

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

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Councillor: Pamela Crowe
Councillor: David Simpson

ALDERVILLE FIRST NATION

For The Year Ended March 31, 2018

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 auditor, 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 independent 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

Date

First Nation Administrator

Date

INDEPENDENT AUDITOR'S 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, 2018, 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.

Auditor's 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 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 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, 2018 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

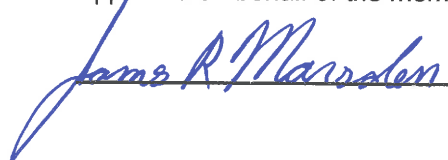
Peterborough, Ontario
July 30, 2018

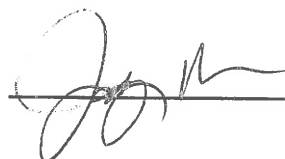
ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At March 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash (note 3)	4,807,478	1,165,133
Investments (note 4)	80,208	57,097
Due from government and other government organizations (note 5)	292,183	169,131
Other accounts receivable (note 6)	436,822	375,860
Mortgages due from First Nation members (note 7)	3,289,965	3,496,444
Funds held in trust by Federal Government (note 8)	97,547	93,007
Investment in government business enterprise (note 12)	8,641,802	9,518,021
TOTAL FINANCIAL ASSETS	17,646,005	14,874,693
LIABILITIES		
Due to government and other government organizations (note 13)	138,577	38,138
Accounts payable and accrued liabilities (note 14)	613,769	655,353
Deferred revenue (note 15)	306,841	376,386
Long term debt (note 16)	6,478,754	6,967,707
TOTAL LIABILITIES	7,537,941	8,037,584
NET FINANCIAL ASSETS	10,108,064	6,837,109
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	7,841,117	6,753,542
Prepaid expenses (note 17)	11,195	40,259
TOTAL NON-FINANCIAL ASSETS	7,852,312	6,793,801
ACCUMULATED SURPLUS (note 18)	17,960,376	13,630,910

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Indigenous and Northern Affairs Canada (INAC) (notes 21 and 22)	3,596,919	3,606,375	3,770,626
Other Federal grants (note 22)	942,277	942,279	948,865
Province of Ontario (note 22)	1,692,876	1,613,528	1,327,021
Other First Nations	46,960	34,875	17,560
Ontario First Nations Limited Partnership	-	792,449	785,356
Other	2,015,056	2,067,257	1,877,888
Investment income	11,000	22,080	23,676
Amounts earned & held in trust by Federal government	-	4,540	3,330
Income from government business enterprise (GBE) (note 12)	1,377,180	383,312	1,266,188
	260,409	2,857,143	-
TOTAL REVENUES	9,942,677	12,323,838	10,020,510
EXPENSES			
Administration	2,210,030	1,786,107	1,866,418
Economic development	1,174,448	1,048,327	902,407
Education	1,632,369	1,451,479	1,575,757
Lands and membership	370,384	298,322	336,327
Social development	1,399,444	1,276,527	1,071,699
Health	1,468,973	1,359,664	1,241,821
Maintenance of facilities	498,412	531,852	563,544
Community centre	347,476	242,094	176,743
TOTAL EXPENSES	9,101,536	7,994,372	7,734,716
ANNUAL SURPLUS	<u>841,141</u>	4,329,466	2,285,794
ACCUMULATED SURPLUS - beginning of year		13,630,910	11,345,116
ACCUMULATED SURPLUS - end of year		17,960,376	13,630,910

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	841,141	4,329,466	2,285,794
Amortization of tangible capital assets	307,992	343,190	307,993
Acquisition of tangible capital assets	(1,517,464)	(1,430,765)	(1,441,500)
Gain on disposal of tangible capital assets	-	(1,000)	(27,000)
Proceeds on sale of tangible capital assets	-	1,000	27,000
(Increase)/decrease in prepaid expenses	-	29,064	(18,912)
CHANGE IN NET FINANCIAL ASSETS	(368,331)	3,270,955	1,133,375
NET FINANCIAL ASSETS - beginning of year	6,837,109	6,837,109	5,703,734
NET FINANCIAL ASSETS - end of year	6,468,778	10,108,064	6,837,109

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, 2018

	2018 \$	2017 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,329,466	2,285,794
Items not involving cash		
Amortization of tangible capital assets	343,190	307,993
Gain on disposal of tangible capital assets	(1,000)	(27,000)
Income from GBE	(383,312)	(1,266,188)
Change in non-cash assets and liabilities		
Due from government and other government organizations	(123,052)	16,721
Other accounts receivable	(60,962)	(32,518)
Prepaid expenses	29,064	(18,912)
Due to government and other government organizations	100,439	2,565
Accounts payable and accrued liabilities	(41,584)	125,419
Deferred revenue	(69,545)	108,817
Net change in cash from operating activities	4,122,704	1,502,691
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,430,765)	(1,441,500)
Proceeds on disposal of tangible capital assets	1,000	27,000
Net change in cash from capital activities	(1,429,765)	(1,414,500)
INVESTING ACTIVITIES		
Redemption of investments	57,097	-
Purchase of investments	(80,208)	-
Mortgages due from First Nation members	206,479	(64,700)
Increase in funds held in trust by Federal Government	(4,540)	(3,329)
Contributions from government business enterprise	1,259,531	1,107,277
Net change in cash from investing activities	1,438,359	1,039,248
FINANCING ACTIVITIES		
Long term debt issued	-	333,421
Debt principal repayments	(488,953)	(804,258)
Net change in cash from financing activities	(488,953)	(470,837)
NET CHANGE IN CASH	3,642,345	656,602
CASH - beginning of year	1,165,133	508,531
CASH - end of year	4,807,478	1,165,133

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, 2018

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
- Rice Lake Wireless Inc.

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

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.

Rice Lake Wireless Inc. was incorporated on August 28, 2017. There were no activities of the corporation during the year.

(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, 2018

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 externally restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets. Other revenues are recognized as revenue as they are earned. Ontario First Nations Limited Partnership funding is recognized as revenues in the year the amounts are collected. 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 and are repayable interest free.

2. CHANGE IN ACCOUNTING POLICY

The First Nation implemented PS 3320 requiring disclosures on contingent assets. The new requirement applies for annual periods beginning on or after April 1, 2017. The adoption of the new section did not have an impact on the First Nation's operations and financial position. Additional disclosures in Note 20 were required to disclose contingent assets that existed as at March 31, 2018.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

3. CASH

Cash consists of the following:

	2018	2017
	\$	\$
Externally restricted		
Housing - CMHC	44,075	44,075
Debt service reserve (note 16(c)(ii))	378,876	376,246
	422,951	420,321
Unrestricted and internally restricted		
General - unrestricted	3,596,756	586,892
Social assistance - internally restricted	128,664	25,164
Thurlow Settlement - internally restricted	1,029	1,029
Community Centre - internally restricted	14,605	4,532
Ontario First Nations (2008) Limited Partnership - internally restricted	437,390	39,573
Housing	206,083	87,622
	4,384,527	744,812
	4,807,478	1,165,133

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 \$44,075 (2017 - \$44,075).

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

4. INVESTMENTS

Investments are comprised of the following:

	2018 \$	2017 \$
Guaranteed Investment Certificates		
GIC maturing June 19, 2022, with interest rate of 2.00%	50,000	-
5 year GIC 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
1 year GIC maturing November 16, 2018 with interest rate of 0.85%	2,107	-
3 year GICs maturing November 16, 2020, with interest rates of 0.75% in year 1, 0.85% in year 2 and 1.00% in year 3	4,914	-
3 year GICs maturing November 16, 2020, with interest rates of 1.00% in year 1, 1.10% in year 2 and 1.65% in year 3	10,539	-
5 year GICs maturing November 16, 2022, with interest rates of 1.00% in year 1, 1.10% in year 2, 1.15% in year 3, 1.25% in year 4 and 3.00% in year 5	12,646	-
	80,206	57,097
Other investments		
OFN Asset Management GP Corp. common share	1	-
Ontario First Nations Sovereign Wealth LP limited partnership share	1	-
	2	-
	80,208	57,097

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

5. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consist of:

	2018	2017
	\$	\$
Federal government		
INAC	204,426	58,793
Environment Canada	11,176	10,000
	215,602	68,793
Canada Revenue Agency		
HST rebate receivable	-	63
Corporate income taxes - current & deferred	384	-
	384	63
Province of Ontario	76,197	100,275
	292,183	169,131

6. OTHER ACCOUNTS RECEIVABLE

Other accounts receivables consist of the following:

	2018	2017
	\$	\$
Due from members:		
Education	123,693	95,512
RRAP loans	109,838	66,685
Small business loans	6,899	10,591
Daycare	17,822	19,618
Miscellaneous	20,943	36,203
	279,195	228,609
Due from others:		
Services - non members	136,990	183,885
Other	2,508	2,509
GBE	70,043	3,571
	209,541	189,965
	488,736	418,574
Less: allowance for doubtful accounts	(51,914)	(42,714)
	436,822	375,860

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

7. 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.

Mortgages due from First Nation members are as follows:

	2018	2017
	\$	\$
Mortgages due from First Nation members	3,289,965	3,496,444

8. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$97,547 (2017 - \$93,007) 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	93,007	4,540	-	97,547

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, 2018 there was a balance outstanding of \$Nil (2017 - \$Nil).

10. 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 2018 were \$107,319 (2017 - \$115,874).

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

11. 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.

12. 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:

	2018 \$	2017 \$
Investment in government business enterprise	8,641,802	9,518,021
Long term debt	(6,175,675)	(6,640,118)
	<u>2,466,127</u>	<u>2,877,903</u>

The financial position of the Government Business Enterprise is comprised of the following:

	2018 \$	2017 \$
Current assets	737,914	969,186
Other assets	25,236,005	26,704,430
Total Assets	25,973,919	27,673,616
Current liabilities	1,040,075	946,290
Long-term liabilities	16,292,042	17,209,305
Total Liabilities	17,332,117	18,155,595
Partners' capital	8,641,802	9,518,021
Total Liabilities and Partners' Capital	25,973,919	27,673,616

The results of operations of the Government Business Enterprise is comprised of the following:

	2018 \$	2017 \$
Revenues	3,205,919	4,137,567
Expenses	2,822,607	2,871,379
Income of Government Business Enterprise	383,312	1,266,188

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

13. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

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

	2018	2017
	\$	\$
INAC	-	25,000
Health Canada	2,566	-
Federal government - other	32,672	2,671
Province of Ontario	94,311	7,346
Corporate income taxes payable	-	3,121
County of Northumberland	9,028	-
	138,577	38,138

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2018	2017
	\$	\$
Trade payables	304,391	256,486
Accrued salaries and employee benefits	90,371	91,927
Due to School Boards	116,898	110,323
Due to GBE	18,088	15,574
Rent deposits	27,764	16,859
Other accrued liabilities	56,257	164,184
	613,769	655,353

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

15. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2018	2017
	\$	\$
INAC - specific programs	58,484	122,127
Other Federal	25,000	-
Provincial	-	36,000
Other programs	223,357	218,259
	306,841	376,386

The continuity of deferred revenue is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	376,386	267,569
Add amounts received:		
INAC - specific programs	601,815	122,127
Other Federal	50,000	-
Provincial	4,000	36,000
Other	310,749	576,462
	966,564	734,589
Less transfer to operations:		
INAC - specific programs	665,458	127,356
Other Federal	25,000	-
Provincial	40,000	30,283
Other	305,651	468,133
	1,036,109	625,772
Balance - end of year	306,841	376,386

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

16. LONG TERM DEBT

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

	2018 \$	2017 \$
Mortgage payable to CMHC, interest at 1.46% per annum, due March 1, 2022 payable in blended monthly payments of \$1,895.	284,698	303,143
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.	3,155,398	3,366,229
Loan payable to Bank of Montreal, interest at prime plus 1.5% per annum, monthly principal payments of \$23,056 plus interest, due 2029.	3,020,277	3,273,889
Loan payable to Scotiabank, interest at 0% per annum, monthly principal payments of \$233, due April 5, 2021, secured by a vehicle.	18,381	24,446
	6,478,754	6,967,707

- (b) Interest paid on long term debt amounted to \$313,334 (2017 - \$323,365).
- (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 \$378,876 (2017 - \$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 3.
- (d) During the year, the First Nation entered into an agreement for a mortgage from CMHC for a maximum of \$666,883 to be repaid over 25 years with an interest rate of 2.16%. As at March 31, 2018 no advances from this loan had been received.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

16. LONG TERM DEBT, continued

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

	Principal \$	Interest \$	Total \$
2019	545,992	290,002	835,994
2020	535,404	265,885	801,289
2021	546,441	241,201	787,642
2022	553,193	215,917	769,110
2023	566,274	190,005	756,279
2024 and subsequent years	3,731,450	557,049	4,288,499
	6,478,754	1,760,059	8,238,813

17. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2018 \$	2017 \$
School boards	11,195	40,259

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

18. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
First Nation - operating	190,163	213,770
First Nation - solar operating	(2,002,966)	(2,017,910)
Alderville Solar Inc.	(14,016)	(10,465)
Alderville Community Development Corporation	(5,473)	(9,836)
Equity in GBE - note 12	2,466,127	2,877,903
	633,835	1,053,462
Invested In Capital Assets		
Tangible capital assets - net book value	7,841,117	6,753,542
Long term debt	(303,079)	(327,589)
Unfunded capital (below)	(574,922)	-
	6,963,116	6,425,953
Surplus	7,596,951	7,479,415
Restricted		
Housing	3,565,558	3,565,558
Small business loans	37,500	37,500
Education	231,308	175,314
General	1,707,865	838,336
CMHC Section 95	123,353	116,297
Thurlow Settlement	132,342	563,842
Ontario First Nation Limited Partnership	4,062,630	761,641
Solar	405,322	-
Total Restricted	10,265,878	6,058,488
Held in Trust by the Federal Government		
Revenue	97,547	93,007
	17,960,376	13,630,910

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

- (a) The Housing program is treated as an internally 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.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

18. ACCUMULATED SURPLUS, continued

- (b) The Small Business Loans program is treated as an internally 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.
- (c) The Education Fund is treated as an internally restricted fund. The fund was established to finance future education programs.
- (d) The general fund is treated as an internally 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.
- (h) The Solar fund is treated as an internally restricted fund. The fund was established with the excess funds received from distributions from the GBE.

The unfunded capital noted above consists of the new senior's complex construction which is expected to be funded from future CMHC Section 95 fund loans.

19. 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.

20. CONTINGENT ASSETS

The First Nation has a contingent asset relating to the Williams Treaty along with six other member First Nations as at March 31, 2018. The contingent asset is dependent upon a ratification vote by the seven member First Nations' members on June 23, 2018 and final ratification by both the Government of Canada and Government of Ontario. The amount of the First Nation's contingent asset cannot be disclosed due to the terms of the agreement.

The First Nation has started a claim against a vendor based on breach of contract and breach of warranty. The amount of the claim cannot be disclosed as disclosure of the extent may have an adverse effect on the outcome.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

21. RECONCILIATION OF INAC FUNDING TO FIRST NATION INAC REVENUE

	\$
INAC Funding Per Confirmation	3,574,865
Add 2017 Deferred Revenue	
Estate management	4,407
Drinking water improvement initiative	80,297
Community development	2,571
WISP	33,102
Special education	1,750
	122,127
Less 2018 Deferred Revenue	
Special education	1,750
New paths	12,020
Prevention and least disruptive measures	44,714
	58,484
Less Amounts Uncollected and Unspent	
Drinking water improvement initiative	26,608
Skills link	5,525
	32,133
INAC Revenue For The Year	3,606,375

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

22. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2018	2017
	\$	\$
Federal government operating transfers		
INAC	3,217,495	3,770,626
Health Canada	789,559	806,927
Canada Mortgage and Housing Corporation	15,962	16,938
Other	136,758	125,000
	4,159,774	4,719,491
Federal government capital transfers		
INAC	388,880	-
Provincial government operating transfers	1,458,967	1,327,021
Provincial capital government transfers	154,561	-
	6,162,182	6,046,512

23. BUDGET FIGURES

The budget, approved by the First Nation, for 2018 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.

24. 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.

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.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

24. SEGMENTED INFORMATION, continued

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. Alderville Community Development Corporation and Rice Lake Wireless Inc. 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 assistance to members and inhabitants of the First Nation including Ontario Works, 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.

25. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended March 31, 2018

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ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2018

	Actual 2018	Administration Actual 2017	Budget 2018	Actual 2018	Economic Development Actual 2017	Budget 2018	Actual 2018	Economic Development Actual 2017	Budget 2018	Education Actual 2017	Budget 2018
	\$	\$	(Unaudited)	\$	\$	(Unaudited)	\$	\$	(Unaudited)	\$	(Unaudited)
Revenues											
INAC	834,277	472,236	787,382	369,986	169,928	378,585	1,626,856	1,580,001	1,592,137		
Other Federal grants	-	-	-	136,758	125,000	136,758	-	-	-	-	-
Province of Ontario - operating	-	-	-	107,329	106,829	107,329	-	-	-	-	-
Other First Nations	-	-	-	34,875	17,560	46,960	-	-	-	-	-
Ontario First Nations Limited Partnership	792,449	785,356	-	-	-	-	-	-	-	-	-
Other	182,029	413,233	155,566	478,115	230,207	586,899	227,031	111,175	95,073		
Investment income	18,259	7,390	11,000	3,821	16,286	-	-	-	-	-	-
Amounts earned & held in trust by Federal government	4,540	3,330	-	-	-	-	-	-	-	-	-
Income from GBE	-	-	-	383,312	1,266,188	1,377,180	-	-	-	-	-
Williams Treaty legal reimbursement	2,857,143	-	260,409	-	-	-	-	-	-	-	-
	4,688,697	1,681,545	1,214,357	1,514,196	1,931,998	2,633,711	1,853,887	1,691,176	1,687,210		
Expenses											
Salaries and benefits	660,427	615,771	702,749	437,775	359,476	435,432	287,245	288,148	279,831		
Materials	496,418	928,163	480,741	72,402	76,550	145,689	106,808	103,158	100,454		
Occupancy costs	41,348	43,549	45,000	1,732	7,343	5,843	12,101	15,722	18,832		
Contracted services	71,150	104,842	388,809	21,223	58,375	15,139	128	32,454	3,966		
Bank charges and interest	55,843	4,930	2,500	314,886	323,520	322,668	2,325	2,279	1,600		
Program costs	3,148	5,045	3,550	193,244	70,055	242,589	1,014,337	1,104,792	1,198,482		
External transfers	431,245	141,279	563,842	-	-	-	-	-	-		
Amortization	26,528	22,839	22,839	7,065	7,088	7,088	28,535	29,204	29,204		
	1,786,107	1,866,418	2,210,030	1,048,327	902,407	1,174,448	1,451,479	1,575,757	1,632,369		
Net deficit	2,902,590	(184,873)	(995,673)	465,869	1,029,591	1,459,263	402,408	115,419	54,841		

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2018

	Lands and Membership			Social Development			Health		
	Actual 2018	Actual 2017	Budget 2018 \$	Actual 2018	Actual 2017	Budget 2018 \$	Actual 2018	Actual 2017	Budget 2018 \$
	\$	\$	(Unaudited)	\$	\$	(Unaudited)	\$	\$	(Unaudited)
Revenues									
INAC	157,953	165,624	168,678	118,616	122,821	117,702	262,409	998,291	333,730
Other Federal contributions	15,962	16,938	15,962	-	-	-	789,559	806,927	789,557
Province of Ontario	-	-	-	928,619	859,703	964,717	400,365	203,065	443,615
Other	180,567	179,911	182,100	401,266	229,346	366,361	314,814	282,984	303,933
	354,482	362,473	366,740	1,448,501	1,211,870	1,448,780	1,767,147	2,291,267	1,870,835
Expenses									
Salaries and benefits	134,222	152,800	190,612	610,390	508,423	635,159	612,441	594,019	683,986
Materials	132,215	140,789	148,254	216,091	129,281	274,235	209,327	178,639	204,356
Occupancy costs	14,180	14,639	15,200	65,248	110,870	76,713	17,153	26,676	21,760
Contracted services	3,330	3,330	3,330	34,109	60,706	64,980	42,795	29,425	74,900
Bank charges and interest	4,291	5,103	4,291	-	-	-	-	-	-
Program costs	10,011	19,447	8,478	333,622	244,852	327,105	303,304	351,630	337,939
External transfers	-	-	-	-	1,200	4,885	84,600	-	84,600
Amortization	73	219	219	17,067	16,367	16,367	90,044	61,432	61,432
	298,322	336,327	370,384	1,276,527	1,071,699	1,399,444	1,359,664	1,241,821	1,468,973
Net deficit	56,160	26,146	(3,644)	171,974	140,171	49,336	407,483	1,049,446	401,862

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued
For the Year Ended March 31, 2018



**COLLINS
BARROW**