894	41,698	(52,057)	5,444	41,233	291,020
Transfer from other funds	133,643	-	18,309	-	391,333	43,771	-	-	18,005	605,061
Transfer to other funds	-	(605,061)	-	-	-	-	-	-	-	(605,061)
Excess of revenue (expense) for the year	\$ (86,476)	\$ (328)	\$ (158,884)	\$ (18,613)	\$ 457,227	\$ 85,469	\$ (52,057)	\$ 5,444	\$ 59,238	\$ 291,020

Iskatewizaagegan No. 39 Independent First Nation
Segmented Disclosure
For the year ended March 31, 2017

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises	Consolidated 2016
Revenue										
Government transfers, net of deferrals/repayable	\$ 710,323	\$ -	\$ 184,709	\$ 809,833	\$ 525,260	\$ 2,236,127	\$ 859,376	\$ 567,637	\$ -	\$ 5,893,265
Sales	-	-	-	-	-	-	-	-	1,611,233	1,611,233
Other	87,767	598,301	10,000	63,897	168,198	126,860	176,926	76,214	-	1,308,163
	798,090	598,301	194,709	873,730	693,458	2,362,987	1,036,302	643,851	1,611,233	8,812,661
Expenses										
Amortization	15,973	3,846	87,770	23,266	547,657	55,118	24,095	16,694	41,998	816,417
Debt servicing	-	-	-	-	18,937	-	-	-	-	18,937
Purchases for resale	-	-	-	-	-	-	-	-	1,297,212	1,297,212
Salaries and benefits	341,177	-	110,811	250,110	212,851	846,611	443,862	448,102	122,156	2,775,680
Other expenses	330,817	161,796	85,025	625,449	437,708	1,424,551	481,470	174,168	62,544	3,783,528
	687,967	165,642	283,606	898,825	1,217,153	2,326,280	949,427	638,964	1,523,910	8,691,774
Excess of revenue (expense)	110,123	432,659	(88,897)	(25,095)	(523,695)	36,707	86,875	4,887	87,323	120,887
Transfer from other funds	90,361	-	14,861	745	246,733	24,177	82,663	28,101	28,874	516,515
Transfer to other funds	-	(436,505)	-	-	(14,000)	-	(66,010)	-	-	(516,515)
Excess of revenue (expense) for the year	\$ 200,484	\$ (3,846)	\$ (74,036)	\$ (24,350)	\$ (290,962)	\$ 60,884	\$ 103,528	\$ 32,988	\$ 116,197	\$ 120,887