

**Iskatewizaagegan No. 39 Independent
First Nation
Consolidated Financial Statements
For the year ended March 31, 2018**

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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.

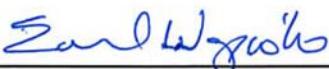
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

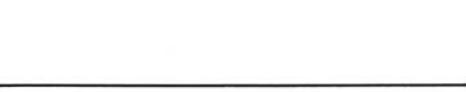
The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly 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

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, 2018 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, 2018 and 2017. 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, 2017 and 2018 and March 31, 2018 and 2017 and amortization expense and annual surplus (deficit) for the years ended March 31, 2018 and 2017.



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, 2018 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

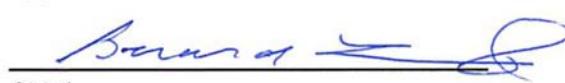
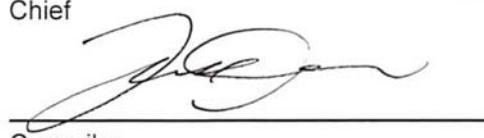
Chartered Professional Accountants, Licensed Public Accountants

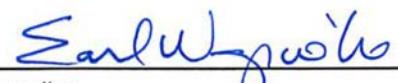
Kenora, Ontario
July 30, 2018

Iskatewizaagegan No. 39 Independent First Nation
Consolidated Statement of Financial Position

<u>As at March 31</u>	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash and bank (Note 1)	\$ 505,305	\$ 518,902
Temporary investments (Note 2)	459,903	449,099
Accounts receivable (Note 3)	957,172	1,439,420
Inventories for resale	115,580	38,352
Funds held in trust (Note 4)	64,909	63,560
	<hr/>	<hr/>
	2,102,869	2,509,333
Liabilities		
Bank indebtedness (Note 5)	618,057	725,528
Accounts payable and accruals (Note 6)	1,160,688	758,743
Deferred revenue (Note 7)	310,501	887,041
Long term debt (Note 8)	832,459	953,583
	<hr/>	<hr/>
	2,921,705	3,324,895
Net Debt	<hr/>	<hr/>
	(818,836)	(815,562)
Non Financial Assets		
Prepaid expenses and other current assets	83,275	93,332
Tangible capital assets (Note 9)	13,051,750	13,058,025
	<hr/>	<hr/>
	13,135,025	13,151,357
Accumulated surplus (Note 10)	<hr/>	<hr/>
	\$ 12,316,189	\$ 12,335,795

Approved on behalf of the Band Council:


 Chief

 Councilor


 Councilor

 Councilor

Iskatewizaagegan No. 39 Independent First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2018	2017
	(Note 14)		
Revenue (Note 13)			
Indigenous and Northern Affairs Canada	\$ 4,842,532	\$ 4,873,120	\$ 4,596,162
Anishinaabe Abinoojii Family Services	163,815	163,815	163,815
Bimose Tribal Council	82,903	99,917	89,986
Ontario First Nations (2008) Limited Partnership	620,843	627,338	620,843
Canada Mortgage and Housing Corporation	75,084	106,226	161,721
Health Canada	636,767	639,712	680,785
Independent Electricity Systems Operator	33,711	32,585	29,275
Independent First Nations	101,521	101,521	38,771
Ministry of Indigenous Relations and Reconciliation	140,000	140,000	177,744
Ministry of Community and Social Services/Children and Youth Services	588,107	1,100,085	932,128
Ministry of Tourism, Culture and Sport	13,842	29,227	23,261
Ministry of Health and Long-Term Care	101,686	106,261	48,286
Ministry of Education	609,749	544,185	458,714
Ministry of Natural Resources and Forestry	50,000	50,000	50,000
Ministry of Advanced Educations and Skills	256,488	139,793	-
Other revenue	366,436	407,664	363,566
Rent	18,125	71,493	60,198
Sales	-	1,989,501	1,962,227
Shooniiya Wa-Biitong	156,815	156,418	145,118
	<hr/>	<hr/>	<hr/>
	8,858,424	11,378,861	10,602,600
 Expenses			
Band Support Programs	751,626	911,921	776,670
Casino Rama Programs	-	26	16,110
Economic Development Programs	345,836	354,892	408,008
Social Service Programs	383,130	993,209	936,552
Infrastructure Programs	1,264,166	2,526,492	1,599,323
Training Programs	294,716	181,574	63,695
Education Programs	2,854,847	2,832,710	2,705,699
Health Programs	1,258,707	1,073,463	1,212,010
Child Care Programs	637,545	653,964	671,365
Commercial Enterprises	-	1,870,216	1,920,993
	<hr/>	<hr/>	<hr/>
	7,790,573	11,398,467	10,310,425
Annual surplus (deficit)	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Accumulated surplus, beginning of year	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Accumulated surplus, end of year	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>

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	2018	2017
	(Note 14)		
Annual surplus (deficit)	\$ 1,067,851	\$ (19,606)	\$ 292,175
Acquisition of tangible capital assets	(183,315)	(818,761)	(1,223,422)
Amortization of tangible capital assets	-	825,036	808,527
	<u>884,536</u>	<u>(13,331)</u>	<u>(122,720)</u>
Acquisition of prepaid expenses	-	(83,275)	(93,332)
Use/consumption of prepaid expenses	-	93,332	127,391
	<u>-</u>	<u>10,057</u>	<u>34,059</u>
Net change in net debt	884,536	(3,274)	(88,661)
Net debt , beginning of year	<u>(815,562)</u>	<u>(815,562)</u>	<u>(726,901)</u>
Net debt , end of year	\$ 68,974	\$ (818,836)	\$ (815,562)

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

For the year ended March 31	2018	2017
Operating activities		
Annual surplus (deficit)	\$ (19,606)	\$ 292,175
Item not affecting cash		
Amortization	825,036	808,527
Changes to non-cash operating balances		
Temporary investments	(10,804)	(11,187)
Accounts receivable	482,248	(785,263)
Accounts payable and accruals	401,944	67,402
Deferred revenue	(576,540)	682,529
Inventories for resale	(77,228)	28,906
Prepaid expense and other current assets	10,058	34,055
Funds held in trust	(1,349)	(1,155)
	<u>1,033,759</u>	<u>1,115,989</u>
Financing activities		
Repayment of long term debt	(121,124)	(94,293)
Proceeds from long term debt	-	74,500
Increase (decrease) in bank indebtedness	-	115,000
	<u>(121,124)</u>	<u>95,207</u>
Capital activities		
Purchase of capital assets	(818,761)	(1,223,422)
Increase (decrease) in cash	93,874	(12,226)
Cash, beginning of year	93,374	105,600
Cash, end of year	\$ 187,248	\$ 93,374
Consists of:		
Cash and bank	\$ 505,305	\$ 518,902
Bank overdraft	(318,057)	(425,528)
	<u>\$ 187,248</u>	<u>\$ 93,374</u>

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

March 31, 2018

Basis of Accounting	<p>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.</p> <p>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.</p>
Basis of Consolidation	<p>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.</p>
Revenue Recognition	<p>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.</p> <p>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.</p> <p>Revenue from the Shoal Lake Landing and Mr. Bubbles Laundromat is recognized at point of sale.</p>
Use of Estimates	<p>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. Accounts subject to significant estimates include allowance for doubtful accounts receivable, useful lives of tangible capital assets and surpluses repayable.</p>
Inventories for Resale	<p>Inventories consist of goods for resale at Shoal Lake Landing and are valued at the lower of cost and net realizable value.</p>

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

March 31, 2018

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 are stated 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% and 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.

Temporary Investments Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

1. Cash and Bank

	2018	2017
Unrestricted		
General	\$ -	\$ 3,948
ATM	22,558	68,564
Casino Rama	220,664	195,891
Shoal Lake Landing	261,304	198,233
Ombigi Aawasoon Childcare Centre	779	39,107
Social Services	-	13,159
	\$ 505,305	\$ 518,902

2. Temporary Investments

	2018	2017
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	\$ 135,493	\$ 191,472
GIC, interest earned at 1.50%, maturing January 2021, held as cash collateral on general operating line of credit	61,814	60,900
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on general operating line of credit	60,870	60,000
GIC, interest earned at 1.60%, maturing January 2023, 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	27,099	38,294
GIC, interest earned at 1.50%, maturing January 2021, held as cash collateral on landing operating line of credit	12,363	12,180
GIC, interest earned at 1.45%, maturing January 2022, held as cash collateral on landing operating line of credit	12,174	12,000
GIC, interest earned at 1.60%, maturing January 2023, held as cash collateral on landing operating line of credit	12,000	-
Cashable GIC, interest earned at 0.5%, maturing December 2018, represents CMHC reserve funds	78,090	74,253
	\$ 459,903	\$ 449,099

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

3. Accounts Receivable

	2018	2017
Indigenous and Northern Affairs Canada	\$ 122,080	\$ 481,798
Canada Mortgage and Housing Corporation	132,544	147,234
Ministry of Education	191,816	287,985
Shooniyyaa Wa-Biitong	45,529	83,019
Other government funding	210,854	146,828
Members	44,921	47,519
HST rebates	58,787	74,852
Other	252,823	286,002
Allowance for doubtful accounts	<u>(102,182)</u>	<u>(115,817)</u>
	\$ 957,172	\$ 1,439,420

4. Funds Held in Trust

	Revenue	Capital	2018	2017
Ottawa Trust Fund				
Balance, beginning of year	\$ 60,187	\$ 3,373	\$ 63,560	\$ 62,403
Interest for the year	1,349	-	1,349	1,157
Balance, end of year	\$ 61,536	\$ 3,373	\$ 64,909	\$ 63,560

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.

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

5. Bank Indebtedness

	2018	2017
General operating account	\$ 311,670	\$ 425,528
Social services	6,387	-
General - RBC business operating line of credit	<u>300,000</u>	300,000
	 \$ 618,057	 \$ 725,528

The General - RBC business operating 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.

Other facilities are:

- an additional line of credit for the landing that 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.
- a \$300,000 revolving lease line of credit to finance the acquisition of capital assets (increased to \$500,000 subsequent to year-end). The unused credit capacity at year end was \$233,000
- 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

	2018	2017
Trade and other payables	\$ 944,087	\$ 641,459
Payroll payables	109,615	18,311
Surpluses repayable	<u>106,986</u>	98,973
	 \$ 1,160,688	 \$ 758,743

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

7. Deferred Revenue

	Opening balance	Funding received	Revenue recognized/ repayable	Closing balance 2018	Closing balance 2017
Indigenous and Northern Affairs Canada					
- Economic strategic plan	\$ -	\$ 66,698	\$ -	\$ 66,698	\$ -
- Lift station emergency repair	- -	66,713	- -	66,713	- -
- Band management	- -	75,000	- -	75,000	- -
- Renovations (ARK24)	275,000	- -	(275,000)	- -	275,000
- Housing - Triplex	306,115	- -	(306,115)	- -	306,115
- Capacity development	107,464	- -	(107,464)	- -	107,464
- Innovation	50,873	- -	(50,873)	- -	50,873
- David Kejick School	106,620	- -	(106,620)	- -	106,620
CMHC - RRAP	7,678	- -	- -	7,678	7,678
IESO Aboriginal Community Energy Plan	5,591	- -	(5,591)	- -	5,591
CORDA	- -	14,839	- -	14,839	- -
Ministry of Education - Journey Together	- -	51,873	- -	51,873	- -
Shooniyyaa Wa-Biitong - daycare	27,700	- -	- -	27,700	27,700
	\$ 887,041	\$ 275,123	\$ (851,663)	\$ 310,501	\$ 887,041

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

8. Long Term Debt

	<u>2018</u>	<u>2017</u>
Mortgage 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
CMHC mortgage, repayable in monthly installments of \$4,666 including interest at 1.97%, secured by BCR and Ministerial guarantee, maturing March 1, 2023	266,463	-
Bank loan payable, repayable in monthly installments of \$746 including interest at 4.5%, secured by specific automotive equipment, maturing 2020	15,702	23,751
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	18,354	60,974
Obligation under capital lease, repayable in monthly installments of \$2,220 including interest at 4.879%, secured by specific automotive equipment, maturing 2020	48,646	72,280
	<hr/>	<hr/>
	\$ 832,459	\$ 953,583
	<hr/>	<hr/>

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

2019	\$ 102,800
2020	566,620
2021	53,264
2022	54,322
2023	55,453
	<hr/>
	\$ 832,459

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

March 31, 2018

9. Tangible Capital Assets

	Cost			Accumulated Amortization			2018		2017	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Net Book Value	Net Book Value
Housing Infrastructure	\$ 7,382,209	\$ 367,090	\$ -	\$ 7,749,299	\$ 2,811,772	\$ 224,101	\$ -	\$ 3,035,873	\$ 4,713,426	\$ 4,570,437
Community buildings	13,344,972	-	-	13,344,972	7,292,978	354,384	-	7,647,362	5,697,610	6,051,994
Equipment	3,421,803	229,880	-	3,651,683	1,499,637	100,782	-	1,600,419	2,051,264	1,922,166
Laundromat	606,511	155,404	-	761,915	378,057	52,444	-	430,501	331,414	228,454
investment	51,069	-	-	51,069	46,542	272	-	46,814	4,255	4,527
Computer equipment	99,310	5,725	-	105,035	78,127	7,214	-	85,341	19,694	21,183
Gravel pit	30,000	-	-	30,000	26,036	396	-	26,432	3,568	3,964
Motor vehicles	622,464	60,662	-	683,126	367,164	85,443	-	452,607	230,519	255,300
	\$25,558,338	\$ 818,761	\$ -	\$ 26,377,099	\$ 12,500,313	\$ 825,036	\$ -	\$ 13,325,349	\$13,051,750	\$13,058,025

Motor vehicles includes assets under capital lease obligation with an original cost of \$199,500 (2017 - \$199,500.)

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 \$18,893 (2017 - \$732,917).

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, 2018, 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.

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

March 31, 2018

10. Accumulated Surplus

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

	2018	2017
Current funds	\$ (501,109)	\$ (361,465)
Investment in capital assets	12,702,585	12,587,732
Replacement reserve	49,804	45,968
Ottawa Trust Funds (Note 4)	<u>64,909</u>	<u>63,560</u>
	<u>\$ 12,316,189</u>	<u>\$ 12,335,795</u>

Current funds represent the general activities of the First Nation.

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

The replacement reserve reports on the CMHC replacement reserve activities.

Activity in the CMHC replacement reserve was as follows:

	2018	2017
Balance, beginning of year	\$ 45,968	\$ 70,352
Interest income	336	401
Allocation to reserve	3,500	3,500
Expenditures	-	(28,285)
Balance, end of year	<u>\$ 49,804</u>	<u>\$ 45,968</u>

11. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$101,674 (2017 - \$93,348). 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, 2018

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

	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
INAC	\$4,392,383	\$ 480,737	\$4,873,120	\$3,701,068	\$ 895,094	\$ 4,596,162
Health Canada	639,712	-	639,712	619,105	61,680	680,785
CMHC	106,226	-	106,226	161,721	-	161,721
Sub-total	5,138,321	480,737	5,619,058	4,481,894	956,774	5,438,668
Provincial	2,109,551	-	2,109,551	1,690,133	-	1,690,133
Total	\$7,247,872	\$ 480,737	\$7,728,609	\$6,172,027	\$ 956,774	\$ 7,128,801

Funding reconciliation:

	Confirmed	Deferred from prior	Deferred to subsequent	Repayable/ repaid	Net per statement of operations
INAC	\$4,235,830	846,072	(208,411)	(371)	\$4,873,120
Health Canada					
- funding agreement	626,435	-	-	-	626,435
- Jordan's Principles	11,162	-	-	-	11,162
- Prior approval	2,115	-	-	-	2,115
	\$639,712	-	-	-	\$639,712

Iskatewizaagegan No. 39 Independent First Nation Notes to Financial Statements

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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	\$ 813,336
Add:	
Capital expenditures	183,315
Budgeted payments of long term debt	<u>71,200</u>
 Budget surplus per statement of operations	 <u>\$ 1,067,851</u>

15. Contingent Liabilities

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, 2018**

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Commercial Enterprises	Consolidated 2018
Revenue										
Government transfers, net of deferrals/repayable	\$ 453,173	\$ -	\$ 203,671	\$ 967,173	\$ 1,672,465	\$ 2,804,974	\$ 1,022,228	\$ 604,925	\$ -	\$ 7,728,609
Sales									1,989,501	1,989,501
Other	116,679	627,338	71,785	63,897	256,106	173,900	284,836	66,210	-	1,660,751
	569,852	627,338	275,456	1,031,070	1,928,571	2,978,874	1,307,064	671,135	1,989,501	11,378,861
Expenses										
Amortization	17,906	-	71,860	22,387	556,594	62,130	33,507	17,184	43,468	825,036
Debt servicing	-	-	-	-	113,076	-	-	-	-	113,076
Purchases for resale	-	-	-	-	-	-	-	-	1,600,086	1,600,086
Salaries and benefits	158,568	-	127,440	262,188	545,161	1,103,023	442,156	404,046	144,316	3,186,898
Other expenses	735,447	26	155,592	708,634	1,311,661	1,849,131	597,800	232,734	82,346	5,673,371
	911,921	26	354,892	993,209	2,526,492	3,014,284	1,073,463	653,964	1,870,216	11,398,467
Excess of revenue (expense)										
Transfer from other segment	(342,069)	627,312	(79,436)	37,861	(597,921)	(35,410)	233,601	17,171	119,285	(19,606)
Transfer to other segment	118,749	-	17,781	-	322,999	91,905	45,373	-	30,506	627,313
Excess of revenue (expense) for the year	\$ (223,320)	\$ (1)	\$ (61,655)	\$ 37,861	\$ (274,922)	\$ 56,495	\$ 278,974	\$ 17,171	\$ 149,791	\$ (19,606)

Iskatewizaagegan No. 39 Independent First Nation
Segmented Disclosure
For the year ended March 31, 2018

	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	\$ 1,475,228	\$ 2,602,374	\$ 943,175	\$ 607,856	\$ -	\$ 7,128,801
Sales	-	-	-	-	-	-	-	-	1,962,226	1,962,226
Other	124,515	620,843	17,877	63,900	189,989	208,718	216,778	68,953	-	1,511,573
	557,706	620,843	230,815	917,939	1,665,217	2,811,092	1,159,953	676,809	1,962,226	10,602,600
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)										
Transfer from other segment	(218,964)	604,733	(177,193)	(18,613)	65,894	41,698	(52,057)	5,444	41,233	292,175
Transfer to other segment	133,643	-	18,309	-	391,333	43,771	-	-	18,005	605,061
Excess of revenue (expense) for the year	\$ (85,321)	\$ (328)	\$ (158,884)	\$ (18,613)	\$ 457,227	\$ 85,469	\$ (52,057)	\$ 5,444	\$ 59,238	\$ 292,175