

Naotkamegwanning First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Summary of Significant Accounting Policies	9
Notes to Financial Statements	11
Segmented Disclosure	20

Management's Responsibility for Financial Reporting

To the Members Naotkamegwanning First Nation

The accompanying consolidated financial statements of Naotkamegwanning First Nation and all the information in this annual report are the responsibility of the First Nation's management, and have been approved by the Chief and Council of the First Nation.


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

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

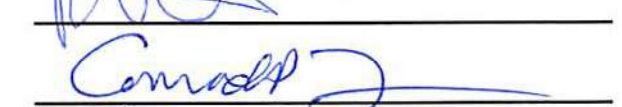
The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Naotkamegwanning First Nation and meet when required.




Chief



Councillor



Councillor



Councillor



Tel: 807-468-5531
Fax: 807-468-9774
Kenora@bdo.ca
www.bdo.ca

BDO Canada LLP
301 First Avenue S
Suite 300
Kenora ON P9N 4E9 Canada

Independent Auditor's Report

To the Members Naotkamegwaning First Nation

Opinion

We have audited the consolidated financial statements of the Naotkamegwaning First Nation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licenced Public Accountants

BDO Canada LLP






Kenora, Ontario
September 6, 2019

Naotkamegwanning First Nation

Consolidated Statement of Financial Position

March 31	2019	2018
		Restated (Note 1)
Financial Assets		
Cash (Note 2)	\$ 5,567,835	\$ 3,702,509
Temporary investments (Note 3)	1,249,620	1,217,833
Accounts receivable (Note 4)	2,025,657	1,266,785
	<u>8,843,112</u>	<u>6,187,127</u>
Liabilities		
Bank overdraft (Note 5)	14,980	103,048
Accounts payable and accruals (Note 6)	2,834,238	1,110,281
Deferred revenue (Note 7)	3,272,631	2,256,100
Long term debt (Note 8)	6,102,170	5,667,909
	<u>12,224,019</u>	<u>9,137,338</u>
Net Debt	<u>(3,380,907)</u>	<u>(2,950,211)</u>
Non-Financial Assets		
Prepaid expenses	42,012	51,223
Tangible capital assets (Note 9)	24,122,250	21,259,073
	<u>24,164,262</u>	<u>21,310,296</u>
Accumulated Surplus (Note 10)	<u>\$ 20,783,355</u>	<u>\$ 18,360,085</u>

Approved on behalf of the Band Council:

	Chief
	Councillor
	Councillor
	Councillor
	Councillor

Naotkamegwaning First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2019	2018
	(Note 14)		Restated (Note 1)
Revenue			
Indigenous Services Canada	\$ 6,951,405	\$ 8,253,827	\$ 7,063,287
Canada Mortgage and Housing Corporation	298,154	425,672	431,851
Health Canada	2,675,929	2,503,236	1,693,859
Kenora Chiefs Advisory	454,277	488,792	501,277
Ministry of Attorney General	228,153	175,653	-
Ministry of Children and Youth Services	168,759	167,959	167,959
Ministry of Children, Community and Social Services	636,500	722,944	730,831
Ministry of Education	713,101	853,670	681,566
Ministry of Health and Long Term Care	1,742,723	1,848,243	1,808,563
Ontario First Nations Limited Partnership	882,345	1,053,366	832,172
Other	3,355,937	3,303,407	4,991,416
Province of Ontario - other Ministries	280,300	2,327,933	479,556
Shooniyaa Wa-Biitong	234,873	168,943	206,160
	18,622,456	22,293,645	19,588,497
Expenses			
Band Support Programs	1,499,605	1,525,493	1,877,332
Casino Rama Programs	882,345	161,800	52,379
Economic Development Programs	1,614,921	1,575,945	1,641,797
Social Services Programs	2,020,911	2,327,578	2,256,153
Infrastructure Programs	1,076,403	3,266,133	2,224,518
Housing Programs	613,381	1,521,842	787,987
Health Programs	2,633,392	2,738,140	2,362,440
Education Programs	5,768,777	5,063,876	4,667,757
Child and Family Programs	2,768,784	1,689,568	1,131,844
	18,878,519	19,870,375	17,002,207
Surplus (deficiency) of revenue over expenses	(256,063)	2,423,270	2,586,290
Accumulated surplus, beginning of year	18,360,085	18,360,085	15,773,795
Accumulated surplus, end of year	\$ 18,104,022	\$ 20,783,355	\$ 18,360,085

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

Naotkamegwanning First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	Budget	2019	2018
			Restated (Note 1)
Annual surplus , for the year	\$ (256,063)	\$ 2,423,270	\$ 2,586,290
Acquisition of tangible capital assets	(869,923)	(5,288,978)	(1,401,124)
Amortization of tangible capital assets	-	1,555,162	1,542,520
Net Disposals of tangible capital assets		870,639	-
Net change in prepaid expenses		9,211	(4,953)
Net change in net debt	(1,125,986)	(430,696)	2,722,733
Net debt , beginning of year	(2,950,211)	(2,950,211)	(5,672,944)
Net debt , end of year	\$ (4,076,197)	\$ (3,380,907)	\$ (2,950,211)

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

Naotkamegwanning First Nation

Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
		Restated (Note 1)
Cash flows from operating activities		
Annual deficit	\$ 2,423,270	\$ 2,586,290
Adjustment for amortization	1,555,162	1,542,520
Changes in non-cash working capital items		
Accounts receivable	(758,872)	(167,570)
Temporary investments	(31,787)	(1,217,833)
Accounts payable	1,723,957	(635,147)
Deferred revenue	1,016,531	1,435,474
Prepaid expenses	9,211	(4,953)
Surplus repayable	-	106,549
	5,937,472	3,645,330
Cash flows from capital activities		
Purchase of tangible capital assets	(5,288,978)	(1,401,124)
Disposal of tangible capital assets	870,639	-
	(4,418,339)	(1,401,124)
Cash flows from financing activities		
Net change in long term debt	221,766	(301,546)
Net change in demand loans	212,495	1,004,699
Decrease in bank indebtedness	(88,068)	(36,531)
	346,193	666,622
Increase (decrease) in cash and cash equivalents	1,865,326	2,910,828
Cash and cash equivalents, beginning of year	3,702,509	791,681
Cash and cash equivalents, end of year	\$ 5,567,835	\$ 3,702,509

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

Nootkamegwanning First Nation

Consolidated Summary of Significant Accounting Policies

March 31, 2019

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 CICA Public Sector Accounting Handbook.												
Reporting Entity	The Nootkamegwanning First Nation reporting entity includes the Nootkamegwanning First Nation government and all related entities that are controlled by the First Nation. This includes all aspects of band operations including provision of social, educational, administrative, housing, child and family, economic development and operational services.												
Basis of Consolidation	<p>All controlled entities are fully consolidated on a line-by-line basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Organizations consolidated in Nootkamegwanning First Nation's consolidated financial statements include:</p> <div style="margin-left: 40px;"><p>Nootkamegwanning First Nation Nootkamegwanning Education Authority Nootkamegwanning Health and Social Services Shawendaasowin Child and Family Services</p></div>												
Tangible Capital Assets	<p>Tangible capital assets are reported on the consolidated statement of financial position at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.</p> <p>Amortization is recorded over the estimated useful life of the tangible capital assets commencing once the asset is available for productive use with annual rates as follows:</p> <table><tr><td>Buildings</td><td>- 40 years straight line</td></tr><tr><td>Sewer and water</td><td>- 40 years straight line</td></tr><tr><td>Housing</td><td>- 20 years straight line</td></tr><tr><td>Roads and streets</td><td>- 10 years straight line</td></tr><tr><td>Automotive equipment</td><td>- 4 years straight line</td></tr><tr><td>Furniture and Equipment</td><td>- 4 to 10 years straight line</td></tr></table> <p>Tangible capital assets are written down when conditions indicate that they no longer contribute to Nootkamegwanning First Nation's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Any net write-downs are accounted for as expenses in the consolidated statement of operations.</p>	Buildings	- 40 years straight line	Sewer and water	- 40 years straight line	Housing	- 20 years straight line	Roads and streets	- 10 years straight line	Automotive equipment	- 4 years straight line	Furniture and Equipment	- 4 to 10 years straight line
Buildings	- 40 years straight line												
Sewer and water	- 40 years straight line												
Housing	- 20 years straight line												
Roads and streets	- 10 years straight line												
Automotive equipment	- 4 years straight line												
Furniture and Equipment	- 4 to 10 years straight line												

Naotkamegwanning First Nation

Consolidated Summary of Significant Accounting Policies

March 31, 2019

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>Interest on investments is recognized as it is earned. Gains or losses on the disposal of investments are recognized once the transaction takes place.</p>
Temporary Investments	<p>Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.</p>
Use of Estimates	<p>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 reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Pension Plan	<p>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.</p>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Prior period adjustment

During the current year, the First Nation noted that the assets, liabilities, net assets, revenues and expenses of Shawendaawsowin Child and Family Services for the 2018 fiscal and prior years had not been recorded in the consolidated financial statements. This error has been corrected retroactively with restatement of the prior period. The correction had the following effect on the comparative financial statements:

Statement of Financial Position

Increase in Cash	\$ 148,999
Increase in Accounts Receivable	<u>13,356</u>
	<u>162,355</u>
Increase in Accounts Payable	(54,740)
Increase in Other liabilities	<u>(73,908)</u>
	<u>(128,648)</u>
Increase in Accumulated Surplus	<u>\$ (33,707)</u>

Statement of Operations and Accumulated Surplus

Increase in Revenue	\$ (1,147,617)
Increase in Expenses	<u>1,131,844</u>
Increase in Annual Surplus	<u>\$ (15,773)</u>

The net impact on accumulated surplus of the restatement above is as follows:

Opening accumulated surplus, previously stated	\$ (18,326,348)
Net effect of restatement	<u>(33,707)</u>
Opening accumulated surplus, as restated	<u>\$ (18,360,055)</u>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2019

2. Cash

	<u>2019</u>	<u>2018</u>
General Band operations	\$ 1,978,066	\$ 2,327,518
Education Authority operations	1,615,043	1,225,992
Health and Social Services operations	908	-
Child and Family Services operations	<u>1,973,818</u>	<u>148,999</u>
	<u>\$ 5,567,835</u>	<u>\$ 3,702,509</u>

Included in General Band cash is a replacement reserve fund bank account of \$121,162 (2018 - \$36,054) which is restricted under an agreement with Canada Mortgage and Housing Corporation (CMHC). The replacement reserve fund, along with the interest is 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 housing renovations and repairs.

3. Temporary Investments

	<u>2019</u>	<u>2018</u>
RBC Dominion Securities - balanced portfolio, recorded at cost (market value \$1,284,033)	<u>\$ 1,249,620</u>	<u>\$ 1,217,833</u>

4. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Indigenous Services Canada	\$ 721,023	\$ 256,520
Health Canada	6,753	-
Ministry of Education	243,456	-
Other	<u>1,054,425</u>	<u>1,010,265</u>
	<u>\$ 2,025,657</u>	<u>\$ 1,266,785</u>

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2019

5. Bank Overdraft

	2019	2018
General Band operations	\$ 14,980	\$ 22,746
Health and Social Services operations	-	80,302
	\$ 14,980	\$ 103,048

The bank overdraft is due on demand and bears interest at bank prime plus 1.25% calculated on a daily basis and payable monthly.

The First Nation has approved credit facilities with Royal Bank of Canada as follows:

General Band operations: \$200,000 overdraft
 Education Authority operations: \$100,000 overdraft
 Health and Social Services operations: \$15,000 overdraft
 Fisheries account (6852904 Canada Limited): \$30,000 overdraft

All overdraft credit lines bear interest at prime plus 3.25%. At March 31, 2019, only the Fisheries overdraft was being utilized.

6. Accounts Payable

	2019	2018
Accounts payable	\$ 1,468,925	\$ 644,773
Payroll accruals	257,906	146,187
Government contributions repayable	1,107,407	319,321
	\$ 2,834,238	\$ 1,110,281

7. Deferred Revenue

	Opening Balance	Funding Received	Revenue Recognized	Closing Balance 2019	Closing Balance 2018
Indigenous Services Canada	\$ 1,943,394	\$ 2,842,137	\$ (2,327,191)	\$ 2,458,340	\$ 1,943,394
Ministry of Attorney General	104,714	-	(104,714)	-	104,714
Anishinaabe Abinooji					
Family Services	73,908	750,000	(73,908)	750,000	73,908
Other	134,084	-	(69,793)	64,291	134,084
	\$ 2,256,100	\$ 3,592,137	\$ (2,575,606)	\$ 3,272,631	\$ 2,256,100

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2019

8. Long Term Debt

	2019	2018
General Band Operations		
Canada Mortgage and Housing Corporation mortgage, old 9 unit, repayable \$2,875 monthly including interest at 1.64%, maturing February 1, 2032	\$ 400,764	\$ 428,769
Canada Mortgage and Housing Corporation mortgage, 12 unit, repayable \$3,923 monthly including interest at 2.11%, maturing October 1, 2033	590,890	625,109
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,501 monthly including interest at 1.95%, maturing January 1, 2034	695,644	735,653
Canada Mortgage and Housing Corporation mortgage, 10 unit, repayable \$4,974 monthly including interest at 1.83%, maturing October 1, 2034	809,159	853,584
Canada Mortgage and Housing Corporation mortgage, 7 Unit, repayable \$3,087 monthly including interest at 2.75%, maturing May 1, 2026	235,940	267,326
Canada Mortgage and Housing Corporation mortgage, 8 Unit, repayable \$28,957 monthly including interest at 2.16%, maturing December 1, 2023	528,120	-
Royal Bank of Canada loan, repayable \$11,171 monthly including interest at 2.39%, maturing June 1, 2020	164,198	292,508
Promissory notes payable to Minister of Indigenous and Northern Affairs Canada, interest free unless in default, repayable the earlier of March 31, 2023 or the date on which Flooding claim is settled	1,506,457	1,229,639
Royal Bank of Canada, repayable \$9,415 monthly, including interest at 3.91%, maturing January 02, 2021	1,150,807	1,208,731
Royal Bank of Canada, secured by specific automotive equipment with a net book value of \$16,456 repayable \$878 monthly including interest at 4.63%, ending November 23, 2020	20,191	26,590
	\$ 6,102,170	\$ 5,667,909

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

2020	\$ 524,192
2021	633,351
2022	299,456
2023	264,143
2024	261,134
Thereafter	4,119,894
Total	6,102,170

The CMHC mortgage loans are secured by a Ministerial guarantee.

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2019

9. Tangible Capital Assets

	Cost				Accumulated Amortization		2019
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals and Written-downs	Net Book Value
Buildings	\$ 13,944,574	\$ 447,103	\$ -	\$ 14,391,677	\$ 6,273,748	\$ 338,841	\$ 7,779,088
Sewer and water	12,887,123	3,504,109	1,878,912	14,512,320	4,544,356	316,238	10,661,641
Housing	25,961,213	953,054	-	26,914,267	21,282,341	599,284	5,032,642
Roads and streets	1,968,027	-	-	1,968,027	1,794,061	112,529	61,437
Automotive equipment	2,034,369	379,376	201,373	2,212,372	1,706,335	180,518	525,250
Furniture and equipment	171,993	5,336	-	177,329	107,385	7,752	62,192
	\$ 56,967,299	\$ 5,288,978	\$ 2,080,285	\$ 60,175,992	\$ 35,708,226	\$ 1,555,162	\$ 24,122,250

The net book value of tangible capital assets not being amortized because they are under construction is \$4,639,943 (2018 - \$NIL).

	Cost				Accumulated Amortization		2018
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals and Written-downs	Net Book Value
Buildings	\$ 13,144,300	\$ 800,274	\$ -	\$ 13,944,574	\$ 5,939,479	\$ 334,269	\$ 7,670,826
Sewer and water	12,887,123	-	-	12,887,123	4,228,118	316,238	8,342,767
Housing	25,503,159	458,054	-	25,961,213	20,659,942	622,399	4,678,872
Roads and streets	1,968,027	-	-	1,968,027	1,681,532	112,529	173,966
Automotive equipment	1,951,991	82,378	-	2,034,369	1,554,075	152,260	328,034
Furniture and equipment	111,575	60,418	-	171,993	102,560	4,825	64,608
	\$ 55,566,175	\$ 1,401,124	\$ -	\$ 56,967,299	\$ 34,165,706	\$ 1,542,520	\$ 21,259,073

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2019

10. Accumulated Surplus

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

	2019	2018
Current funds	\$ 1,606,053	\$ (410,116)
Investment in capital assets	18,477,548	17,112,878
Replacement reserve	699,752	684,484
	\$ 20,783,355	\$ 17,387,246

11. Funds Held in Trust - Ottawa Trust Funds

	2019	2018
Revenue Account		
Balance, April 1	\$ 13,155	\$ 12,474
Interest and other income earned	999	681
	14,154	13,155
Capital Account	24,918	24,918
	\$ 39,072	\$ 38,073
Fund Balances		
Revenue Fund	\$ 14,154	\$ 13,155
Capital Fund	24,918	24,918
	\$ 39,072	\$ 38,073

The 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. These funds are restricted for their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of these funds is primarily governed by the sections of the Indian Act.

Trust funds administered by Indigenous Services 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 financial activities.

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.

Naotkamegwanning First Nation Notes to Consolidated Financial Statements

March 31, 2019

13. Government Transfers

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
ISC	\$ 5,620,625	\$ 2,633,202	\$ 8,253,827	\$ 6,316,943	\$ 746,344	\$ 7,063,287
Health Canada	2,458,313	44,923	2,503,236	1,693,859	-	1,693,859
CMHC	425,672	-	425,672	431,851	-	431,851
Subtotal	8,504,610	2,678,125	11,182,735	8,442,653	746,344	9,188,997
Provincial	4,091,818	2,004,584	6,096,402	3,868,475	-	3,868,475
Total	\$ 12,596,428	\$ 4,682,709	\$ 17,279,137	\$ 12,311,128	\$ 746,344	\$ 13,057,472

14. Budget

The budget approved by Chief and Council was not prepared on a basis consistent with that used to report actual financial statement 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 change 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 Shortfall	\$ (1,442,707)
Add:	
Capital expenditures	869,923
Budgeted payments of long term debt	316,721
	<hr/>
Budgeted shortfall per statement of operations	\$ (256,063)

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2019

15. Defined Contribution Pension Plan

Naotkamegwanning First Nation provides a defined contribution plan for eligible employees. The plan is funded equally by the First Nation and the First Nation employees at rates of 5% of the employee's salary. The funds are invested in segregated funds as directed by the First Nations' individual employees' investment directives.

The expense for the First Nation's pension plan for the year was as follows:

	2019	2018
Band employees	\$ 102,550	\$ 42,239
Education Authority employees	125,869	73,923
Health and Social Services employees	39,268	31,704
Child and Family Services employees	40,450	37,022
	\$ 308,137	\$ 184,888

16. Contingent Asset

The First Nation is under ongoing negotiations with the Government of Canada and Province of Ontario regarding flooding claims. It is likely that these flooding claims will result in a financial settlement in favour of the First Nation but the amount remains uncertain.

17. Contractual Rights

The First Nation has an ongoing Impact Benefit Agreement with New Gold Inc. in which the First Nation receives metal production payments based on actual production with a minimum of \$125,000 per year, royalty payments based on New Gold Inc.'s share price with a minimum of \$125,000 annually and an annual education payment of \$50,000 all until metal production at the Rainy River Project ceases.

18. Commitments

The First Nation is committed to a water treatment plant upgrade project which has an estimated total cost of \$4.0 million. As of year-end, total costs incurred were \$3.6 million, leaving \$0.4 million remaining to be incurred in the 2019/20 fiscal year.

Naotkamegwanning First Nation

Notes to Consolidated Financial Statements

March 31, 2019

19. Segmented Information

Naotkamegwanning First Nation is a diversified local government that provides a wide range of services to its citizens and members, including administration, economic development, education, child and family services, social services (including emergency operations, day care, social development, prevention services and native justice), and infrastructure (including community services, health care centre, housing maintenance and renovations, capital, and arena and community centre).

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.

Naotkamewgwaning First Nation

Segmented Disclosure

For the year ended March 31, 2019

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Family Services	Child & Total
Revenue										
Government Transfers	\$ 1,404,562	\$ -	\$ 635,098	\$ 2,298,452	\$ 4,904,295	\$ 488,392	\$ 2,789,798	\$ 4,965,697	\$ 620,284	\$ 18,106,578
Commercial activities	10,830	-	649,633	-	77,626	64,950	-	-	-	803,039
Other	200,668	1,053,366	171,659	6,265	-	-	71,931	556,054	1,324,085	3,384,028
	1,616,060	1,053,366	1,456,390	2,304,717	4,981,921	553,342	2,861,729	5,521,751	1,944,369	22,293,645
Expenses										
Amortization	59,397	-	66,996	150,369	696,664	535,869	30,926	14,942	-	1,555,163
Other expenses	156,104	161,800	69,611	169,614	1,056,595	119,772	-	-	-	1,733,496
Office, equipment, supplies and program expenses	211,226	-	800,259	255,708	305,936	220,275	-	938,624	436,250	3,168,278
Professional	38,907	-	125,170	33,153	235,417	58,372	759,590	139,635	17,168	1,407,412
Travel, training and meetings	120,086	-	55,483	113,450	119,522	-	184,660	636,396	175,260	1,404,857
Utilities, fuel and maintenance	155,954	-	8,819	98,504	114,298	84,262	75,783	169,131	46,088	752,839
Wages, benefits and honoraria	783,819	-	449,607	1,506,780	737,701	503,292	1,687,181	3,165,148	1,014,802	9,848,330
	1,525,493	161,800	1,575,945	2,327,578	3,266,133	1,521,842	2,738,140	5,063,876	1,689,568	19,870,375
Excess of revenue (expenses)	\$ 90,567	\$ 891,566	\$ (119,555)	\$ (22,861)	\$ 1,715,788	\$ (968,500)	\$ 123,589	\$ 457,875	\$ 254,801	\$ 2,423,270

Naotkamewgwaning First Nation

Segmented Disclosure

For the year ended March 31, 2018

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Housing	Health	Education	Family Services	Child & Services	Total
Revenue											
Government Transfers	\$ 2,069,887	-	\$ 1,464,913	\$ 2,087,418	\$ 1,319,125	\$ 382,573	\$ 1,956,432	\$ 4,712,797	\$ 1,147,617	\$ 1,147,617	\$ 15,140,762
Commercial activities	51,652	-	1,578,684	-	70,625	102,606	-	-	-	-	1,803,567
Other	224,963	832,172	430,040	47,320	21,068	-	501,277	587,298	-	-	2,644,138
	2,346,502	2,422,001	3,473,637	2,161,158	1,416,550	485,179	4,171,004	5,209,497	1,147,617	1,147,617	19,588,467
Expenses											
Amortization	56,880	-	66,996	147,078	683,884	558,982	23,260	5,438	-	-	1,542,518
Other expenses	100,489	52,379	68,550	192,366	297,892	113,529	-	-	-	-	825,205
Office, equipment, supplies and program expenses	639,813	-	684,713	332,291	155,663	3,473	-	760,899	77,785	77,785	2,654,637
Professional	60,580	-	173,971	25,479	231,309	13,147	718,849	286,408	17,422	17,422	1,527,165
Travel, training and meetings	64,247	-	82,068	87,578	87,428	-	115,469	591,636	108,855	108,855	1,137,281
Utilities, fuel and maintenance	166,107	-	18,287	46,918	81,770	93,856	89,317	200,763	69,341	69,341	766,359
Wages, benefits and honoraria	789,216	-	547,212	1,424,443	686,572	5,000	1,415,545	2,822,613	858,441	858,441	8,549,042
	1,877,332	52,379	1,641,797	2,256,153	2,224,518	787,987	2,362,440	4,667,757	1,131,844	1,131,844	17,002,207
Excess of revenue (expenses)	\$ 469,170	\$ 2,369,622	\$ 1,831,840	\$ (94,995)	\$ (807,968)	\$ (302,808)	\$ 1,808,564	\$ 541,740	\$ 15,773	\$ 15,773	\$ 2,586,260