

Algonquins of Pikwakanagan

Consolidated Financial Statements

For the year ended 31 March 2018

MACKILLCAN & ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS



Algonquins of Pikwakanagan

First Nation

Algonquins of Pikwakanagan

As at 31 March 2018

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Algonquins of Pikwakanagan and all the information in this annual report are the responsibility of management and have been approved by the Chief and Executive Director of Operations on behalf of 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 or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Algonquins of Pikwakanagan maintain 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 assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Standing Committee of Council on Finance, Administration and Personnel (FAP).

The Standing Committee (FAP) reviews the financial statements and recommends their approval to Council. The Standing Committee (FAP) meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. Standing Committee (FAP) reports its findings to the Council for consideration when approving the consolidated financial statements for issuance to the members. The Standing Committee (FAP) also considers, for review by Council and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by MacKillican & Associates in accordance with Canadian Generally Accepted Auditing Standards on behalf of the members. MacKillican & Associates have full and free access to the Standing Committee (FAP).

Kirby Whiteduck
Chief, Algonquins of Pikwakanagan

Vicky Two-Axe
Executive Director of Operations

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INDEPENDENT AUDITOR'S REPORT

Chief, Algonquins of Pikwakanagan and
The Council of the Algonquins of Pikwakanagan,
PIKWAKANAGAN, Ontario.

We have audited the accompanying consolidated financial statements of the Algonquins of Pikwakanagan, which comprise the statement of financial position as at 31 March 2018, and the consolidated statements of accumulated surplus, operations, changes in net financial assets, cash flows, related schedules and the statement of Band Trust Funds 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 control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 control. 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 the Algonquins of Pikwakanagan as at 31 March 2018, and the results of their operations, cash flows, accumulated surplus and the changes in net financial assets for the year then ended in accordance with Canadian Public Sector Accounting Standards and the accounting policies disclosed in Note 2 to the consolidated financial statements.

Mackillican + Associates

RENFREW, Ontario.
31 July 2018.

Chartered Professional Accountants,
Licensed Public Accountants.

Algonquins of Pikwakanagan

Consolidated Statement of Financial Position

As at 31 March 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash in bank - administration	\$ 3,969,232	\$ 3,726,992
- Gaming Distribution Fund	6,214,212	5,087,707
- Section 95 Social Housing Operation	262,509	233,005
Accounts receivable - administration (Note 6)	957,451	836,159
Investment in solar project #1 (Notes 2 (g) and 8 (h))	42,951	43,317
Investment in Business Enterprises (Notes 2 (g) and 8)	<u>614,981</u>	<u>593,258</u>
	<u>\$ 12,061,336</u>	<u>\$ 10,520,438</u>
Financial liabilities:		
Accounts payable	\$ 804,677	\$ 732,398
Rental deposits	535	535
Deferred revenue (Note 4)	4,260,626	3,715,553
Funded reserves - operating (Note 10 (a))	128,325	109,501
Funded reserves - replacement (Note 10 (b))	138,610	129,287
Mortgages payable (Note 9 (e))	653,511	
Mortgages payable (Note 9)	<u>1,015,457</u>	<u>1,120,407</u>
	<u>\$ 7,001,741</u>	<u>\$ 5,807,681</u>
Net financial assets	<u>\$ 5,059,595</u>	<u>\$ 4,712,757</u>
Non-financial assets:		
Tangible capital assets (Notes 2 (b) and 11)	<u>\$ 7,936,227</u>	<u>\$ 7,968,456</u>
Accumulated surplus	<u>\$ 12,995,822</u>	<u>\$ 12,681,213</u>
Accumulated surplus (deficit) comprised of:		
General Operations	\$ (100,630)	\$ 152,199
Gaming Distribution Fund	6,214,212	5,087,707
Business Enterprises	<u>614,981</u>	<u>593,258</u>
Total fund balances	<u>\$ 6,728,563</u>	<u>\$ 5,833,164</u>
Equity in tangible capital assets (Note 11 (d))	<u>6,267,259</u>	<u>6,848,049</u>
Total accumulated surplus	<u>\$ 12,995,822</u>	<u>\$ 12,681,213</u>

Approved on behalf of the Band:

Kirby Whiteduck
Chief, Algonquins of Pikwakanagan

Vicky Two-Axe
Executive Director of Operations

(See accompanying notes)

MACKILLCAN & ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS

Algonquins of Pikwakanagan

Consolidated Statement of Accumulated Surplus

For the year ended 31 March 2018
(with 2017 figures for comparison)

	2018			2017		
	General Operations	Gaming Distribution Fund	Business Enterprises	Total	General Operations	Gaming Distribution Fund
Accumulated surplus at the beginning of the year	\$ 152,199	\$ 5,087,707	\$ 593,238	\$ 5,733,164	\$ 188,545	\$ 5,285,954
(252,829)	(252,829)	1,126,505	21,723	895,399	(36,346)	(198,247)
Surplus (deficit) for the year						
Accumulated surplus (deficit) at the end of the year	\$ (100,630)	\$ 6,214,212	\$ 614,981	\$ 6,728,563	\$ 152,199	\$ 5,087,707

(See accompanying notes)

Algonquins of Pikwakanagan

Consolidated Statement of Operations

For the year ended 31 March 2018

Fund	Revenue						INAC Budget	INAC Budget	INAC Budget	INAC Budget	INAC Budget
	INAC Budget	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario	Other	Total Revenue					
Economic Development	\$ 170,782	\$ 148,481	\$ 2,898	\$ 89,931	\$ 308,833	\$ 550,143	\$ 170,782	\$ 550,509	\$ (366)	\$ 22,301	
Education	2,295,887	2,273,665		19,431	118,338	2,411,634	2,295,887	2,411,634		278,262	340,154
General Government	506,682	510,836	4,186	311,868	826,910	506,682	943,227	(116,317)	\$ 42,588	38,384	
Health Services	42,000	42,000	834,264	1,196,116	190,212	2,262,592	42,000	2,262,592			
Lands, Revenues and Trusts	76,961	86,261	97,743	65,703	249,707	76,961	249,707		27,815	63,776	
Public Works	487,172	511,447	55,043	616,135	1,182,925	487,172	1,319,073	(136,148)	397,557	487,093	
Recreation				63,848	204,247	268,095		268,095			
Social Services	464,815	169,482		912,140	294,227	1,375,849	464,815	1,375,847	2		255,834
Total before Gaming Operations and Section 95 Social Housing Operation	\$ 4,044,299	\$ 3,742,192	\$ 837,162	\$ 2,438,438	\$ 2,110,063	\$ 9,127,855	\$ 4,044,299	\$ 9,380,684	\$ (252,829)	\$ 746,222	\$ 1,207,542
Gaming Operations					1,341,377	1,341,377		214,872	1,126,305		
Section 95 Social Housing Operation					201,695	201,695		201,695			
Change in government business enterprises					21,723	21,723			21,723		
Total before tangible capital assets	\$ 4,044,299	\$ 3,742,192	\$ 837,162	\$ 2,438,438	\$ 3,674,858	\$ 10,692,650	\$ 4,044,299	\$ 9,797,251	\$ 895,399	\$ 746,222	\$ 1,207,542
Acquisition of tangible capital assets					(653,511)	(653,511)		(489,806)	(163,705)		
Amortization of tangible capital assets								417,085	(417,085)		
Grand Total	\$ 4,044,299	\$ 3,742,192	\$ 837,162	\$ 2,438,438	\$ 3,021,347	\$ 10,039,139	\$ 4,044,299	\$ 9,724,530	\$ 314,609	\$ 746,222	\$ 1,207,542

(See accompanying notes)

Algonquins of Pikwakanagan

Consolidated Statement of Changes in Net Financial Assets

For the year ended 31 March 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Net surplus (deficit) for the year	\$ 314,609	\$ (162,588)
Amortization of tangible capital assets	522,035	532,092
Acquisition of tangible capital assets and construction in progress	<u>(489,806)</u>	<u>(504,011)</u>
Increase (decrease) in net financial assets	\$ 346,838	\$ (134,507)
Net financial assets, beginning of year	<u>4,712,757</u>	<u>4,847,264</u>
Net financial assets, end of year	<u>\$ 5,059,595</u>	<u>\$ 4,712,757</u>

(See accompanying notes)

Algonquins of Piquaganagan

Consolidated Statement of Cash Flows

For the year ended 31 March 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net surplus (deficit) for the year	\$ 314,609	\$ (162,588)
Add amortization which does not involve cash	<u>522,035</u>	<u>532,092</u>
	<u>\$ 836,644</u>	<u>\$ 369,504</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable	\$ (121,292)	\$ (438,982)
- increase (decrease) in accounts payable	72,279	152,210
- increase (decrease) in deferred revenue	<u>545,073</u>	<u>1,249,530</u>
	<u>\$ 496,060</u>	<u>\$ 962,758</u>
Cash flows from operating activities	<u>\$ 1,332,704</u>	<u>\$ 1,332,262</u>
Cash flows from financing activities:		
- repayment of mortgages payable	\$ (104,950)	\$ (78,952)
- proceeds from mortgages payable	653,511	14,094
- (decrease) increase in funded reserves	<u>28,147</u>	<u>14,094</u>
Cash flows from (used for) financing activities	<u>\$ 576,708</u>	<u>\$ (64,858)</u>
Cash flows used for investing activities:		
Decrease (increase) in investment in business enterprises	\$ (21,723)	\$ 5,727
Decrease (increase) in investment in solar project #1	366	(14,817)
Additions to tangible capital assets:		
Education		(12,384)
Health Services		(68,369)
Public Works	(489,806)	(372,360)
Recreation		(14,816)
Social Services	-	<u>(36,082)</u>
Cash flows used for investing activities	<u>\$ (511,163)</u>	<u>\$ (513,101)</u>
Increase in cash and cash equivalents during the year	\$ 1,398,249	\$ 754,303
Cash and cash equivalents at the beginning of the year	<u>9,047,704</u>	<u>8,293,401</u>
Cash and cash equivalents at the end of the year	<u>\$ 10,445,953</u>	<u>\$ 9,047,704</u>
Comprised of:		
Cash in bank - administration	\$ 3,969,232	\$ 3,726,992
- Gaming Distribution Fund	6,214,212	5,087,707
- Section 95 Social Housing Operation	<u>262,509</u>	<u>233,005</u>
	<u>\$ 10,445,953</u>	<u>\$ 9,047,704</u>

(See accompanying notes)

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. NATURE OF ORGANIZATION

The Algonquins of Pikwakanagan are a First Nation located in Pikwakanagan, Ontario. The First Nation receives funding from various Federal and Provincial agencies along with generating other income in order to provide support to the members of the community in their daily endeavours and overall well being. The operations of the First Nation are controlled and managed by Chief and Council.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Algonquins of Pikwakanagan are prepared in accordance with the Public Sector Accounting Board (PSAB) using the Canadian generally accepted accounting principles as set out in the Year End Reporting Handbook - Funding Agreements covering 2017 - 2018.

a) Non-Financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses (excess of expenses over revenue), provides the change in net financial assets for the year.

b) Tangible Capital Assets:

i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Consumer Price Index (CPI) for land, machinery and equipment and vehicles or the Non-Residential Building Construction Price Index (NRBCPI) for land improvements, buildings and linear assets. All land is valued at \$ 1.00 per segment. Certain assets which have historical or cultural value are not recognized as tangible capital assets.

ii) Amortization:

The TCAs are amortized annually with a corresponding reduction in equity in tangible capital assets. Amortization is calculated on the straight-line basis over the useful lives of the assets in varying amounts as follows:

Buildings	25 - 40 years
Machinery and equipment	4 - 15 years
Vehicles	5 years
Land improvements	10 - 25 years
Linear assets	10 - 40 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization expense will be charged against the operating unit. Capital work in progress is not amortized until it is put into service.

The Algonquins of Pikwakanagan have a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed.

iii) Contribution of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer. There were no such transactions during the year.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating and the related lease payments are charged to expenses as incurred.

d) Use of Estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates. Significant estimates include amortization.

e) Basis of Accounting:

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that give rise to the revenue; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

f) Deferred Revenue:

The Algonquins of Pikwakanagan receive restricted contributions under the authority of the provincial and federal governments. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

g) Business Enterprises:

Government Business enterprises (and partnerships) are included in the consolidated statement of financial position on a modified equity basis. Under the modified equity method of accounting, only the Algonquins of Pikwakanagan's investment in the business enterprises and the enterprises' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Algonquins of Pikwakanagan.

h) Cash and Cash Equivalents:

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

i) Financial Instruments:

Financial instruments include cash in bank, accounts receivable, investment in solar project #1, investment in Business Enterprises, accounts payable and mortgages payable. Unless otherwise noted, it is management's opinion that the Algonquins of Pikwakanagan are not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. FINANCIAL INSTRUMENTS

The carrying amounts reported on the statement of financial position for cash in bank, accounts receivable and accounts payable approximate their fair values, due to the immediate and short term nature of these financial instruments.

The fair value of investment in solar project #1, investment in Business Enterprises and mortgages payable, including the current portion, is based on rates currently available to the Algonquins of Pikwakanagan with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

4. DEFERRED REVENUE

The portion of contributions that has been deferred to be applied to expenditures of subsequent years is as follows:

	<u>2018</u>	<u>2017</u>
Government of Canada:		
- Health Services	\$ 1,392,965	\$ 1,226,879
Indian and Northern Affairs Canada:		
- Economic Development	22,301	
- Education	340,154	278,261
- Public Works	487,093	397,557
- General Government	38,384	42,558
- Lands, Revenues and Trusts	63,776	
- Social Services	255,834	
Provincial - Ontario:		
- Education	9,072	9,597
- Health Services	175,000	
- Lands, Revenues and Trusts	55,666	99,590
- Recreation	6,004	
Other:		
- Health Services	42,144	21,116
- Economic Development	40,556	87,480
- Public Works	394,898	394,692
- Social Services	133,662	132,861
- General Government	196,249	267,011
- Education	239,085	258,848
- Recreation	21,391	110,677
- Lands, Revenues and Trusts	346,392	388,426
	<u>\$ 4,260,626</u>	<u>\$ 3,715,553</u>

5. CONTINGENT LIABILITIES

The Algonquins of Pikwakanagan, under the guaranteed loan management system, has guaranteed loans obtained by members for the purpose of financing their portion of the housing costs. The total of the guarantees amount to \$ 888,643 (2017 - \$ 459,163).

6. ACCOUNTS RECEIVABLE

Included in accounts receivable is a balance owing on a mortgage in the amount of \$ 12,261.

7. INTERFUND TRANSFERS

The total expenditure of \$ 9,724,530 (2017 - \$ 10,274,188) and total revenue of \$ 10,039,139 (2017 - \$ 10,111,600) includes interfund transfers of \$ 340,965 (2017 - \$ 283,720) (net of transfers to deferred revenue) from the Gaming Distribution Fund along with \$ 272,619 (2017 - \$ 256,886) relating to interfund transfers.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

8. BUSINESS ENTERPRISES

a) AOPFN General Partner Inc.:

- AOPFN General Partner Inc. is the general partner for AOPFN Limited Partnership with its head office located on Algonquins of Pikwakanagan First Nation.
- the Algonquins of Pikwakanagan own 100% of the voting shares

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 198	\$ 190
- total liabilities at cost	-	-
- total revenue	8	12
- total expenditures	-	-

b) AOPFN Limited Partnership:

- AOPFN Limited Partnership holds interests in other partnerships and is located on Algonquins of Pikwakanagan First Nation.
- 99.99% of the partnership units (limited units) are owned by the Algonquins of Pikwakanagan and 0.01% of the partnership units (general units) are owned by AOPFN General Partner Inc. which is owned 100% by the Algonquins of Pikwakanagan.

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 811,140	\$ 840,976
- total liabilities at cost	5,879	57,432
- total revenue	73,652	181,542
- total expenditures	51,935	69,136

c) AOPFN HVAC Inc.:

- AOPFN HVAC Inc. holds interests in AOPFN HVAC Limited Partnership and is located on Algonquins of Pikwakanagan First Nation.
- AOPFN Limited Partnership owns 100% of the voting shares

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 103	\$ 102
- total liabilities at cost	-	-
- total revenue	1	2
- total expenditures	-	-

d) AOPFN HVAC Limited Partnership:

- AOPFN HVAC Limited Partnership operates a heating contracting business located on Algonquins of Pikwakanagan First Nation with contracts being completed on and off the First Nation.
- 99.99% of the partnership units (limited units) are owned by the AOPFN Limited Partnership and 0.01% of the partnership units (general units) are owned by AOPFN HVAC Inc. which is owned 100% by the AOPFN Limited Partnership.

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 10,790	\$ 56,136
- total liabilities at cost	-	42,329
- total revenue	62,572	262,426
- total expenditures	65,679	253,946

MACKILLCAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

8. BUSINESS ENTERPRISES (Continued)

e) Goshen Solar Inc.:

- Goshen Solar Inc. generates electricity from solar panels and is located in Renfrew County
- AOPFN Limited Partnership owns 51% of the voting shares

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 985,530	\$ 983,702
- total liabilities at cost	1,376,186	1,357,035
- total revenue	240,164	339,936
- total expenditures	257,245	342,530

f) 2479815 Ontario Inc.:

- 2479815 Ontario Inc. is a limited partner in a solar farm.
- AOPFN owns 100% of the voting shares

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 601	\$ 601
- total liabilities at cost	501	501
- total revenue	-	-
- total expenditures	-	-

g) 2479809 Ontario Inc.:

- 2479809 Ontario Inc. is a limited partner in a solar farm.
- AOPFN owns 100% of the voting shares

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 601	\$ 601
- total liabilities at cost	501	501
- total revenue	-	-
- total expenditures	-	-

h) Investment in solar project #1:

- The investment in solar project #1 is an investment in a limited partnership of a solar farm.
- AOPFN owns 15% of the limited partnership units. The income for this investment is included in the income and consolidated surplus for General Operations.

- financial position:	<u>2018</u>	<u>2017</u>
- total assets at cost	\$ 300,321	\$ 298,860
- total liabilities at cost	13,983	10,078
- total revenue	36,801	40,224
- total expenditures	21,809	21,732

i) The financial statements of each of the business enterprises are unaudited.

9. MORTGAGES PAYABLE

- a) Loan of \$ 144,328 (2017 - \$ 208,217) at 1.86% interest is repayable in blended monthly payments of \$ 2,997 including principal and interest, is due May 2022. The amount is guaranteed by the Indian Affairs and Northern Development Canada.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

9. MORTGAGES PAYABLE (Continued)

- b) Loan of \$ 508,681 (2017 - \$ 535,230) at a rate of prime plus 1.08% interest is repayable in blended monthly payments of \$ 2,680 including principal and interest, is due July 2035 and is renewable 1 August 2020. The amount is guaranteed by the Indian Affairs and Northern Development Canada.
- c) Loan of \$ 362,448 (2017 - \$ 376,960) at a rate of prime plus 1.05% interest is repayable in blended monthly payments of \$ 1,531 including principal and interest, is due May 2040 and is renewable 1 May 2020. The amount is guaranteed by the Indian Affairs and Northern Development Canada.
- d) The amounts repayable over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 75,010	\$ 11,448	\$ 86,458
2020	76,085	10,414	86,499
2021	77,176	9,322	86,498
2022	78,286	8,214	86,500
2023	<u>50,712</u>	<u>7,293</u>	<u>58,005</u>
	<u><u>\$ 357,269</u></u>	<u><u>\$ 46,691</u></u>	<u><u>\$ 403,960</u></u>

- e) Loan of \$ 653,511 was advanced to the Algonquins of Pikwakanagan for the construction of 5 new housing units. As of 31 March 2018, all of the units have not been completed and as such, the loan details including interest rate, repayment amount and repayment terms have not been finalized. The loan limit is \$ 725,000.

10. FUNDED RESERVES (ESTABLISHED UNDER SECTION 95 SOCIAL HOUSING OPERATION)

- a) Operating reserve is established under Section 95 Social Housing Operation program to offset future operating deficits.
- b) The replacement reserve is established for the purpose of replacing items of a capital nature. The replacement reserve account is funded by an annual charge against earnings or approved to an appropriation of surplus. Interest earned and expenditures are charged against the reserve as incurred.

11. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Algonquins of Pikwakanagan by major asset class and by operational division, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

- a) Contributed Tangible Capital Assets:
The Algonquins of Pikwakanagan records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. There were no such transactions during the year.
- b) Tangible Capital Assets Recognized at Nominal Value:
Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such asset is land which has been valued at \$ 1.00 per segment.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

11. TANGIBLE CAPITAL ASSETS (Continued)

c) Section 95 Social Housing Operation:

Amortization for Section 95 Social Housing Operation assets are \$ 104,950 (2017 - \$ 78,952).
Current year additions to Section 95 Social Housing Operation assets are \$ Nil (2017 - \$ Nil).

d) Equity in Tangible Capital Assets: 2018 2017

Tangible capital assets - net	<u>\$ 7,936,227</u>	<u>\$ 7,968,456</u>
Net long term liabilities	<u>(1,668,968)</u>	<u>(1,120,407)</u>
Equity in tangible capital assets	<u>\$ 6,267,259</u>	<u>\$ 6,848,049</u>

12. LANDFILL CLOSURE AND POST CLOSURE COSTS

No amounts have been accrued in the financial statements for landfill closure and post closure costs as the Government of Canada is responsible for all costs associated with the landfill closure and post closure under a proposal driven process.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

14. CONTINGENT LIABILITIES

The nature of the First Nation's activities is such that there may be litigation pending or in prospect at any time. The First Nation is currently involved in liability claims as a result of legal challenges against the recent Chief and Council elections and legal action being taken against them which is evolving from a referendum vote. These actions have yet to be resolved and the outcome of these matters cannot yet be determined, no amounts have been recorded in the accounts.