

**ALDERVILLE FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

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**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 18
Schedule of Tangible Capital Assets	19
Schedules of Segment Disclosure	20 - 22



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**Chief: James R. Marsden**  
**Councillor: Julie Bothwell**  
**Councillor: Jody Holmes**  
**Councillor: Pamela Crowe**  
**Councillor: David Simpson**

## **ALDERVILLE FIRST NATION**

**For The Year Ended March 31, 2016**

### **MANAGEMENT REPORT**

The accompanying consolidated financial statements of the Alderville First Nation are the responsibility of management and have been approved by Council.

The consolidated 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 judgements. 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's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. 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 auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow Kawarthas LLP has full and free access to Council.

Chief

James R. Marsden

Date

July 27, 2016

Chief Administrative Officer

James R. Marsden

Date

July 27, 2016

## **INDEPENDENT AUDITORS' REPORT**

### **To Council and the Members of Alderville First Nation**

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of Alderville First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets and 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform 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 auditors' 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alderville First Nation as at March 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### ***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
July 29, 2016

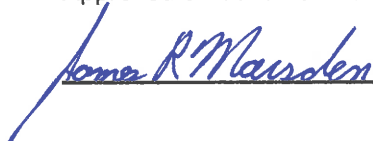
# ALDERVILLE FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2016

	2016 \$	2015 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	508,531	1,201,426
Investments (note 3)	57,097	57,097
Due from government and other government organizations (note 4)	185,852	175,257
Other accounts receivable (note 5)	339,771	284,425
Mortgages due from First Nation members (note 6)	3,431,744	3,341,199
Funds held in trust by Federal Government (note 7)	89,678	84,440
Investment in government business enterprise (note 8)	9,359,110	11,045,207
<b>TOTAL FINANCIAL ASSETS</b>	<b>13,971,783</b>	<b>16,189,051</b>
<b>LIABILITIES</b>		
Due to government and other government organizations (note 10)	35,573	50,041
Accounts payable and accrued liabilities (note 11)	526,363	582,566
Deferred revenue (note 12)	267,569	152,226
Long term debt (note 13)	7,438,544	7,923,861
<b>TOTAL LIABILITIES</b>	<b>8,268,049</b>	<b>8,708,694</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,703,734</b>	<b>7,480,357</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 1)	5,620,035	5,807,459
Prepaid expenses (note 14)	21,347	27,645
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>5,641,382</b>	<b>5,835,104</b>
<b>ACCUMULATED SURPLUS (note 17)</b>	<b>11,345,116</b>	<b>13,315,461</b>

Approved on behalf of the members:

 Chief

 Councillor

The accompanying notes are an integral part of these financial statements

# ALDERVILLE FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
<b>REVENUES</b>			
Indigenous and Northern Affairs Canada (INAC) (notes 18 and 19)	2,910,824	2,635,617	2,552,851
Other Federal grants (note 19)	969,568	969,828	1,036,996
Province of Ontario (note 19)	1,049,159	1,212,621	1,146,143
Ontario First Nations Limited Partnership	698,747	697,673	688,058
Other	1,081,261	1,151,875	1,287,975
Investment income	15,000	13,564	21,150
Amounts earned & held in trust by Federal government (note 7)	-	5,238	4,897
Income/(loss) from government business enterprise (GBE) (note 8)	-	(1,184,528)	141,257
<b>TOTAL REVENUES</b>	<b>6,724,559</b>	<b>5,501,888</b>	<b>6,879,327</b>
<b>EXPENSES</b>			
Administration	1,760,797	1,764,109	1,479,859
Economic development	1,134,900	1,085,311	1,409,490
Education	1,479,723	1,521,896	1,454,573
Lands and membership	168,420	164,143	99,983
Social development	796,869	1,073,249	925,436
Health	1,487,757	1,135,697	1,058,117
Maintenance of facilities	619,371	597,833	509,737
Community centre	171,420	129,995	129,267
<b>TOTAL EXPENSES</b>	<b>7,619,257</b>	<b>7,472,233</b>	<b>7,066,462</b>
<b>ANNUAL DEFICIT</b>	<b>(894,698)</b>	<b>(1,970,345)</b>	<b>(187,135)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>13,315,461</b>	<b>13,315,461</b>	<b>13,502,596</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>12,420,763</b>	<b>11,345,116</b>	<b>13,315,461</b>

The accompanying notes are an integral part of these financial statements

# ALDERVILLE FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
<b>ANNUAL DEFICIT</b>	(894,698)	(1,970,345)	(187,135)
Amortization of tangible capital assets	261,526	258,222	261,526
Acquisition of tangible capital assets	(30,150)	(70,798)	(54,916)
Non-financial assets attributed to GBE	-	-	30,328,288
Decrease in prepaid expenses	-	6,298	37,839
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(663,322)	(1,776,623)	30,385,602
<b>NET FINANCIAL ASSETS (LIABILITIES) - beginning of year</b>	7,480,357	7,480,357	(22,905,245)
<b>NET FINANCIAL ASSETS - end of year</b>	6,817,035	5,703,734	7,480,357

*The accompanying notes are an integral part of these financial statements*

# ALDERVILLE FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended March 31, 2016

	2016 \$	2015 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual deficit	(1,970,345)	(187,135)
Increase in due from government and other government organizations	(10,595)	(123,867)
(Increase)/decrease in other accounts receivable	(55,346)	80,576
Decrease in prepaid expenses	6,298	16,053
Increase/(decrease) in due to government and other government organizations	(14,468)	13,273
Increase/(decrease) in accounts payable and accrued liabilities	(56,203)	434,168
Increase/(decrease) in deferred revenue	115,343	(35,418)
Non-cash charges to operations:		
Amortization of tangible capital assets	258,222	261,526
Income from government business enterprise (GBE)	1,184,528	(141,257)
Net increase/(decrease) in cash from operating transactions	(542,566)	317,919
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(70,798)	(54,916)
<b>INVESTING</b>		
(Increase)/decrease in mortgages due from first nation members	(90,545)	97,922
Increase in funds held in trust by Federal Government	(5,238)	(4,897)
Contributions to government business enterprise	-	(343,272)
Contributions from government business enterprise	501,569	-
Net increase/(decrease) in cash from investing transactions	405,786	(250,247)
<b>FINANCING</b>		
Debt principal repayments	(485,317)	(432,162)
<b>DECREASE IN CASH</b>	(692,895)	(419,406)
<b>CASH - beginning of year</b>	1,201,426	1,620,832
<b>CASH - end of year</b>	508,531	1,201,426

Interest received during the year was \$18,802 (2015 - \$26,047). Interest paid during the year was \$347,979 (2015 - \$376,212).

*The accompanying notes are an integral part of these financial statements*



**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

**(a) Reporting Entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Alderville Solar Inc.
- Alderville Community Development Corporation

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

Effective April 1, 2014, Alderville Solar Limited Partnership ("ASLP") met all the characteristics to be considered a government business enterprise. Accordingly, the investment in ASLP is accounted for on a modified equity basis, consistent with the Canadian Public Sector Accounting Standards treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation, and inter-organizational transactions and balances are not eliminated. Prior to April 1, 2014, ASLP did not meet the definition of a government business enterprise and was consolidated with the operations of the First Nation.

**(b) Cash**

Cash consists of cash on hand and balances with banks.

**(c) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	40 years
Equipment	10-15 years
Vehicles	5 years
Computer hardware and software	4 years
Roads and street lights	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Deferred Revenue

Deferred revenue represents grants and contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Government Funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

(g) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. Such amounts are not expected to change materially in the near term. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(h) Mortgages Due From First Nation Members

Mortgages due from First Nation members are recorded at cost less any amount for forgiveness allowance. Forgiveness allowances are made based upon the last twelve monthly payments if the First Nation members' loan balance is in good standing before the end of the original mortgage term. Mortgages due from First Nation members are reviewed on an annual basis by management.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**2. CASH**

Cash consists of the following:

	2016 \$	2015 \$
<b>Externally restricted</b>		
Apartment replacement	74,253	120,109
Housing	39,601	30,942
Debt service reserve (note 13(c)(ii))	191,839	379,962
	<b>305,693</b>	<b>531,013</b>
<b>Unrestricted and internally restricted</b>		
General - unrestricted	111,359	8,894
Social assistance - internally restricted	29,010	30,092
Thurlow Settlement - internally restricted	56,169	4,436
Community Centre - internally restricted	4,501	6,259
Ontario First Nations (2008) Limited Partnership - internally restricted	1,799	620,732
	<b>202,838</b>	<b>670,413</b>
	<b>508,531</b>	<b>1,201,426</b>

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Alderville First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. These funds are reported as externally restricted cash above in the amount of \$39,601 (2015 - \$30,942).

**3. INVESTMENTS**

Investments are comprised of the following:

	2016 \$	2015 \$
<b>Guaranteed Investment Certificates</b>		
5 year GIC purchased June 14, 2012, maturing June 14, 2017, with interest rates of 1.50% in year 1, 1.75% in year 2, 2.25% in year 3, 2.50% in year 4 and 5.50% in year 5	57,097	57,097

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Amounts due from government and other government organizations consist of:

	2016 \$	2015 \$
Federal government		
INAC	82,426	57,127
Health Canada	50,678	400
Environment Canada	10,419	53,124
Other federal organizations	31,018	-
	174,541	110,651
Province of Ontario	11,311	64,606
	185,852	175,257

**5. OTHER ACCOUNTS RECEIVABLE**

Other accounts receivables consist of the following:

	2016 \$	2015 \$
Due from members:		
Education	85,810	86,453
RRAP loans	133,941	36,560
Small business loans	18,431	24,899
Daycare	19,280	23,035
Miscellaneous	46,596	46,518
	304,058	217,465
Due from others:		
Services - non members	76,590	106,972
Other	2,509	2,509
	79,099	109,481
	383,157	326,946
Less: allowance for doubtful accounts	(43,386)	(42,521)
	339,771	284,425

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**6. MORTGAGES DUE FROM FIRST NATION MEMBERS**

The amount shown as mortgages due from First Nation members represents the amount of funds due from First Nation members with respect to approved housing loans. The unexpended portion of approved loans is not recorded until a payment is made by the First Nation on behalf of the member. The First Nation members have a legal obligation to repay the full amount of the approved loans. No interest is charged on these mortgages. The provision for forgiveness is based upon the last twelve monthly payments, and is provided for, if the First Nation members' loan balance is in good standing before the end of the original mortgage term.

Mortgages due from First Nation members and provision for forgiveness are as follows:

	2016	2015
	\$	\$
Mortgages due from First Nation members	3,701,527	3,614,982
Provision for forgiveness	(269,783)	(273,783)
	3,431,744	3,341,199

**7. FUNDS HELD IN TRUST**

The funds held by the Federal Government on behalf of the First Nation of \$89,678 (2015 - \$84,440) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

The continuity of the funds held in trust by the Federal Government is as follows:

	Opening Balance	Additions	Withdrawals	Closing Balance
	\$	\$	\$	\$
Revenue	84,440	5,238	-	89,678

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE**

The following provides condensed supplementary financial information for the operations of Alderville Solar Limited Partnership ("ASLP"). Alderville First Nation owns an interest of 99.99% in ASLP and Alderville Solar Inc., which is 100% consolidated, owns the remaining 0.01% interest.

The equity in Government Business Enterprise is comprised of the following:

	2016	2015
	\$	\$
Investment in government business enterprise	9,359,110	11,045,207
Long term debt	(7,117,475)	(7,585,178)
	2,241,635	3,460,029

**Financial Position:**

	2016	2015
	\$	\$
Current assets	550,271	1,355,758
Other assets	27,814,562	29,689,488
<b>Total Assets</b>	<b>28,364,833</b>	<b>31,045,246</b>
Current liabilities	909,070	1,044,440
Long-term liabilities	18,096,653	18,955,599
<b>Total Liabilities</b>	<b>19,005,723</b>	<b>20,000,039</b>
<b>Partners' capital</b>	<b>9,359,110</b>	<b>11,045,207</b>
<b>Total Liabilities and Partners' Capital</b>	<b>28,364,833</b>	<b>31,045,246</b>

**Results of Operations:**

	2016	2015
	\$	\$
Revenues	2,015,594	3,229,954
Expenses	3,200,122	3,088,697
<b>Income(Loss) of Government Business Enterprise</b>	<b>(1,184,528)</b>	<b>141,257</b>

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

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**9. CREDIT FACILITY AGREEMENT**

The First Nation has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 1.5% per annum. Council authorized the temporary borrowing limit through a Band Council Resolution. At March 31, 2016 there was a balance outstanding of \$Nil (2015 - \$Nil).

**10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Due to government and other government organizations consists of the following:

	2016	2015
	\$	\$
INAC	25,000	25,000
Health Canada	-	6,153
Federal government - other	106	-
Province of Ontario	7,346	18,888
Corporate income taxes payable	3,121	-
	35,573	50,041

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	2016	2015
	\$	\$
Trade payables	172,807	126,886
Accrued salaries and employee benefits	76,076	75,226
Due to School Boards	120,182	121,473
Due to GBE	9,793	98,484
Rent deposits	15,709	9,234
Other accrued liabilities	131,796	151,263
	526,363	582,566

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**12. DEFERRED REVENUE**

Deferred revenue is comprised of the following:

	2016 \$	2015 \$
INAC	127,356	33,933
Provincial	30,283	-
Other programs	109,930	118,293
	<u>267,569</u>	<u>152,226</u>

The continuity of deferred revenue is as follows:

	2016 \$	2015 \$
Balance - beginning of year	152,226	187,644
Add amounts received:		
INAC	168,600	-
Other Federal	-	104,226
Provincial	45,000	603,294
Other	167,706	386,764
	<u>381,306</u>	<u>1,094,284</u>
Less transfer to operations:		
INAC	75,176	39,281
Other Federal	-	127,881
Provincial	14,717	613,694
Other	176,070	348,846
	<u>265,963</u>	<u>1,129,702</u>
Balance - end of year	<u>267,569</u>	<u>152,226</u>



**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**13. LONG TERM DEBT**

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2016	2015
	\$	\$
Mortgage payable to CMHC, interest at 1.64% per annum, due February 1, 2017 payable in blended monthly payments of \$1,919	321,069	338,683
Loan payable to Bank of Montreal, interest at 4.94% per annum, blended semi-annual payments of \$188,123, secured by First Nation's OFNLP revenues, due 2029	3,566,920	3,757,956
Loan payable to Bank of Montreal, interest at prime plus 1.5% per annum, monthly principal payments of \$23,056 plus interest, due 2029	3,550,555	3,827,222
	<b>7,438,544</b>	<b>7,923,861</b>

- (b) Interest paid on long term debt amounted to \$347,979 (2015 - \$376,212).
- (c) The above loans have the following securities and conditions:
- (i) The above CMHC mortgage is approved by First Nation Council Resolution and guaranteed by INAC.
  - (ii) The loan payable to Bank of Montreal, that is secured by the First Nation's OFNLP revenues, has been guaranteed by Ontario Financing Authority for the full term of the loan. As a condition of the financing and loan guarantee, the Alderville Community Development Corporation has to set aside \$376,246 for the Debt Service Reserve Account (DSRA). This amount is held in a separate bank account with the First Nation's financial institution as detailed in note 2. During the course of the year, Alderville Community Development Corporation obtained approval from the lender for a drawdown of \$188,123 from this account to meet loan repayment commitments. Accordingly, \$184,407 is required to be repaid to the DSRA in order to return the balance to the minimum required level. Subsequent to year end this amount has been paid.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**13. LONG TERM DEBT, continued**

(d) The long term debt reported in (a) of this note has the following principal repayments based on the same repayment terms:

	Principal \$	Interest \$	Total \$
2017	495,244	325,847	821,091
2018	505,682	303,681	809,363
2019	516,636	307,243	823,879
2020	528,134	257,770	785,904
2021	768,565	233,972	1,002,537
2022 to 2026	2,803,770	776,015	3,579,785
2027 and subsequent years	1,820,513	139,996	1,960,509
	7,438,544	2,344,524	9,783,068

**14. PREPAID EXPENSES**

Prepaid expenses consist of the following:

	2016 \$	2015 \$
School boards	18,600	20,100
Other	2,747	7,545
	21,347	27,645

**15. PENSION AGREEMENTS**

The First Nation makes contributions to Great West Life on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Contributions required on account of current service in 2016 were \$104,196 (2015 - \$103,115).

**16. ECONOMIC DEPENDENCE**

The First Nation receives a significant portion of its revenue from INAC. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**17. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2016 \$	2015 \$
<b>Surplus/(Deficit)</b>		
First Nation - operating	220,546	238,220
First Nation - solar operating	(2,321,863)	(1,901,332)
Alderville Solar Inc.	(9,029)	(6,248)
Alderville Community Development Corporation	11,067	8,451
Equity in GBE - note 8	2,241,635	3,460,029
	142,356	1,799,120
<b>Invested in Capital Assets</b>		
Tangible capital assets - net book value	5,620,035	5,807,459
Long term debt	(321,069)	(338,683)
	5,298,966	5,468,776
<b>Surplus</b>	5,441,322	7,267,896
<b>Restricted</b>		
Housing	3,565,558	3,565,558
Small business loans	37,500	37,500
Education	185,104	213,765
General	444,778	405,832
CMHC Section 95	108,817	99,584
Thurlow Settlement	704,542	119,298
Ontario First Nation Limited Partnership	767,817	1,521,588
<b>Total Restricted</b>	5,814,116	5,963,125
<b>Held in Trust by the Federal Government</b>		
Revenue	89,678	84,440
	11,345,116	13,315,461

The restricted fund balances consist of funds set aside for specific purposes or to meet certain obligations as follows:

- The Housing Program is treated as a restricted fund. The fund balance represents Federal Government contributions to the Housing Program net of grants or loans provided to First Nation members and forgiven by the First Nation under the program. The fund balance has also been reduced by the purchase of capital assets, which are used as housing rentals.
- The Small Business Loans program is treated as a restricted fund. The fund balance represents transfers from the Economic Development Department. The purpose of this fund is to provide venture capital to First Nation members. The loans are required to be repaid.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**17. ACCUMULATED SURPLUS, continued**

- (c) The Education Fund is treated as a restricted fund. The fund was established to finance future education programs.
- (d) The general fund is treated as a restricted fund. The fund was established to finance future operating programs.
- (e) The CMHC Section 95 fund is treated as an externally restricted fund. The fund was established to accumulate any surplus from the program.
- (f) The Thurlow Settlement fund is treated as an internally restricted fund and was established with the funds received from the lands claim settlement.
- (g) The Ontario First Nation Limited Partnership fund is treated as an internally restricted fund. The fund was established with the funds received from the 35% escrow funds.

**18. RECONCILIATION OF INAC FUNDING TO FIRST NATION INAC REVENUE**

	\$
<b>INAC Funding Per Confirmation</b>	2,884,040
<b>Add 2015 Deferred Revenue</b>	
Land management	17,353
Drinking water improvement initiative	16,580
	33,933
<b>Less 2016 Deferred Revenue</b>	
Land management	5,353
Drinking water improvement initiative	115,780
Community development	6,223
	127,356
<b>Less Unearned Amounts Not Yet Received</b>	
Drinking water improvement initiative	155,000
<b>INAC Revenue For The Year</b>	2,635,617

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

**19. GOVERNMENT TRANSFERS**

Government transfers consist of the following:

	2016	2015
	\$	\$
Federal government operating transfers		
INAC	2,635,617	2,552,851
Health Canada	797,623	751,333
Canada Mortgage and Housing Corporation	18,019	18,723
Other	154,186	266,940
	3,605,445	3,589,847
Provincial government operating transfers	1,212,621	1,146,143
	4,818,066	4,735,990

**20. BUDGET FIGURES**

The budget, approved by the First Nation, for 2016 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**21. CONTINGENT LIABILITIES**

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

Alderville First Nation, along with six other First Nations, is contingently liable for a loan. The purpose of the loan is to finance Treaty negotiations with Canada. Once the Treaty has been settled, the proceeds of the settlement will be used to repay the loan. Alderville's share of this loan at March 31, 2016 is \$29,700 (2015 - \$29,700).

**22. SEGMENTED INFORMATION**

Alderville First Nation is a territorial government that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

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. Certain allocation methodologies are employed in the preparation of segmented financial information.

**ALDERVILLE FIRST NATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2016**

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**22. SEGMENTED INFORMATION, continued**

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

**Administration**

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

**Economic Development**

Economic development includes the operations of the resource centre, Black Oak Savannah and small business centre rentals and the various employment oriented programs of the First Nation as well as the activities of Alderville Solar Inc. and Alderville Community Development Corporation and income from the investment in a government business enterprise.

**Education**

Education includes the off reserve schools and post secondary education.

**Lands and Memberships**

Lands and memberships includes the First Nation housing, estates, and membership functions including lot purchases.

**Social Development**

Social development consists of General Assistance to members and inhabitants of the First Nation, seniors complex and child care services.

**Health**

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation.

**Maintenance of Facilities**

Maintenance of facilities includes public works, fire agreement and buildings not included in other segments.

**Community Centre**

Community centre includes all operations of the community centre.

# ALDERVILLE FIRST NATION

## SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2016

	Cost			Accumulated Amortization			Net Book Value				
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Amortization \$	Disposals, Write-offs & Other Adjustments \$	Closing Balance \$	2016 \$	2015 \$	
Tangible Capital Assets											
Land	880,756	-	-	880,756	-	-	-	-	880,756	880,756	
Residential buildings	1,453,818	-	-	1,453,818	398,220	36,346	-	434,566	1,019,252	1,055,598	
Non-residential buildings	5,513,562	-	-	5,513,562	2,148,512	135,924	-	2,284,436	3,229,126	3,365,050	
Vehicles	534,386	-	-	534,386	488,351	22,743	-	511,094	23,292	46,035	
Computer equipment	138,972	31,271	14,456	155,787	112,508	8,500	14,456	106,552	49,235	26,464	
Other equipment	450,093	39,527	-	489,620	257,051	37,420	-	294,471	195,149	193,042	
Roads and street lights	872,804	-	-	872,804	632,290	17,289	-	649,579	223,225	240,514	
Total	9,844,391	70,798	14,456	9,900,733	4,036,932	258,222	14,456	4,280,698	5,620,035	5,807,459	

**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE**  
**For the Year Ended March 31, 2016**



Collins Barrow  
Chartered Professional Accountants



# ALDERVILLE FIRST NATION

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2016

	Lands and Membership		Social Development		Health	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
	\$	\$	\$	\$	\$	\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>						
INAC	153,038	148,783	159,261	126,051	118,270	58,564
Other Federal contributions	1,760	2,464	1,500	-	-	797,623
Province of Ontario	-	-	-	830,078	612,533	199,479
Other	34,536	-	27,321	183,225	123,313	152,960
	189,334	151,247	188,082	1,139,354	854,116	1,208,626
						1,181,264
						1,533,351
<b>Expenses</b>						
Salaries and benefits	133,589	84,037	139,902	500,702	451,793	568,719
Materials	20,755	15,677	12,445	236,694	202,787	343,863
Occupancy costs	-	-	-	66,859	45,103	5,300
Contracted services	-	-	-	-	-	63,913
Program costs	9,580	-	15,804	253,963	210,722	117,440
External transfers	-	-	-	-	4,885	-
Amortization	219	269	269	15,031	15,031	36,462
	164,143	99,983	168,420	1,073,249	925,436	1,135,697
						1,058,117
						1,487,757
<b>Annual Surplus/(Deficit)</b>	25,191	51,264	19,662	66,105	57,247	72,929
						123,147
						45,594

# ALDERVILLE FIRST NATION

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2016

	Maintenance of Facilities			Community Centre		Consolidated Totals		
	Actual 2016	Actual 2015	Budget 2016	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Budget 2016
	\$	\$	\$(Unaudited)	\$	\$	\$	\$	\$(Unaudited)
<b>Revenues</b>								
INAC	238,338	238,700	238,338	-	-	2,635,617	2,552,851	2,910,824
Other Federal contributions	50,000	-	50,000	-	23,655	969,828	1,036,996	969,568
Province of Ontario	2,040	2,174	2,040	14,717	-	1,212,621	1,146,143	1,049,159
OFNLP - Administration	-	-	-	-	-	697,673	688,058	698,747
Other	152,058	122,624	139,104	62,480	43,372	1,151,875	1,287,975	1,081,261
Other investment income	-	-	-	-	-	13,564	21,150	15,000
Amounts earned & held in trust by Federal government	-	-	-	-	-	5,238	4,897	-
Income from GBE	-	-	-	-	-	(1,184,528)	141,257	-
	442,436	363,498	429,482	77,197	67,027	5,501,888	6,879,327	6,724,559
<b>Expenses</b>								
Salaries and benefits	101,802	96,517	108,106	56,717	44,548	2,741,465	2,743,078	2,866,651
Materials	189,542	172,113	207,425	4,599	35,674	1,914,134	1,587,117	1,944,727
Occupancy costs	160,682	97,426	161,900	-	1,920	263,522	181,816	232,865
Contracted services	-	-	-	-	-	287,311	312,878	581,757
Bank charges and interest	-	-	-	-	-	359,952	386,144	369,424
Program costs	4,210	2,241	500	36,085	14,548	1,647,627	1,593,903	1,357,422
External transfers	-	-	-	-	-	-	-	4,885
Amortization	141,597	141,440	141,440	32,594	32,577	258,222	261,526	261,526
	597,833	509,737	619,371	129,995	129,267	7,472,233	7,066,462	7,619,257
<b>Annual Surplus/(Deficit)</b>	<b>(155,397)</b>	<b>(146,239)</b>	<b>(189,889)</b>	<b>(52,798)</b>	<b>(62,240)</b>	<b>(1,970,345)</b>	<b>(187,135)</b>	<b>(894,698)</b>