

**CURVE LAKE FIRST NATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

# **CURVE LAKE FIRST NATION**

## **FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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Curve Lake, ON K0L 1R0

## CURVE LAKE FIRST NATION

For The Year Ended March 31, 2017

### MANAGEMENT REPORT

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

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and 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 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

August 14, 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **To Council and the Members of Curve Lake First Nation**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Curve Lake First Nation, which comprise the statement of financial position as at March 31, 2017, the 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 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 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 financial statements present fairly, in all material respects, the financial position of Curve Lake First Nation as at March 31, 2017 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  
August 14, 2017

# CURVE LAKE FIRST NATION

## STATEMENT OF FINANCIAL POSITION At March 31, 2017

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	224,188	401,126
Investments (note 3)	24,285,646	26,261,677
Due from Government and other Government organizations (note 4)	265,565	364,396
Other accounts receivable (note 5)	303,048	147,236
Mortgages due from First Nation members (note 6)	3,697,248	3,646,500
Funds held in trust by the Federal Government (note 7)	559,406	547,650
<b>TOTAL FINANCIAL ASSETS</b>	<b>29,335,101</b>	<b>31,368,585</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 8)	1,168,631	1,504,828
Islands in the Trent Settlement payable	-	1,000,000
Due to Government and other Government organizations (note 9)	167,373	161,075
Deferred revenue (note 10)	465,931	832,934
Long term debt (note 11)	527,668	564,122
<b>TOTAL LIABILITIES</b>	<b>2,329,603</b>	<b>4,062,959</b>
<b>NET FINANCIAL ASSETS</b>	<b>27,005,498</b>	<b>27,305,626</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 1)	12,251,244	11,815,673
Prepaid expenses (note 12)	89,329	66,371
Inventory of land held for resale	42,074	42,074
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>12,382,647</b>	<b>11,924,118</b>
<b>ACCUMULATED SURPLUS (note 13)</b>	<b>39,388,145</b>	<b>39,229,744</b>

Approved on behalf of the members:

 Chief

 Councillor

The accompanying notes are an integral part of these financial statements

# CURVE LAKE FIRST NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Indigenous and Northern Affairs Canada (INAC) (notes 14 and 15)	5,562,950	5,517,492	5,114,770
Federal Government other (note 15)	1,310,199	1,248,065	1,272,178
Province of Ontario (note 15)	2,275,493	2,302,724	2,100,230
Other First Nations	-	-	3,639,544
Other	1,366,083	4,124,214	2,733,711
<b>TOTAL REVENUES</b>	<b>10,514,725</b>	<b>13,192,495</b>	<b>14,860,433</b>
<b>EXPENSES</b>			
Administration	1,144,306	2,358,058	467,846
Community operations	1,123,748	1,442,362	1,040,844
Economic development	520,643	471,975	460,886
Cultural	30,730	56,818	39,532
Education	4,472,259	4,393,804	4,234,320
Land management	409,019	436,223	4,049,910
Social development	1,294,740	1,341,338	1,249,435
Health	1,815,888	1,935,057	1,385,144
Gaming revenue programs	-	598,459	2,611,349
<b>TOTAL EXPENSES</b>	<b>10,811,333</b>	<b>13,034,094</b>	<b>15,539,266</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(296,608)</u></b>	<b>158,401</b>	<b>(678,833)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>39,229,744</b>	<b>39,908,577</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>39,388,145</b>	<b>39,229,744</b>

The accompanying notes are an integral part of these financial statements

# CURVE LAKE FIRST NATION

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(296,608)	158,401	(678,833)
Amortization of tangible capital assets	501,357	609,354	501,357
Acquisition of tangible capital assets	(755,464)	(1,058,282)	(2,754,490)
Loss on disposal of tangible capital assets	-	13,357	-
Increase in prepaid expenses	-	(22,958)	(15,533)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(550,715)	(300,128)	(2,947,499)
<b>NET FINANCIAL ASSETS - beginning of year</b>	27,305,626	27,305,626	30,253,125
<b>NET FINANCIAL ASSETS - end of year</b>	26,754,911	27,005,498	27,305,626

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

# CURVE LAKE FIRST NATION

## STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2017

	2017 \$	2016 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	158,401	(678,833)
Items not involving cash		
Amortization of tangible capital assets	609,354	501,357
Loss on disposal of tangible capital assets	13,357	-
Change in non-cash assets and liabilities		
Due from Government and other Government organizations	98,831	(89,274)
Other accounts receivable	(155,812)	23,494
Prepaid expenses	(22,958)	(15,533)
Accounts payable and accrued liabilities	(336,197)	217,682
Islands in the Trent Settlement payable	(1,000,000)	(110,000)
Due to Government and other Government organizations	6,298	97,636
Deferred revenue	(367,003)	689,249
<b>Net change in cash from operating activities</b>	<b>(995,729)</b>	<b>635,778</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,058,282)	(2,754,490)
<b>INVESTING ACTIVITIES</b>		
Decrease in investments	1,976,031	1,927,713
Increase in mortgages due from First Nation Members	(50,748)	(77,137)
Increase in funds held in trust by the Federal Government	(11,756)	(12,947)
<b>Net change in cash from investing activities</b>	<b>1,913,527</b>	<b>1,837,629</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(36,454)	(36,270)
<b>NET CHANGE IN CASH</b>	<b>(176,938)</b>	<b>(317,353)</b>
<b>CASH - beginning of year</b>	<b>401,126</b>	<b>718,479</b>
<b>CASH - end of year</b>	<b>224,188</b>	<b>401,126</b>

Interest received during the year was \$937,275 (2016 - \$907,536). Interest paid during the year was \$11,658 (2016 - \$10,074).

The accompanying notes are an integral part of these financial statements



**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These 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 financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Curve Lake First Nation.

The reporting entity includes the Curve Lake First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. There are no non-consolidated entities.

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

**(b) Trust Funds**

Trust funds and their related operations administered by the First Nation are not included in these financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

**(c) Inventory**

Inventory, which consists of land available for resale, is recorded at the lower of cost and market.

**(d) 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:

Land improvements	10-50 years
Buildings	25-40 years
Machinery and equipment	10-50 years
Vehicles	3-5 years
Furniture and fixtures	10 years
Computer hardware and software	4 years
Roads and bridges	20-50 years
Water and sewer	30-100 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.

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(e) 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.

**(f) Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

**(g) Reserves**

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

**(h) Deferred Revenue**

Deferred revenue represents grants, user charges and fees 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.

**(i) 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.

**(j) 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. 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.

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

**2. CASH**

Cash consists of the following:

	2017 \$	2016 \$
<b>Externally restricted</b>		
Ontario First Nation Limited Partnership	544,508	(33,781)
Apartment replacement	11,908	11,935
	556,416	(21,846)
<b>Unrestricted</b>		
General	(531,972)	198,464
Islands of the Trent	104,819	104,881
Social assistance	11,616	54,127
Library	83,309	65,500
	(332,228)	422,972
	224,188	401,126

The overdraft in the general bank account (2016 - Ontario First Nation Limited Partnership bank account) is a result of outstanding cheques at year end.

**3. INVESTMENTS**

Investments are comprised of the following:

	2017 \$	2016 \$
Fixed income bonds with interest rates between 1.7% and 4.7%, maturity dates between July 12, 2017 and January 5, 2026 held at CIBC Asset Management.	24,133,370	26,111,164
GIC bearing interest at 0.98% maturing August 25, 2017	130,919	129,369
GIC bearing interest at 0.60% maturing May 2, 2017	21,357	21,144
	24,285,646	26,261,677

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

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

Due from Government and other Government organizations consists of the following:

	2017 \$	2016 \$
Federal Government		
Health Canada	5,245	28,630
Canada Mortgage and Housing Corporation	139,250	25,713
Indigenous and Northern Affairs Canada	55,950	231,028
	200,445	285,371
Province of Ontario	65,120	79,025
	265,565	364,396

**5. OTHER ACCOUNTS RECEIVABLE**

Other accounts receivable consist of the following:

	2017 \$	2016 \$
Service charges	122,065	121,303
Due from members	1,714	3,575
Other receivables	179,269	22,358
	303,048	147,236

**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 loans. The unexpended portion of approved loans is not recorded until an actual expenditure has been incurred. The First Nation members have a legal obligation to repay the full amount of the approved loans. Interest is charged on these loans at rates between 0% and 6.25%. The provision for forgiveness is calculated as a percentage of the initial mortgage balance and is provided for, if the First Nation members' loan balance is current.

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

	2017 \$	2016 \$
Mortgages due from First Nation members	4,019,767	3,956,019
Provision for forgiveness	(322,519)	(309,519)
	3,697,248	3,646,500

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**7. FUNDS HELD IN TRUST**

The funds held by the Federal Government on behalf of the First Nation of \$559,406 (2016 - \$547,650) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

	Opening Balance \$	Additions \$	Withdrawals \$	Closing Balance \$
Capital	69,509	-	-	69,509
Revenue	478,141	11,756	-	489,897
	547,650	11,756	-	559,406

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.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	2017 \$	2016 \$
Trade payables	277,376	183,696
Accrued salaries and employee benefits	199,475	116,500
Due to School Boards	280,743	734,770
Other accrued liabilities	411,037	469,862
	1,168,631	1,504,828

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

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

	2017 \$	2016 \$
Federal Government		
Health Canada	65,951	87,586
Indigenous and Northern Affairs Canada	5,892	-
Receiver General	31,870	14,273
	103,713	101,859
Province of Ontario	63,660	59,216
	167,373	161,075

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

**10. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	Balance March 31, 2016 \$	Funding Received/ (recovered) 2017 \$	Revenue Recognized 2017 \$	Balance March 31, 2017 \$
<b>INAC</b>				
Flooding claim	4,000	-	-	4,000
Lot servicing	1,394	-	-	1,394
Land survey	16	-	-	16
RLEMP - Training	11,970	-	-	11,970
Profesional and Institutional Development	35,000	-	28,980	6,020
Economic Development Opportunities	89,061	-	81,434	7,627
Estates Management	-	57,000	22,176	34,824
Special Education	-	320,002	248,362	71,640
Economic Development Planning	-	30,950	-	30,950
	<b>141,441</b>	<b>407,952</b>	<b>380,952</b>	<b>168,441</b>
<b>Other Federal</b>				
Canada 150	-	64,010	-	64,010
	-	64,010	-	64,010
<b>Provincial</b>				
Library	13,484	17,812	17,812	13,484
Independent Electricity System Operator	14,684	35,992	22,176	28,500
	<b>28,168</b>	<b>53,804</b>	<b>39,988</b>	<b>41,984</b>
<b>Other</b>	<b>663,325</b>	<b>(448,894)</b>	<b>22,935</b>	<b>191,496</b>
	<b>832,934</b>	<b>76,872</b>	<b>443,875</b>	<b>465,931</b>

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

**11. LONG TERM DEBT**

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

	2017 \$	2016 \$
Mortgage payable to CMHC, repayable in blended monthly payments of \$3,862, interest at 1.83%, maturing December 1, 2029, secured by specific rental buildings and by Indigenous and Northern Affairs Canada	527,668	564,122

- (b) Interest expense on long term debt amounted to \$9,968 (2016 - \$10,074)

- (c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2018	37,045	9,299	9,968
2019	37,726	8,618	9,299
2020	38,399	7,945	8,618
2021	39,107	7,237	7,945
2022	39,845	6,499	7,237
2023 and subsequent years	335,546	24,480	30,980
	527,668	64,078	74,047

**12. PREPAID EXPENSES**

Prepaid expenses consist of the following:

	2017 \$	2016 \$
Insurance	11,388	11,388
Employee benefits	22,284	11,954
Post secondary living allowances	33,600	43,029
Prepaid honoraria	22,057	-
	89,329	66,371



**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

**13. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
<b>Surplus</b>		
Operating	13,720,164	14,790,991
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets - net book value	12,251,244	11,815,673
Long term debt	(527,668)	(564,122)
	11,723,576	11,251,551
<b>Surplus</b>	25,443,740	26,042,542
<b>Restricted</b>		
Apartment replacement	39,266	33,266
Ontario First Nation Limited Partnership	10,120,336	9,533,594
Education	150,000	150,000
Minor capital	150,000	150,000
Education project reserve	95,593	94,043
Capital housing program	1,372,228	1,372,228
Housing project reserve	1,456,676	1,306,421
New Seniors Centre	900	-
<b>Total Restricted</b>	13,384,999	12,639,552
<b>Held in Trust by the Federal Government</b>		
Capital	69,509	69,509
Revenue	489,897	478,141
<b>Total Held in Trust by the Federal Government</b>	559,406	547,650
	39,388,145	39,229,744



**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**14. RECONCILIATION OF INAC FUNDING TO REPORTED REVENUE**

	\$
<b>INAC Funding Per Confirmation</b>	<b>5,550,384</b>
<b>Add 2016 Deferred Revenue</b>	
Flooding claim	4,000
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
Profesional and Institutional Development	35,000
Economic Development Opportunities	89,061
	<b>141,441</b>
<b>Less 2017 Deferred Revenue</b>	
Flooding claim	4,000
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
Profesional and Institutional Development	6,020
Economic Development Opportunities	7,627
Estates Management	34,824
Special Education	71,640
Economic Development Planning	30,950
	<b>168,441</b>
<b>Less Amounts Repayable/ Repaid</b>	
Basic needs	5,892
<b>INAC Revenue For The Year</b>	<b>5,517,492</b>

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2017

**15. GOVERNMENT TRANSFERS**

Government transfers consists of the following:

	2017 \$	2016 \$
Indigenous and Northern Affairs Canada		
Operating	5,058,739	4,698,522
Capital	458,753	416,248
	5,517,492	5,114,770
Federal Government other		
Health Canada - operating	1,136,621	1,168,837
Canada Mortgage and Housing Corporation - operating	38,444	38,444
Human Resources Development Canada - operating	73,000	64,897
	1,248,065	1,272,178
Province of Ontario - operating	2,302,724	2,100,230
	9,068,281	8,487,178

**16. PENSION AGREEMENTS**

Some of the employees of the First Nation are eligible to be members of a contributory pension plan. Employer contributions to the plan by the First Nation during the year amounted to \$196,400 (2016 - \$182,838). These contributions which match the employees' contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the First Nation.

**17. EXPENSES BY OBJECT**

The expenses for the year reported on the Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	4,921,550	5,114,619	4,444,799
Materials	661,149	798,423	854,683
Occupancy costs	284,434	314,614	372,987
Contracted services	463,200	733,247	4,819,446
Bank charges and interest	54,370	54,683	18,466
Program costs	3,925,273	5,395,797	4,527,528
Amortization	501,357	609,354	501,357
Loss on disposal of tangible capital assets	-	13,357	-
	10,811,333	13,034,094	15,539,266

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

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**18. BUDGET FIGURES**

The budget, approved by the First Nation, for 2017 is reflected on the Statement of Operations and Accumulated Surplus and the 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.

**19. TRUST FUNDS**

Trust funds administered by the First Nation amounting to \$5,007,374 (2016 - \$5,264,102) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the First Nation for the benefit of others, they are not presented as part of the First Nation financial position or operations.

**20. 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.

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

During the fiscal years 2003/04 to 2016/17 the First Nation entered into loan agreements in the amount of \$1,329,709 with the Federal Government for flooding claims. Expenditures to March 31, 2017 amounted to \$1,505,314. Total claims are expected to be equal to or greater than amounts received.

**21. SEGMENTED INFORMATION**

Curve Lake 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.

**CURVE LAKE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

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**21. SEGMENTED INFORMATION, continued**

**Community Operations**

Community Operations include police, fire, public works and operation of waste management, water systems and buildings not included under other segments.

**Economic Development**

Economic development includes the operations of the resource centre, cottage and small business centre rentals and the various employment oriented programs of the First Nation.

**Education**

Education includes the Curve Lake School, schools off the First Nation, post secondary education and childcare.

**Land Management**

Land management includes the First Nation's lands management function including lot purchases, flooding claims and Williams Treaty negotiations.

**Social Development**

Social development consists of General Assistance to members and inhabitants of the First Nation, homes for the aged 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.

**Gaming Revenue Programs**

Gaming revenue consists of funds received from the Ontario First Nation Limited Partnership and related expenditures.

**22. COMPARATIVE FIGURES**

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

**23. SUBSEQUENT EVENTS**

Subsequent to year end, the First Nation received \$2,857,128 in reimbursements for legal fees in accordance with the Williams Treaties Negotiations Framework Agreement.

# CURVE LAKE FIRST NATION

## SCHEDULE 1: SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2017

	Cost					Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Disposals \$	Transfers \$	Closing Balance \$	Opening Balance \$	Amortization \$	Disposals \$	Closing Balance \$	
<b>Tangible Capital Assets</b>										
Land	4,247,411	-	-	-	4,247,411	-	-	-	-	4,247,411
Land Improvements	1,193,917	-	-	-	1,193,917	642,845	64,079	-	706,924	486,993
Residential Buildings	1,330,197	17,986	-	-	1,348,183	340,720	31,948	-	372,668	975,515
Non-Residential Buildings	5,950,636	172,457	13,700	-	6,109,393	3,361,130	157,449	343	3,518,236	2,591,157
Vehicles	307,720	89,215	-	-	396,935	248,339	41,497	-	289,836	107,099
Computer Equipment	570,736	211,602	-	-	782,338	412,362	97,103	-	509,465	272,873
Other Equipment	1,551,465	137,622	-	-	1,689,087	666,626	143,448	-	810,074	879,013
Roads and Bridges	1,936,882	-	-	-	1,936,882	1,270,302	44,400	-	1,314,702	622,180
Waterworks and Septic Systems	830,317	21,300	-	-	851,617	456,683	29,430	-	486,113	365,504
	17,919,281	650,182	13,700	-	18,555,763	7,399,007	609,354	343	8,008,018	10,547,745
<b>Assets Under Construction</b>										
Non-Residential Buildings	92,896	408,100	-	-	500,996	-	-	-	-	500,996
Waterworks and Septic Systems	1,202,503	-	-	-	1,202,503	-	-	-	-	1,202,503
	1,295,399	408,100	-	-	1,703,499	-	-	-	-	1,703,499
<b>Total</b>	19,214,680	1,058,282	13,700	-	20,259,262	7,399,007	609,354	343	8,008,018	12,251,244
										11,815,673

# CURVE LAKE FIRST NATION

## SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2017

	Administration		Community Operations		Economic Development		Cultural	
	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Actual 2016 \$	Actual 2017 \$	Budget 2017 \$
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
<b>Revenues</b>								
INAC	630,822	592,715	690,842	935,272	680,646	788,590	130,677	130,677
Federal Government other	27,619	12,111	33,562	48,444	65,888	50,928	45,382	52,786
Province of Ontario	-	-	-	19,482	68,488	68,488	113,500	102,310
Other	197,627	110,847	97,000	500,409	490,432	422,675	146,838	118,151
	856,068	715,673	821,404	1,503,607	1,305,454	1,330,681	436,397	431,292
							60,937	475,897
							60,937	46,828
								30,730
<b>Expenses</b>								
Salaries and benefits	925,351	769,022	877,732	345,221	311,691	297,005	275,038	235,986
Materials	368,263	453,892	275,500	227,210	224,170	202,200	7,847	7,812
Occupancy costs	2,614	9,875	10,500	159,356	170,990	137,900	27,275	20,077
Contracted services	357,909	297,085	119,000	205,265	83,150	98,000	-	-
Bank charges and interest	42,963	8,246	4,500	11,658	10,074	49,870	-	-
Program costs	780,594	22,406	26,632	239,925	194,421	125,550	115,743	173,066
Amortization	99,504	58,914	58,914	248,227	207,223	207,223	48,913	47,587
Interdepartmental charges	-	(932,703)	-	-	(164,625)	-	(28,991)	(41,042)
Allocated administration	(219,140)	(218,891)	(228,472)	5,500	3,750	6,000	26,150	17,400
	2,358,058	467,846	1,144,306	1,442,362	1,040,844	1,123,748	471,975	460,886
							520,643	520,643
							56,818	39,532
<b>Net deficit</b>	(1,501,990)	247,827	(322,902)	61,245	264,610	206,933	(35,578)	(29,594)
							4,119	7,296
								-

# CURVE LAKE FIRST NATION

## SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2017

	Actual 2017 \$	Education Actual 2016 \$	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Land Management Actual 2016 \$	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Social Development Actual 2016 \$	Budget 2017 \$ (Unaudited)
<b>Revenues</b>									
INAC	3,418,763	3,295,571	3,515,403	229,764	204,440	264,588	172,194	183,353	172,850
Federal Government other	-	-	-	-	-	-	-	-	-
Province of Ontario	905,442	841,934	902,942	-	-	-	1,087,836	972,102	1,002,809
Other First Nations	-	-	-	-	3,639,544	-	-	-	-
Other	294,435	197,126	226,504	1,383,952	383,016	141,967	3,635	4,512	-
	4,618,640	4,334,631	4,644,849	1,613,716	4,227,000	406,555	1,263,665	1,159,967	1,175,659
<b>Expenses</b>									
Salaries and benefits	1,811,123	1,631,108	1,762,264	95,598	77,671	86,210	439,795	405,459	475,814
Materials	92,937	73,407	73,000	65,018	47,971	55,619	902	1,746	1,000
Occupancy costs	94,228	135,407	78,713	-	-	-	-	-	-
Contracted services	145,127	158,645	143,200	21,955	4,273,820	102,000	-	-	-
Bank charges and interest	-	-	-	62	146	-	-	-	-
Program costs	2,145,775	2,128,870	2,316,003	230,367	234,710	141,967	749,059	697,652	673,348
Amortization	39,510	38,976	38,976	2,464	2,464	2,464	67,205	73,538	73,538
Interdepartmental charges	-	-	-	-	(606,591)	-	26,000	26,000	26,000
Allocated administration	65,104	67,907	60,103	20,759	19,719	20,759	45,020	45,040	45,040
Loss on disposal of tangible capital assets	-	-	-	-	-	-	13,357	-	-
	4,393,804	4,234,320	4,472,259	436,223	4,049,910	409,019	1,341,338	1,249,435	1,294,740
<b>Net deficit</b>	224,836	100,311	172,590	1,177,493	177,090	(2,464)	(77,673)	(89,468)	(119,081)



# CURVE LAKE FIRST NATION

## SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2017

	Actual 2017 \$	Health Actual 2016 \$	Budget 2017 \$	Actual 2017 \$	Gaming Revenue Programs Actual 2016 \$	Budget 2017 \$	Actual 2017 \$	Consolidated Totals Actual 2016 \$	Budget 2017 \$
			(Unaudited)			(Unaudited)			(Unaudited)
<b>Revenues</b>									
INAC	-	-	-	-	-	-	-	-	-
Federal Government other	1,126,620	1,141,393	1,164,759	-	-	-	5,517,492	5,114,770	5,562,950
Province of Ontario	176,464	115,396	148,268	-	-	-	1,248,065	1,272,178	1,310,199
Other First Nations	-	-	-	-	-	-	2,302,724	2,100,230	2,275,493
Other	279,271	202,304	315,923	1,257,110	1,180,495	-	-	3,639,544	-
	1,582,355	1,459,093	1,628,950	1,257,110	1,180,495	-	13,192,495	14,860,433	10,514,725
<b>Expenses</b>									
Salaries and benefits	1,097,080	906,848	1,046,917	39,917	33,267	-	5,114,619	4,444,799	4,921,550
Materials	36,246	45,685	48,330	-	-	-	798,423	854,683	661,149
Occupancy costs	31,141	36,638	32,821	-	-	-	314,614	372,987	284,434
Contracted services	2,991	6,746	1,000	-	-	-	733,247	4,819,446	463,200
Bank charges and interest	-	-	-	-	-	-	54,683	18,466	54,370
Program costs	673,848	578,182	610,367	385,677	429,193	(204,788)	5,395,797	4,527,528	3,925,273
Amortization	103,531	72,655	72,655	-	-	-	609,354	501,357	501,357
Interdepartmental charges	(66,387)	(323,685)	(64,123)	172,865	2,145,889	204,788	-	-	-
Allocated administration	56,607	62,075	67,921	-	3,000	-	-	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	13,357	-	-
	1,935,057	1,385,144	1,815,888	598,459	2,611,349	-	13,034,094	15,539,266	10,811,333
<b>Net surplus/(deficit)</b>	<b>(352,702)</b>	<b>73,949</b>	<b>(186,938)</b>	<b>658,651</b>	<b>(1,430,854)</b>	<b>-</b>	<b>158,401</b>	<b>(678,833)</b>	<b>(296,608)</b>



## **INDEPENDENT AUDITORS' REPORT**

### **To Council and the Members of Curve Lake First Nation**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Fund of Curve Lake First Nation, which comprise the statement of financial position as at March 31, 2017, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal 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 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 financial statements present fairly, in all material respects, the financial position of the Trust Fund of the First Nation as at March 31, 2017 and the continuity of the Trust Fund 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  
August 14, 2017

# CURVE LAKE FIRST NATION

## TRUST FUND STATEMENT OF FINANCIAL POSITION At March 31, 2017

	Youth Allocation Fund 2017 \$	Youth Allocation Fund 2016 \$
<b>FINANCIAL ASSETS</b>		
Investments (note 2)	4,983,069	5,238,998
Accrued interest receivable	24,305	25,104
	5,007,374	5,264,102
<b>FUND BALANCE</b>	5,007,374	5,264,102

## TRUST FUND STATEMENT OF CONTINUITY For the Year Ended March 31, 2017

	Youth Allocation Fund 2017 \$	Youth Allocation Fund 2016 \$
<b>BALANCE - beginning of year</b>	5,264,102	5,641,970
<b>RECEIPTS</b>		
Investment income	119,973	138,612
<b>EXPENSES</b>		
Per-capita distributions	346,573	485,123
Investment management fees	30,128	31,357
	376,701	516,480
<b>BALANCE - end of year</b>	5,007,374	5,264,102

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

**CURVE LAKE FIRST NATION**  
**TRUST FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2017**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

**(a) Basis of Accounting**

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**(b) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the First Nation's best information and judgment. Actual results could differ from these estimates.

**2. INVESTMENTS**

Included in investments are the following investments recorded at cost:

	2017 \$	2016 \$
Cash account	35,335	61,874
Short term notes	142,354	152,382
Government bonds	3,093,580	3,177,074
Corporate bonds	1,711,800	1,847,668
	<u>4,983,069</u>	<u>5,238,998</u>
Market Value	4,955,683	5,264,681

The Government and corporate bonds have interest rates between 1.9% and 3.2% and mature from June 15, 2017 to September 20, 2029.

**3. YOUTH ALLOCATION FUND**

The Youth Allocation Fund was created to hold the per-capita distribution for minor members. As each member reaches the age of eighteen, a cheque for \$10,000 plus accumulated interest will be issued to them.