

CURVE LAKE FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2018

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Curve Lake, ON K0L 1R0

CURVE LAKE FIRST NATION

For The Year Ended March 31, 2018

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

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, 2018, 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, 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
August 02, 2018

CURVE LAKE FIRST NATION

STATEMENT OF FINANCIAL POSITION

At March 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash (note 2)	182,467	756,160
Investments (note 3)	26,983,023	24,285,646
Due from Government and other Government organizations (note 4)	605,741	265,565
Other accounts receivable (note 5)	403,978	303,048
Mortgages due from First Nation members (note 6)	3,785,073	3,697,248
Funds held in trust by the Federal Government (note 7)	572,881	559,406
TOTAL FINANCIAL ASSETS	32,533,163	29,867,073
LIABILITIES		
Bank indebtedness (note 2)	984,395	531,972
Accounts payable and accrued liabilities (note 8)	1,169,034	1,168,631
Due to Government and other Government organizations (note 9)	177,554	167,373
Deferred revenue (note 10)	732,802	465,931
Long term debt (note 11)	490,565	527,668
TOTAL LIABILITIES	3,554,350	2,861,575
NET FINANCIAL ASSETS	28,978,813	27,005,498
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	13,438,387	12,251,244
Prepaid expenses (note 12)	85,942	89,329
Inventory of land held for resale	-	42,074
TOTAL NON-FINANCIAL ASSETS	13,524,329	12,382,647
ACCUMULATED SURPLUS (note 13)	42,503,142	39,388,145

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Indigenous and Northern Affairs Canada (INAC) (notes 14 and 15)	5,660,216	5,692,265	5,517,492
Federal Government other (note 15)	1,706,773	1,696,269	1,248,065
Province of Ontario (note 15)	2,510,917	2,747,686	2,302,724
Other	5,258,042	6,163,940	4,124,214
TOTAL REVENUES	15,135,948	16,300,160	13,192,495
EXPENSES			
Administration	1,649,636	1,710,229	2,358,558
Community operations	1,189,808	1,579,836	1,431,855
Economic development	444,224	540,426	471,475
Cultural	199,341	157,026	56,818
Education	5,473,630	4,827,013	4,407,160
Land management	423,024	398,380	436,223
Social development	1,245,440	1,291,840	1,159,333
Health	2,016,635	2,055,960	2,114,213
Gaming revenue programs	932,872	624,453	598,459
TOTAL EXPENSES	13,574,610	13,185,163	13,034,094
ANNUAL SURPLUS	<u>1,561,338</u>	3,114,997	158,401
ACCUMULATED SURPLUS - beginning of year		39,388,145	39,229,744
ACCUMULATED SURPLUS - end of year		42,503,142	39,388,145

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	1,561,338	3,114,997	158,401
Amortization of tangible capital assets	609,354	643,248	609,354
Acquisition of tangible capital assets	(686,082)	(1,837,639)	(1,058,282)
Loss on disposal of tangible capital assets	-	7,248	13,357
(Increase)/decrease in prepaid expenses	-	3,387	(22,958)
Decrease in inventory of land held for resale	-	42,074	-
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,484,610	1,973,315	(300,128)
NET FINANCIAL ASSETS - beginning of year	27,005,498	27,005,498	27,305,626
NET FINANCIAL ASSETS - end of year	28,490,108	28,978,813	27,005,498

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, 2018

	2018 \$	2017 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,114,997	158,401
Items not involving cash		
Amortization of tangible capital assets	643,248	609,354
Loss on disposal of tangible capital assets	7,248	13,357
Change in non-cash assets and liabilities		
Due from Government and other Government organizations	(340,176)	98,831
Other accounts receivable	(100,930)	(155,812)
Prepaid expenses	3,387	(22,958)
Inventory of land held for resale	42,074	-
Accounts payable and accrued liabilities	403	(336,197)
Islands in the Trent Settlement payable	-	(1,000,000)
Due to Government and other Government organizations	10,181	6,298
Deferred revenue	266,871	(367,003)
Net change in cash from operating activities	3,647,303	(995,729)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,837,639)	(1,058,282)
INVESTING ACTIVITIES		
Decrease in investments	(2,697,377)	1,976,031
Increase in mortgages due from First Nation Members	(87,825)	(50,748)
Increase in funds held in trust by the Federal Government	(13,475)	(11,756)
Net change in cash from investing activities	(2,798,677)	1,913,527
FINANCING ACTIVITIES		
Debt principal repayments	(37,103)	(36,454)
NET CHANGE IN CASH AND BANK INDEBTEDNESS	(1,026,116)	(176,938)
CASH AND BANK INDEBTEDNESS - beginning of year	224,188	401,126
CASH AND BANK INDEBTEDNESS - end of year	(801,928)	224,188
Comprised of:		
Cash	182,467	756,160
Bank indebtedness	(984,395)	(531,972)
	(801,928)	224,188

Interest received during the year was \$981,453 (2017 - \$937,275). Interest paid during the year was \$9,241 (2017 - \$11,658).

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, 2018

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, 2018

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, 2018

2. CASH AND BANK INDEBTEDNESS

Cash and bank indebtedness consist of the following:

	2018 \$	2017 \$
Externally restricted		
Ontario First Nation Limited Partnership	44,493	544,508
Apartment replacement	11,908	11,908
	56,401	556,416
Unrestricted		
General	(924,698)	(531,972)
Islands of the Trent	104,449	104,819
Social assistance	(59,697)	11,616
Library	21,617	83,309
	(858,329)	(332,228)
	(801,928)	224,188

The overdraft in the general and social assistance bank accounts is a result of outstanding cheques at year end.

3. INVESTMENTS

Investments are comprised of the following:

	2018 \$	2017 \$
Fixed income bonds with interest rates between 1.7% and 4.65%, maturity dates between March 1, 2019 and January 5, 2026 held at CIBC Asset Management.	26,829,236	24,133,370
GIC bearing interest at 0.90% maturing September 4, 2018	132,158	130,919
GIC bearing interest at 0.90% maturing May 2, 2018	21,629	21,357
	26,983,023	24,285,646

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

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

	2018 \$	2017 \$
Federal Government		
Indigenous and Northern Affairs Canada	54,187	55,950
Health Canada	-	5,245
Canada Mortgage and Housing Corporation	116,530	139,250
Canadian Heritage	121,971	-
	292,688	200,445
Province of Ontario	313,053	65,120
	605,741	265,565

5. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable consist of the following:

	2018 \$	2017 \$
Service charges	140,500	122,065
Due from members	7,304	1,714
Other receivables	256,174	179,269
	403,978	303,048

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:

	2018 \$	2017 \$
Mortgages due from First Nation members	4,116,632	4,019,767
Provision for forgiveness	(331,559)	(322,519)
	3,785,073	3,697,248

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$572,881 (2017 - \$559,406) 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	489,897	13,475	-	503,372
	559,406	13,475	-	572,881

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:

	2018 \$	2017 \$
Trade payables	568,997	277,376
Accrued salaries and employee benefits	196,312	199,475
Due to School Boards	321,407	280,743
Other accrued liabilities	82,318	411,037
	1,169,034	1,168,631

9. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

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

	2018 \$	2017 \$
Federal Government		
Indigenous and Northern Affairs Canada	-	5,892
Health Canada	65,613	65,951
Receiver General	33,452	31,870
	99,065	103,713
Province of Ontario	78,489	63,660
	177,554	167,373

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

10. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	Balance March 31, 2017 \$	Funding Received/ (recovered) 2018 \$	Revenue Recognized 2018 \$	Balance March 31, 2018 \$
INAC				
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	6,020	-	-	6,020
Economic Development Opportunities	7,627	-	-	7,627
Estates Management	34,824	-	26,901	7,923
Special Education	71,640	-	52,837	18,803
Economic Development Planning	30,950	23,560	-	54,510
Post Secondary Student Support Program	-	114,750	-	114,750
Curve Lake School Expansion	-	117,791	82,469	35,322
Children Services	-	79,300	-	79,300
Instructional Service Formula	-	19,800	17,800	2,000
School Effectiveness	-	32,000	4,585	27,415
	168,441	387,201	188,592	367,050
Other Federal				
Canadian Heritage	64,010	-	64,010	-
	64,010	-	64,010	-
Provincial				
Library	13,484	18,312	20,312	11,484
Independent Electricity System Operator	28,500	-	28,500	-
OSRCF	-	33,984	24,247	9,737
Safer Vital Communities	-	30,425	-	30,425
	41,984	82,721	73,059	51,646
Other	191,496	614,129	491,519	314,106
	465,931	1,084,051	817,180	732,802

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

11. LONG TERM DEBT

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

	2018	2017
	\$	\$
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	490,565	527,668

- (b) Interest expense on long term debt amounted to \$9,241 (2017 - \$9,968)

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

	Principal \$	Interest \$	Total \$
2019	37,726	8,618	46,344
2020	38,399	7,945	46,344
2021	39,107	7,237	46,344
2022	39,845	6,499	46,344
2023	40,577	5,767	46,344
2024 and subsequent years	294,911	14,512	309,423
	490,565	50,578	541,143

12. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2018	2017
	\$	\$
Insurance	11,388	11,388
Employee benefits	29,385	22,284
Post secondary living allowances	29,200	33,600
Prepaid honoraria	15,969	22,057
	85,942	89,329

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus		
Operating	14,856,343	13,720,164
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	13,438,387	12,251,244
Long term debt	(490,565)	(527,668)
	12,947,822	11,723,576
Surplus	27,804,165	25,443,740
Restricted		
Apartment replacement	45,266	39,266
Ontario First Nation Limited Partnership	10,751,071	10,120,336
Education	150,000	150,000
Minor capital	150,000	150,000
Education project reserve	96,832	95,593
Capital housing program	1,372,228	1,372,228
Housing project reserve	1,559,799	1,456,676
New Seniors Centre	900	900
Total Restricted	14,126,096	13,384,999
Held in Trust by the Federal Government		
Capital	69,509	69,509
Revenue	503,372	489,897
Total Held in Trust by the Federal Government	572,881	559,406
	42,503,142	39,388,145

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

14. RECONCILIATION OF INAC FUNDING TO REPORTED REVENUE

	\$
INAC Funding Per Confirmation	5,890,874
Add 2017 Deferred Revenue	
Flooding claim	4,000
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
Professional and Institutional Development	6,020
Economic Development Opportunities	7,627
Estates Management	34,824
Special Education	71,640
Economic Development Planning	30,950
	168,441
Less 2018 Deferred Revenue	
Lot servicing	1,394
Land surveys	16
RLEMP - Training	11,970
Professional and Institutional Development	6,020
Economic Development Opportunities	7,627
Estates Management	7,923
Special Education	18,803
Economic Development Planning	54,510
Post Secondary Student Support Program	114,750
Curve Lake School Expansion	35,322
Children Services	79,300
Instructional Services Formula	2,000
School Effectiveness	27,415
	367,050
INAC Revenue For The Year	5,692,265

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

15. GOVERNMENT TRANSFERS

Government transfers consists of the following:

	2018 \$	2017 \$
Indigenous and Northern Affairs Canada		
Operating	5,245,741	5,058,739
Capital	446,524	458,753
	5,692,265	5,517,492
Federal Government other		
Health Canada - operating	1,181,348	1,136,621
Canada Mortgage and Housing Corporation - operating	38,444	38,444
Canada Mortgage and Housing Corporation - capital	125,928	-
Human Resources Development Canada - operating	95,077	73,000
Canadian Heritage	255,472	-
	1,696,269	1,248,065
Province of Ontario - operating	2,747,686	2,302,724
	10,136,220	9,068,281

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 \$237,508 (2017 - \$196,400). 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. BUDGET FIGURES

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

18. TRUST FUNDS

Trust funds administered by the First Nation amounting to \$4,640,392 (2017 - \$5,007,374) 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.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

19. EXPENSES BY OBJECT

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

	Budget 2018 \$	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	5,557,444	5,388,450	5,114,619
Materials	678,918	805,051	798,423
Occupancy costs	267,801	298,915	314,290
Contracted services	602,984	604,597	733,247
Bank charges and interest	54,370	21,319	22,950
Program costs	5,818,939	5,416,334	5,427,854
Amortization	609,354	643,248	609,354
Interdepartmental charges	(15,200)	-	-
Loss on disposal of tangible capital assets	-	7,249	13,357
	13,574,610	13,185,163	13,034,094

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, 2018 is \$29,700 (2017 - \$29,700).

During the fiscal years 2003/04 to 2016/17 the First Nation entered into loan agreements in the amount of \$1,594,863 with the Federal Government for flooding claims. Expenditures to March 31, 2018 amounted to \$1,505,314. Total claims are expected to be equal to or greater than amounts received.

21. CONTINGENT ASSET

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.

CURVE LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

22. 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.

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, homemaker services, homes for the aged and the National Child Benefit program.

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.

23. COMPARATIVE FIGURES

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

CURVE LAKE FIRST NATION

SCHEDULE 1: SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2018

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Transfers	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets									
Land	4,247,411	125,268	-	-	4,372,679	-	-	-	4,372,679
Land Improvements	1,193,917	413,339	7,000	-	1,600,256	706,924	98,791	2,334	796,875
Residential Buildings	1,348,183	186,220	-	-	1,534,403	372,668	31,947	-	1,129,788
Non-Residential Buildings	6,109,393	5,480	-	-	6,114,873	3,518,236	157,655	-	2,438,982
Vehicles	396,935	-	-	-	396,935	289,836	26,775	-	80,324
Computer Equipment	782,338	37,769	-	-	820,107	509,465	94,816	-	215,826
Other Equipment	1,689,087	93,216	3,690	-	1,778,613	810,074	159,553	1,108	810,094
Roads and Bridges	1,936,882	153,413	-	-	2,090,295	1,314,702	44,401	-	731,192
Waterworks and Septic Systems	851,617	32,086	-	-	883,703	486,113	29,310	-	368,280
	18,555,763	1,046,791	10,690	-	19,591,864	8,008,018	643,248	3,442	10,944,040
Assets Under Construction									
Residential Buildings	-	685,840	-	-	685,840	-	-	-	685,840
Non-Residential Buildings	500,996	105,008	-	-	606,004	-	-	-	606,004
Waterworks and Septic Systems	1,202,503	-	-	-	1,202,503	-	-	-	1,202,503
	1,703,499	790,848	-	-	2,494,347	-	-	-	2,494,347
Total	20,259,262	1,837,639	10,690	-	22,086,211	8,008,018	643,248	3,442	13,438,387
									12,251,244

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2018

	Administration		Community Operations		Economic Development		Cultural	
	Actual 2018 \$	Actual 2017 \$	Budget 2018 \$	Actual 2017 \$	Budget 2018 \$	Actual 2017 \$	Actual 2018 \$	Budget 2018 \$
			(Unaudited)		(Unaudited)			(Unaudited)
Revenues								
INAC	602,907	630,822	602,907	935,272	675,473	139,997	-	-
Federal Government other	-	27,619	15,955	38,444	348,545	66,219	69,491	69,491
Province of Ontario	-	-	-	19,482	104,048	118,500	-	-
Other	3,017,015	197,627	2,921,768	500,409	555,496	177,110	120,973	105,000
	3,619,922	856,068	3,540,630	1,493,607	1,683,562	501,826	190,464	174,491
Expenses								
Salaries and benefits	1,028,220	925,351	1,129,261	334,856	422,699	269,516	88,525	95,836
Materials	347,713	368,263	283,260	227,067	197,200	12,273	-	-
Occupancy costs	505	2,614	-	153,472	124,900	25,535	-	-
Contracted services	231,548	357,909	158,000	205,265	98,000	-	-	-
Bank charges and interest	12,074	11,230	4,500	11,658	49,870	-	-	-
Program costs	335,707	812,327	311,508	240,250	46,912	182,489	141,867	192,071
Amortization	93,244	99,504	99,504	248,227	248,227	50,372	-	-
Interdepartmental charges	-	-	-	-	-	(26,775)	(79,866)	(95,066)
Allocated administration	(338,782)	(218,640)	(336,397)	2,500	2,000	22,350	6,500	6,500
Loss on disposal of tangible capital assets	-	-	-	5,500	-	-	-	-
	1,710,229	2,358,558	1,649,636	1,431,855	1,189,808	540,426	157,026	199,341
Net deficit	1,909,693	1,502,490	1,890,994	61,752	493,754	(38,600)	33,438	(24,850)

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2018

	Actual 2018 \$	Education Actual 2017 \$	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Land Management Actual 2017 \$	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Social Development Actual 2017 \$	Budget 2018 \$ (Unaudited)
Revenues									
INAC	3,748,940	3,418,763	3,836,214	282,474	229,764	231,573	170,977	172,194	189,477
Federal Government other	-	-	-	-	-	-	-	-	-
Province of Ontario	892,791	905,442	897,203	-	-	-	1,076,323	922,627	1,014,357
Other	369,772	294,435	277,921	324,754	1,383,952	47,020	4,673	324	2,500
	5,011,503	4,618,640	5,011,338	607,228	1,613,716	278,593	1,251,973	1,095,145	1,206,334
Expenses									
Salaries and benefits	1,940,169	1,811,123	1,936,540	137,450	95,598	138,250	335,971	352,663	399,566
Materials	91,569	92,937	86,000	109,845	65,018	83,942	-	-	-
Occupancy costs	108,651	94,228	101,901	-	-	-	-	-	-
Contracted services	217,969	145,127	303,624	30,977	21,955	35,000	-	-	-
Bank charges and interest	-	-	-	4	62	-	-	-	-
Program costs	2,225,085	2,145,774	2,824,777	91,701	230,367	141,967	857,643	704,265	750,669
Amortization	62,292	39,510	39,510	7,002	2,464	2,464	63,026	67,205	67,205
Interdepartmental charges	-	-	-	-	-	-	15,200	15,200	8,000
Allocated administration	181,278	65,104	181,278	21,401	20,759	21,401	20,000	20,000	20,000
Loss on disposal of tangible capital assets	-	13,357	-	-	-	-	-	-	-
	4,827,013	4,407,160	5,473,630	398,380	436,223	423,024	1,291,840	1,159,333	1,245,440
Net deficit	184,490	211,480	(462,292)	208,848	1,177,493	(144,431)	(39,867)	(64,188)	(39,106)

CURVE LAKE FIRST NATION

SCHEDULE 2: SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2018

	Actual 2018 \$	Health Actual 2017 \$	Budget 2018 \$	Gaming Revenue Programs Actual 2018 \$	Actual 2017 \$	Budget 2018 \$	Consolidated Totals Actual 2017 \$	Budget 2018 \$
			(Unaudited)			(Unaudited)		(Unaudited)
Revenues								
INAC								
Federal Government other	1,181,348	1,136,620	1,214,527	-	-	-	5,517,492	5,660,216
Province of Ontario	440,103	341,673	405,309	-	-	-	1,248,065	1,706,773
Other	313,241	282,582	291,834	1,255,188	1,257,110	932,872	2,302,724	2,510,917
	1,934,692	1,760,875	1,911,670	1,255,188	1,257,110	932,872	4,124,214	5,258,042
							16,300,160	15,135,948
Expenses								
Salaries and benefits	1,121,509	1,194,577	1,166,656	41,407	39,917	40,320	5,114,619	5,557,444
Materials	19,250	37,291	20,183	-	-	-	798,423	678,918
Occupancy costs	10,752	31,141	16,000	-	-	-	314,290	267,801
Contracted services	5,211	2,991	8,360	-	-	-	733,247	602,984
Bank charges and interest	-	-	-	-	-	-	21,319	54,370
Program costs	773,357	718,642	674,625	436,017	385,677	765,098	5,427,854	5,818,939
Amortization	96,716	103,531	103,531	-	-	-	609,354	609,354
Interdepartmental charges	(55,588)	(55,587)	(55,588)	147,029	172,865	127,454	-	(15,200)
Allocated administration	84,753	81,627	82,868	-	-	-	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	-	7,249	-
	2,055,960	2,114,213	2,016,635	624,453	598,459	932,872	13,034,094	13,574,610
Net surplus/(deficit)	(121,268)	(353,338)	(104,965)	630,735	658,651	-	158,401	1,561,338

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, 2018, 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, 2018 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 02, 2018

CURVE LAKE FIRST NATION

TRUST FUND STATEMENT OF FINANCIAL POSITION At March 31, 2018

	Youth Allocation Fund 2018 \$	Youth Allocation Fund 2017 \$
FINANCIAL ASSETS		
Investments (note 2)	4,615,089	4,983,069
Accrued interest receivable	25,303	24,305
	4,640,392	5,007,374
FUND BALANCE	4,640,392	5,007,374

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended March 31, 2018

	Youth Allocation Fund 2018 \$	Youth Allocation Fund 2017 \$
BALANCE - beginning of year	5,007,374	5,264,102
RECEIPTS		
Investment income	80,840	119,973
EXPENSES		
Per-capita distributions	418,860	346,573
Investment management fees	28,962	30,128
	447,822	376,701
BALANCE - end of year	4,640,392	5,007,374

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, 2018

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:

	2018 \$	2017 \$
Cash account	55,930	35,335
Short term notes	79,072	142,354
Government bonds	2,864,533	3,093,580
Corporate bonds	1,615,554	1,711,800
	<u>4,615,089</u>	<u>4,983,069</u>
Market Value	4,507,418	4,955,683

The Government and corporate bonds have interest rates between 1.9% and 3.15% and mature from July 12, 2018 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.