

**Moravian Of The Thames First Nation**

**Financial Statements  
March 31, 2017**

## Management's Report

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

The accompanying consolidated financial statements of Moravian Of The Thames First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

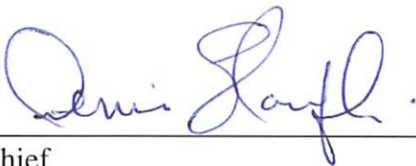
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

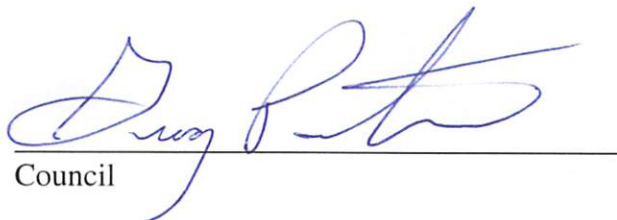
The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow Sarnia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Moravian Of The Thames First Nation and meet when required.

On Behalf of Moravian Of The Thames First Nation:

A handwritten signature in blue ink, appearing to read "Dennis Lough", written over a horizontal line.

Chief

A handwritten signature in blue ink, appearing to read "Doug P. [unclear]", written over a horizontal line.

Council

July 13, 2017

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## **Independent Auditor's Report**

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### **To The Members Of Moravian Of The Thames First Nation**

We have audited the accompanying financial statements of Moravian of the Thames First Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net 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 control as management determines is 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 control 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 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 of our qualified audit opinion.

**Independent  
Auditor's Report cont'd....**

*Basis for Qualified Opinion*


Under Section 3150 of the Public Sector Accounting Handbook, the Moravian Of The Thames First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized, and as a result, no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Moravian of the Thames First Nation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Other Matter*

Our audit was made for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Collins Barnum Sarnia L.L.P." The signature is written in a cursive, flowing style.

**Sarnia, Ontario  
July 13, 2017**

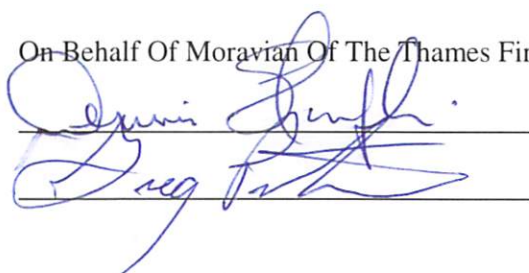
**Chartered Accountants  
Licensed Public Accountants**

**Moravian Of The Thames First Nation**  
**Consolidated Statement Of Financial Position**  
**March 31, 2017**

|  | 2017                        | 2016                        |
|--|-----------------------------|-----------------------------|
| <b>Financial Assets</b>                            |                             |                             |
| Cash (note 2)                                      | \$ 3,259,155                | \$ 2,986,760                |
| Trust Funds in Ottawa (note 3)                     | 174,487                     | 170,717                     |
| Short-term investments (note 4)                    | 1,191,771                   | 1,181,404                   |
| Accounts receivable (note 5)                       | 516,122                     | 217,737                     |
| Investments (note 6)                               | 2,782,815                   | 3,394,836                   |
| Investments in business enterprises (note 8)       | 471,763                     | 900,261                     |
| Due from related company (note 7)                  | 1,112,198                   | 310,211                     |
| Loans receivable (note 9)                          | 890,802                     | 881,682                     |
| Less allowance for doubtful accounts (note 9)      | <u>(890,802)</u>            | <u>(881,682)</u>            |
| <b>Total Financial Assets</b>                      | <u><b>9,508,311</b></u>     | <u><b>9,161,926</b></u>     |
| <b>Liabilities</b>                                 |                             |                             |
| Accounts payable and accrued liabilities (note 10) | 151,067                     | 138,357                     |
| Payable to funding source (note 11)                | 121,531                     | 79,553                      |
| Due to related company (note 7)                    | -                           | 156                         |
| Deferred revenue (note 12)                         | 247,501                     | 323,438                     |
| Deposits on hand                                   | 25,572                      | 24,458                      |
| Current portion of long-term debt (note 13)        | 550,149                     | 694,681                     |
| Long-term debt (note 13)                           | <u>1,344,214</u>            | <u>1,004,952</u>            |
| <b>Total Liabilities</b>                           | <u><b>2,440,034</b></u>     | <u><b>2,265,595</b></u>     |
| <b>Net Financial Assets</b>                        | <u><b>7,068,277</b></u>     | <u><b>6,896,331</b></u>     |
| <b>Non-Financial Assets</b>                        |                             |                             |
| Tangible capital assets (note 14)                  | 6,909,605                   | 6,924,664                   |
| Prepaid expenses                                   | <u>31,800</u>               | <u>24,457</u>               |
| <b>Total Non-Financial Assets</b>                  | <u><b>6,941,405</b></u>     | <u><b>6,949,121</b></u>     |
| <b>Accumulated Surplus</b>                         | <u><b>\$ 14,009,682</b></u> | <u><b>\$ 13,845,452</b></u> |

Contingent Liability (note 18)

On Behalf Of Moravian Of The Thames First Nation



**Moravian Of The Thames First Nation  
Consolidated Statement Of Operations  
For The Year Ended March 31, 2017**

|   | <b>2017 Budget</b> | <b>2017</b>       | <b>2016</b>         |
|---|--------------------|-------------------|---------------------|
| Revenue   |                    |                   |                     |
| AANDC- Fixed                                    | \$ 1,082,848       | \$ 1,082,848      | \$ 1,034,368        |
| AANDC- Set                                      | 357,890            | 357,890           | 231,606             |
| AANDC- Grant                                    | 324,862            | 324,862           | 324,884             |
| Health Canada                                   | 1,018,531          | 1,018,531         | 1,032,347           |
| OFNLP   | 840,000            | 829,112           | 736,830             |
| AIAI  | 318,801            | 318,823           | 280,944             |
| Stepping Stones                                 | 546,103            | 634,874           | 657,620             |
| Provincial                                      | 353,306            | 331,006           | 283,719             |
| Education                                       | 328,311            | 325,867           | 294,185             |
| MCSS  | 180,000            | 176,467           | 208,695             |
| SFNS  | 706,700            | 706,700           | 601,387             |
| CMHC  | 116,764            | 116,384           | 121,971             |
| Other   | 676,659            | 792,114           | 1,127,917           |
| Rental  | 251,660            | 244,455           | 236,318             |
| Administration                                  | 370,000            | 396,644           | 353,607             |
| Repayable to Funding Source                     | -                  | (68,755)          | (68,070)            |
| Deferred Revenue- Beginning                     | 267,805            | 267,805           | 229,198             |
| Deferred Revenue- Ending                        | -                  | (247,501)         | (267,805)           |
|   | <u>7,740,240</u>   | <u>7,608,126</u>  | <u>7,419,721</u>    |
| Expenditures                                    |                    |                   |                     |
| Administration                                  | 1,308,024          | 1,161,705         | 1,100,485           |
| Economic development                            | 230,410            | 180,070           | 268,110             |
| Education                                       | 1,326,578          | 1,261,305         | 1,274,502           |
| Childcare                                       | 456,102            | 417,514           | 427,005             |
| Social services                                 | 525,918            | 614,689           | 637,435             |
| Land and trust services                         | 325,798            | 206,146           | 214,935             |
| Health  | 1,337,332          | 1,330,802         | 1,256,961           |
| Employment assistance                           | 274,254            | 261,671           | 246,575             |
| Community infrastructure                        | 206,693            | 207,990           | 238,512             |
| Community development                           | 635,970            | 562,380           | 585,866             |
| OFNLP   | 938,356            | 503,878           | 664,276             |
| Amortization                                    | -                  | 381,867           | 392,997             |
|   | <u>7,565,435</u>   | <u>7,090,017</u>  | <u>7,307,659</u>    |
| Annual Surplus                                  | 174,805            | 518,109           | 112,062             |
| Loss On Investment                              |                    | (428,498)         | (251,614)           |
| CMHC Operating Surplus Deferral                 |                    | 72,796            | -                   |
| CMHC Replacement Reserve                        |                    | (17,339)          | (22,250)            |
| Reserve Trust Fund                              |                    | 3,770             | 2,372               |
| Replacement Reserve                             |                    | 15,393            | 15,316              |
| Accumulated Surplus (Deficit)<br>at End of Year | \$ <u>174,805</u>  | \$ <u>164,231</u> | \$ <u>(144,114)</u> |

**Moravian Of The Thames First Nation  
Consolidated Statement Of Changes In Net Financial Assets  
For The Year Ended March 31, 2017**

|  | <b>2017</b>                | <b>2016</b>                |
|--|----------------------------|----------------------------|
| <b>Annual surplus (deficit)</b>                  | <b>\$ 164,231</b>          | <b>\$ (144,114)</b>        |
| <b>Tangible capital assets:</b>                  |                            |                            |
| Acquisition of tangible capital assets           | (366,809)                  | (316,335)                  |
| Amortization of tangible capital assets          | <u>381,867</u>             | <u>392,997</u>             |
|  | 179,289                    | (67,452)                   |
| Use of prepaid expenses                          | <u>(7,343)</u>             | <u>17,475</u>              |
| <b>Change in net financial assets</b>            | <b>171,946</b>             | <b>(49,977)</b>            |
| <b>Net financial assets at beginning of year</b> | <b><u>6,896,331</u></b>    | <b><u>6,946,308</u></b>    |
| <b>Net financial assets at end of year</b>       | <b><u>\$ 7,068,277</u></b> | <b><u>\$ 6,896,331</u></b> |

**Moravian Of The Thames First Nation  
Consolidated Statement Of Cash Flows  
For The Year Ended March 31, 2017**

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>Cash Provided By (Used For)</b>                                |                     |                     |
| <b>Operating Activities</b>                                       |                     |                     |
| Accumulated surplus (deficit)                                     | \$ 164,231          | \$ (144,114)        |
| Items not requiring cash:   |                     |                     |
| Loss on investment  | 428,498             | 251,614             |
| Amortization  | <u>381,867</u>      | <u>392,997</u>      |
|   | 974,596             | 500,497             |
| Change in non-cash working capital items<br>affecting operations: |                     |                     |
| Accounts receivable   | (298,384)           | 343,511             |
| Due from related company  | (801,987)           | (18,086)            |
| Prepaid expenses  | (7,343)             | 17,475              |
| Accounts payable and accrued liabilities                          | 12,710              | 55,062              |
| Due to related company  | (156)               | 156                 |
| Forgivable loan with Naahii Eatery                                | -                   | -                   |
| Deposits on hand  | 1,114               | 2,860               |
| Deferred revenue  | (75,937)            | 60,165              |
| Payable to funding source   | <u>41,978</u>       | <u>52,961</u>       |
|   | <u>(153,409)</u>    | <u>1,014,601</u>    |
| <b>Investing Activities</b>                                       |                     |                     |
| Trust funds in Ottawa   | (3,770)             | (2,372)             |
| Short-term investments  | (10,367)            | (9,510)             |
| Investments   | 612,021             | (30,455)            |
| Investments in government business enterprises                    | -                   | (294,377)           |
| Purchase of tangible capital assets                               | <u>(366,811)</u>    | <u>(316,335)</u>    |
|   | <u>231,073</u>      | <u>(358,672)</u>    |
| <b>Financing Activities</b>                                       |                     |                     |
| Long-term debt  | <u>194,731</u>      | <u>(114,218)</u>    |
| <b>Increase In Cash Position</b>                                  | 272,395             | 247,334             |
| <b>Cash Position, Beginning</b>                                   | <u>2,986,760</u>    | <u>2,739,426</u>    |
| <b>Cash Position, Ending</b>                                      | <u>\$ 3,259,155</u> | <u>\$ 2,986,760</u> |

## **1. Significant Accounting Policies**

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### **Basis of Accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

### **Reporting Entity**

The Moravian of the Thames First Nation reporting entity includes the Moravian of the Thames First Nation government and all related entities that are controlled by the First Nation.

### **Principles of Consolidation**

These consolidated financial statements have been prepared in accordance with general accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, as well as the Year-End Reporting Handbook for First Nations, except for the fact that the First Nation has not accounted for tangible capital assets acquired prior to 1998 or amortization thereon.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

### **Loans Receivable**

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

### **Investments**

Investments in guaranteed investment certificates are recorded at cost plus accrued interest.

Investments in equity instruments quoted in an active market are carried at fair value. Transaction costs associated with the acquisition of these investments are recognized in net income in the period incurred. Changes in fair value are recorded in income at each balance sheet date.

### **Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization of tangible capital assets is calculated by the diminishing balance method using the following rates:

|                        |          |
|------------------------|----------|
| Computers              | 30%      |
| Equipment              | 20%      |
| Furniture and fixtures | 20%      |
| Land improvements      | 20 years |
| Roads                  | 8%       |
| Fencing                | 10%      |
| Band buildings         | 4%       |
| Water system           | 4%       |
| Infrastructure         | 4%       |
| Vehicles               | 30%      |
| Internet towers        | 10%      |

Notes continued on page 8....

**1. Significant Accounting Policies cont'd...**

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**Revenue Recognition**

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

**Government Business Enterprises**

The investment in Naahii Inc., and Naahii Grocery Store Inc. are accounted for using the modified equity basis which reflects Moravian of the Thames First Nation's investment in those enterprise's. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

**Financial Instruments**

The First Nation initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

Financial instruments measured at amortized cost include cash, trust funds, accounts receivable, investments, due to/from related parties, accounts payable and accrued liabilities, deferred revenue, and long-term debt.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any write-down, if any, is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in net income. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

**Use Of Estimates**

In preparing the consolidated financial statements for Moravian of the Thames First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include those related to useful lives of assets, allowance for doubtful accounts, accrued accounts payable and the fair value of financial instruments. Actual results could differ from these estimates.

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

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**2. Cash and Cash Equivalents**

**2017**

**2016**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Moravian of the Thames First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

|                                 |                     |                     |
|---------------------------------|---------------------|---------------------|
| Externally Restricted           |                     |                     |
| Apartment Replacement Reserve   | \$ 148,102          | \$ 67,784           |
| Internally Restricted           |                     |                     |
| Economic Development            | (4,747)             | 25,130              |
| Unrestricted                    |                     |                     |
| Operating                       | <u>3,115,800</u>    | <u>2,893,846</u>    |
| Total Cash and Cash Equivalents | <u>\$ 3,259,155</u> | <u>\$ 2,986,760</u> |

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**3. Trust Funds**

|         | March 31,<br>2016 | Additions<br>2017 | March 31,<br>2017 |
|---------|-------------------|-------------------|-------------------|
| Revenue | \$ 60,703         | \$ 3,770          | \$ 64,473         |
| Capital | <u>110,014</u>    | <u>-</u>          | <u>110,014</u>    |
|         | <u>\$ 170,717</u> | <u>\$ 3,770</u>   | <u>\$ 174,487</u> |

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.

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**4. Short-Term Investments**

**2017**

**2016**

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| OFNLP Future Generations Investment | \$ 724,063          | \$ 717,764          |
| Regular Investment                  | <u>467,708</u>      | <u>463,640</u>      |
| Total Investments                   | <u>\$ 1,191,771</u> | <u>\$ 1,181,404</u> |

OFNLP money and other First Nation funds have been invested in several interest bearing vehicles that will become due at various times within the next 12 months.

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>5. Accounts Receivable</b>        | <b>2017</b>       | <b>2016</b>       |
|--------------------------------------|-------------------|-------------------|
| Federal Funding                      |                   |                   |
| INAC Transfer Payments               | \$ 21,646         | \$ 23,844         |
| Health Canada                        | <u>16,604</u>     | <u>-</u>          |
|                                      | <u>38,250</u>     | <u>23,844</u>     |
| Provincial Funding                   |                   |                   |
| Homemakers                           | 39,989            | 42,507            |
| Ontario Power Authority              | 72,000            | 27,000            |
| Ministry of Child and Youth Services | 82,913            | -                 |
| Other Grants                         | <u>3,687</u>      | <u>-</u>          |
|                                      | <u>198,589</u>    | <u>69,507</u>     |
| Other Programs                       |                   |                   |
| AIAI                                 | <u>3,530</u>      | <u>8,750</u>      |
| CMHC Receivable                      | <u>68,885</u>     | <u>-</u>          |
| Other Receivables                    |                   |                   |
| SFNS employment and training         | 155,836           | 32,613            |
| Miscellaneous                        | 144,184           | 163,150           |
| Stepping Stones                      | <u>32,936</u>     | <u>39,960</u>     |
|                                      | <u>332,956</u>    | <u>235,723</u>    |
| Water Fees                           | <u>13,319</u>     | <u>9,048</u>      |
|                                      | 655,529           | 346,872           |
| Allowance for Doubtful Accounts      | <u>139,407</u>    | <u>129,135</u>    |
|                                      | <u>\$ 516,122</u> | <u>\$ 217,737</u> |

Notes continued on page 11....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

**6. Investments**

**2017**

**2016**

OFNLP Future Generations Investment

\$ 2,782,815

\$ 3,394,836

Gaming revenue and other Band funds have been invested in several interest bearing vehicles that will become due at various times.

**7. Related Parties Transactions**

**2017**

**2016**

The First Nation's advance and the amounts due from related companies are interest-free with no set terms of repayment. As of March 31, 2017, the balance owing (to)/from are as follows:

**Due to Related Company**

Lunaapeew Development LP

\$ -

\$ (156)

**Due from Related Companies**

Naahii Grocery Store Inc.

\$ 92,975

\$ 49,539

Lunaapeew Development LP

787,499

-

Naahii Inc.

231,724

260,672

\$ 1,112,198

\$ 310,211

**8. Investment in Business Enterprises**

**2017**

**2016**

|                            | Naahii Inc.       | Naahii Grocery Store Inc. | Lunaapeew Development LP | Total             | Total             |
|----------------------------|-------------------|---------------------------|--------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 903,552        | \$ (272,661)              | \$ 269,370               | \$ 900,261        | \$ 857,498        |
| Investment during the year |                   |                           | -                        | -                 | 294,377           |
| Share of net income (loss) | <u>(33,873)</u>   | <u>(133,979)</u>          | <u>(260,646)</u>         | <u>(428,498)</u>  | <u>(251,614)</u>  |
| Balance, end of year       | <u>\$ 869,679</u> | <u>\$ (406,640)</u>       | <u>\$ 8,724</u>          | <u>\$ 471,763</u> | <u>\$ 900,261</u> |

Moravian Delaware Nation owns 100% of Naahii Inc., Naahii Grocery Store and Lunaapeew Development. Naahii Inc. is a plaza renting out space to companies in First Nation. Lunaapeew Development is a gas station. The initial investment with Naahii Inc, Naahii Grocery Store Inc. and Lunaapeew Development is \$1,599,832.

The income (loss) from the enterprises are reported on the statement of operations. Cash advances to or from the enterprises are recorded as an increase or decrease in the investment in the enterprises.

Notes continued on page 12....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>8. Investment in Business Enterprises cont'd...</b> | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>Naahii Inc.</b>                                     |                     |                     |
| <b>Balance Sheet</b>                                   |                     |                     |
| Assets   |                     |                     |
| Cash   | \$ 2,162            | \$ -                |
| Accounts receivable                                    | <u>46,153</u>       | <u>50,585</u>       |
|  | <u>48,315</u>       | <u>50,585</u>       |
| Due from related parties- Naahii Grocery Store Inc.    | 395,266             | 384,145             |
| Property, plant and equipment                          | <u>975,274</u>      | <u>1,019,369</u>    |
|  | <u>\$ 1,418,855</u> | <u>\$ 1,454,099</u> |
| Liabilities  |                     |                     |
| Bank Overdraft   | \$ -                | \$ 1,972            |
| Accounts payable and accrued liabilities               | <u>5,500</u>        | <u>5,751</u>        |
|  | <u>5,500</u>        | <u>7,723</u>        |
| Due to Moravian Band- related parties                  | 231,724             | 260,671             |
| Due to related party - Lunaapeew Development           | 62,049              | 4,555               |
| Long-term debt   | <u>249,903</u>      | <u>277,598</u>      |
|  | <u>549,176</u>      | <u>550,547</u>      |
| Shareholders' Equity                                   |                     |                     |
| Capital Stock  | 100                 | 100                 |
| Deficit  | (301,847)           | (267,974)           |
| Contributed Surplus                                    | <u>1,171,426</u>    | <u>1,171,426</u>    |
|  | <u>869,679</u>      | <u>903,552</u>      |
|  | <u>\$ 1,418,855</u> | <u>\$ 1,454,099</u> |
| <b>Results of Operations</b>                           |                     |                     |
| Revenue  |                     |                     |
| Rental   | \$ <u>26,020</u>    | \$ <u>30,552</u>    |
| Expenditures   |                     |                     |
| Honorarium   | -                   | 7,651               |
| Utilities  | 5,125               | 4,458               |
| Repairs and maintenance                                | -                   | 300                 |
| Interest on long-term debt                             | 9,798               | 7,197               |
| Interest and bank charges                              | -                   | 70                  |
| Professional fees                                      | -                   | 724                 |
| Office supplies  | 875                 | 906                 |
| Amortization   | <u>44,095</u>       | <u>46,323</u>       |
|  | <u>59,893</u>       | <u>67,629</u>       |
| Deficiency Of Revenues Over Expenditures               | <u>\$ (33,873)</u>  | <u>\$ (37,077)</u>  |

Notes continued on page 13....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

**8. Investment in Business Enterprises cont'd...**

**2017**

**2016**

**Lunaapeew Development LP**

**Balance Sheet**

**Assets**

Cash

\$ - \$ 298,498

Accounts receivable

30,992 4,040

Due from related parties

- 43,407

Inventory

32,848 24,501

63,840 370,446

Intangible Assets

18,833 -

Property, Plant and Equipment

1,447,606 740,954

\$ 1,511,446 \$ 1,111,400

**Liabilities**

Accounts payable and accrued liabilities

\$ 20,867 \$ 36,644

Current portion of long-term debt

757,973 805,386

863,630 842,030

Due to related parties- Naahii Inc

639,092 -

639,092 842,030

Shareholders' Equity

Retained Earnings

8,724 269,370

\$ 1,511,446 \$ 1,111,400

Notes continued on page 14....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>8. Investment in Business Enterprises cont'd...</b> | <b>2017</b>               |                           | <b>2016</b>         |                    |
|--|---------------------------|---------------------------|---------------------|--------------------|
|  | <u><b>Gas Station</b></u> | <u><b>Tim Hortons</b></u> | <u><b>Total</b></u> |                    |
| <b>Lunaapeew Development LP</b>                        |                           |                           |                     |                    |
| <b>Results of Operations</b>                           |                           |                           |                     |                    |
| Revenue  |                           |                           |                     |                    |
| Sales  | <u>\$ 3,941,859</u>       | <u>\$ 257,546</u>         | <u>\$ 4,199,405</u> | <u>\$ 229,037</u>  |
| Cost of Goods Sold                                     |                           |                           |                     |                    |
| Inventory, beginning                                   | 24,501                    | -                         | 24,501              | -                  |
| Purchases and freight                                  | <u>3,811,944</u>          | <u>106,740</u>            | <u>3,918,684</u>    | <u>253,481</u>     |
|  | <u>3,836,445</u>          | <u>106,740</u>            | <u>3,943,185</u>    | <u>253,481</u>     |
| Inventory, ending                                      | <u>32,848</u>             | <u>-</u>                  | <u>32,848</u>       | <u>24,501</u>      |
|  | <u>3,803,597</u>          | <u>106,740</u>            | <u>3,910,337</u>    | <u>228,980</u>     |
| Gross Profit   | <u>138,262</u>            | <u>150,806</u>            | <u>289,068</u>      | <u>57</u>          |
| Expenditures   |                           |                           |                     |                    |
| Advertising  | 1,694                     | 10,302                    | 11,996              |                    |
| Amortization   | 30,409                    | 48,084                    | 78,493              | 13,636             |
| Bank charges and interest                              | 47,039                    | 3,538                     | 50,577              | 5,651              |
| Board and travel                                       | 825                       | -                         | 825                 | 323                |
| Wages  | 203,911                   | 126,723                   | 330,634             | 31,893             |
| Miscellaneous  | 840                       | -                         | 840                 | 3,392              |
| Fees and permits                                       | 563                       | 1,167                     | 1,730               | 8,835              |
| Royalties  | -                         | 15,453                    | 15,453              | -                  |
| Insurance  | 7,893                     | -                         | 7,893               | 8,640              |
| Office   | 807                       | -                         | 807                 | 4,939              |
| Professional fees                                      | 7,686                     | 54,384                    | 62,070              | 19,555             |
| Rent   | 2,266                     | -                         | 2,266               | 7,931              |
| Subway remodelling                                     | 30,457                    | -                         | 30,457              | -                  |
| Repairs and maintenance                                | 11,078                    | -                         | 11,078              |                    |
| Security   | 244                       | -                         | 244                 | 10,439             |
| Telephone  | 817                       | -                         | 817                 | 128                |
| Utilities  | <u>5,866</u>              | <u>-</u>                  | <u>5,866</u>        | <u>2,488</u>       |
|  | <u>352,395</u>            | <u>259,651</u>            | <u>612,046</u>      | <u>117,850</u>     |
| Loss From Operations                                   | (214,133)                 | (108,845)                 | (322,978)           | (117,793)          |
| Other Income   |                           |                           |                     |                    |
| Band support funding                                   | <u>62,332</u>             | <u>-</u>                  | <u>62,332</u>       | <u>92,786</u>      |
| Deficiency Of Revenues Over Expenditures               | <u>\$ (151,801)</u>       | <u>\$ (108,845)</u>       | <u>\$ (260,646)</u> | <u>\$ (25,007)</u> |

Notes continued on page 15....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

**8. Investment in Business Enterprises cont'd...**

**2017**

**2016**

**Naahii Grocery Store Inc.**

**Balance Sheet**

**Assets**

Accounts receivable

\$ -

\$ 327

Inventory

52,000

48,848

Prepaid expenses

900

900

52,900

50,075

Property, plant and equipment

225,175

265,971

\$ 278,075

\$ 316,046

**Liabilities**

Bank overdraft

\$ 83,269

\$ 76,834

Accounts payable and accrued liabilities

33,686

29,949

116,955

106,783

Advances from Delaware Nation

92,975

49,539

Due to Related Parties - Lunaapeew Development

79,518

8,239

Due to Related Parties - Naahii Inc

395,266

384,145

Long-Term Debt

-

40,000

684,714

588,706

**Shareholders' Equity**

Capital Stock

100

100

Deficit

(540,568)

(406,589)

Contributed Surplus

133,829

133,829

(406,639)

(272,660)

\$ 278,075

\$ 316,046

Notes continued on page 16....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>8. Investment in Business Enterprises cont'd...</b> | <b>2017</b>         | <b>2016</b>         |
|--|---------------------|---------------------|
| <b>Naahii Grocery Store Inc.</b>                       |                     |                     |
| <b>Results of Operations</b>                           |                     |                     |
| Revenue  |                     |                     |
| Sales  | \$ <u>514,696</u>   | \$ <u>402,738</u>   |
| Cost of Sales  |                     |                     |
| Inventory, beginning                                   | 48,848              | 62,237              |
| Purchases  | <u>427,619</u>      | <u>348,518</u>      |
|  | 476,467             | 410,755             |
| Inventory, ending                                      | <u>52,000</u>       | <u>48,848</u>       |
|  | <u>424,467</u>      | <u>361,907</u>      |
| Gross Profit   | <u>90,229</u>       | <u>40,831</u>       |
| Expenditures   |                     |                     |
| Advertising  | -                   | 295                 |
| Amortization   | 40,796              | 49,273              |
| Bank charges and interest                              | 8,428               | 7,733               |
| Interest on long-term debt                             | 7,268               | 4,885               |
| Office   | 9,219               | 4,639               |
| Professional fees                                      | 5,000               | 9,789               |
| Rent   | -                   | -                   |
| Repairs and maintenance                                | 445                 | 4,715               |
| Sub-contract   | 2,809               | 6,774               |
| Telephone  | 1,871               | 3,565               |
| Utilities  | 30,048              | 29,195              |
| Travel   | 1,870               | -                   |
| Wages  | <u>116,454</u>      | <u>109,498</u>      |
|  | <u>224,208</u>      | <u>230,361</u>      |
| Deficiency Of Revenues Over Expenditures               | \$ <u>(133,979)</u> | \$ <u>(189,530)</u> |

Notes continued on page 17....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

**9. Loans Receivable**

|                                 | <b>2017</b>    | <b>2016</b>    |
|---------------------------------|----------------|----------------|
| Housing loans                   | \$ 580,475     | \$ 590,325     |
| Sanitation loans                | 121,272        | 131,105        |
| 100% repayable                  | 184,086        | 150,839        |
| Custom and miscellaneous loans  | 4,969          | 6,665          |
| Renovation loans                | -              | 2,748          |
|                                 | <u>890,802</u> | <u>881,682</u> |
| Allowance for doubtful accounts | <u>890,802</u> | <u>881,682</u> |
|                                 | \$ <u>-</u>    | \$ <u>-</u>    |

Due to the history of poor collections and accountability, the above loans have been recognized as substantially doubtful.

During the year, \$33,043 (2016 - \$61,784) was collected or adjustments made on these loans and \$42,163 (2016 - \$15,447) were new loans added. Payments were applied to the appropriate loans and an adjustment was made to reduce the allowance. This recovery to the allowance is recognized as revenue in the Housing loan repayment program.

**10. Accounts Payable and Accrued Liabilities**

|                           | <b>2017</b>       | <b>2016</b>       |
|---------------------------|-------------------|-------------------|
| Trades payable            | \$ 149,216        | \$ 135,856        |
| Other accrued liabilities | <u>1,851</u>      | <u>2,501</u>      |
|                           | \$ <u>151,067</u> | \$ <u>138,357</u> |

Notes continued on page 18....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>11. Payable to Funding Source</b> | <b>2017</b>       | <b>2016</b>      |
|--------------------------------------|-------------------|------------------|
| Federal government                   | \$ 48,196         | \$ 53,849        |
| Provincial government                | <u>73,335</u>     | <u>25,704</u>    |
|                                      | <u>\$ 121,531</u> | <u>\$ 79,553</u> |

| <b>12. Deferred Revenue</b>   | <b>2017</b>       | <b>2016</b>       |
|-------------------------------|-------------------|-------------------|
| Administration - police funds | \$ -              | \$ 1,777          |
| ASETS Childcare funding       | 1,704             | 6,642             |
| ASETS CRF funding             | 18,867            | 14,629            |
| ASETS EI Funding              | 2,367             | 2,709             |
| Children's fund               | 6,206             | 15,297            |
| Energy plan                   | 46,097            | 1,097             |
| Headstart fundraising         | 12,058            | 18,119            |
| Housing loan repayments       | -                 | 18,753            |
| Land claims                   | -                 | 64,819            |
| Language                      | 18,333            | 43,984            |
| Lifelong learning             | -                 | 23,353            |
| Loan Repayments               | 22,942            | -                 |
| Minor capital                 | 67,531            | -                 |
| New Relationships             | 714               | 3,669             |
| Recreation                    | 234               | 227               |
| Rental properties             | 50,448            | 36,568            |
| Youth Centre                  | -                 | 16,160            |
| CMHC                          | -                 | 55,458            |
| Other                         | <u>-</u>          | <u>177</u>        |
|                               | <u>\$ 247,501</u> | <u>\$ 323,438</u> |

Notes continued on page 19....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

| <b>13. Long-Term Debt</b>  | <b>2017</b>                | <b>2016</b>                |
|--|----------------------------|----------------------------|
| BMO Loan payable at 2.88%, repayable in monthly instalments of \$2,412 principal and interest, due July 1, 2017.                               | \$ 142,325                 | \$ 171,272                 |
| BMO Loan payable. No terms of repayment as of July 13, 2017.   | 40,000                     | -                          |
| Mortgage payable at 0.72%, repayable in monthly instalments. The terms of repayment have not been determined yet. Loan is recorded as current. | 275,008                    | -                          |
| Mortgage payable at 1.92%, repayable in monthly instalments of \$1,099 principal and interest. The mortgage is due April 1, 2019.              | 237,472                    | 246,044                    |
| Mortgage payable at 2.17%, repayable in monthly instalments of \$1,476 principal and interest. The mortgage is due December 1, 2020.           | 270,636                    | 283,378                    |
| Mortgage payable at 2.65%, repayable in monthly instalments of \$5,170 principal and interest. The mortgage is due April 1, 2021.              | 497,105                    | 548,519                    |
| Mortgage payable at 1.49%, repayable in monthly instalments of \$2,090 principal and interest. The mortgage is due March, 2022.                | <u>431,817</u>             | <u>450,420</u>             |
|  | <b>1,894,363</b>           | <b>1,699,633</b>           |
| Current portion  | <u>550,149</u>             | <u>694,681</u>             |
|  | <b><u>\$ 1,344,214</u></b> | <b><u>\$ 1,004,952</u></b> |

The principal reduction required over the next five years are as follows:

|             |                            |
|-------------|----------------------------|
| <b>2018</b> | \$ 550,149                 |
| <b>2019</b> | 93,997                     |
| <b>2020</b> | 306,061                    |
| <b>2021</b> | 305,918                    |
| <b>2022</b> | <u>638,238</u>             |
|             | <b><u>\$ 1,894,363</u></b> |

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

**14. Tangible Capital Assets**

|                                  | Cost                 |                   |                      | Accumulated Amortization |                   |                     | Net Book Value      |                     |
|----------------------------------|----------------------|-------------------|----------------------|--------------------------|-------------------|---------------------|---------------------|---------------------|
|                                  | Opening<br>Balance   | Additions         | Closing<br>Balance   | Opening<br>Balance       | Amortization      | Closing<br>Balance  | Total<br>2017       | Total<br>2016       |
| <b>Tangible Capital Assets</b>   |                      |                   |                      |                          |                   |                     |                     |                     |
| Computers                        | \$ 251,676           | \$ 11,691         | \$ 263,367           | \$ 207,221               | \$ 16,844         | \$ 224,065          | \$ 39,302           | \$ 44,455           |
| Equipment                        | 577,031              | 32,831            | 609,862              | 448,485                  | 32,275            | 480,760             | 129,102             | 128,546             |
| Furniture and fixtures           | 102,653              | -                 | 102,653              | 57,654                   | 9,000             | 66,654              | 35,999              | 44,999              |
| Land improvements                | 25,009               | -                 | 25,009               | 3,750                    | 1,252             | 5,002               | 20,007              | 21,259              |
| Roads                            | 384,617              | -                 | 384,617              | 218,291                  | 13,306            | 231,597             | 153,020             | 166,326             |
| Fencing                          | 19,006               | -                 | 19,006               | 6,537                    | 1,247             | 7,784               | 11,222              | 12,469              |
| Band buildings                   | 5,538,871            | 151,913           | 5,690,784            | 1,814,414                | 185,250           | 1,999,664           | 3,691,120           | 3,724,457           |
| Water system                     | 4,733,615            | -                 | 4,733,615            | 2,426,401                | 92,289            | 2,518,690           | 2,214,925           | 2,307,214           |
| Infrastructure                   | 251,981              | -                 | 251,981              | 115,386                  | 5,464             | 120,850             | 131,131             | 136,595             |
| Vehicles                         | 496,402              | -                 | 496,402              | 421,379                  | 22,505            | 443,884             | 52,518              | 75,023              |
| Internet towers                  | 40,129               | -                 | 40,129               | 15,771                   | 2,436             | 18,207              | 21,922              | 24,358              |
| Prior to March 31, 1998          | <u>1</u>             | <u>-</u>          | <u>1</u>             | <u>-</u>                 | <u>-</u>          | <u>-</u>            | <u>1</u>            | <u>1</u>            |
|                                  | <u>12,420,991</u>    | <u>196,435</u>    | <u>12,617,426</u>    | <u>5,735,289</u>         | <u>381,868</u>    | <u>6,117,157</u>    | <u>6,500,269</u>    | <u>6,685,702</u>    |
| <b>Assets Under Construction</b> |                      |                   |                      |                          |                   |                     |                     |                     |
| Construction of new homes        | <u>238,962</u>       | <u>170,374</u>    | <u>409,336</u>       | <u>-</u>                 | <u>-</u>          | <u>-</u>            | <u>409,336</u>      | <u>238,962</u>      |
| <b>Total</b>                     | <u>\$ 12,659,953</u> | <u>\$ 366,809</u> | <u>\$ 13,026,762</u> | <u>\$ 5,735,289</u>      | <u>\$ 381,868</u> | <u>\$ 6,117,157</u> | <u>\$ 6,909,605</u> | <u>\$ 6,924,664</u> |

Assets under construction having a value of \$409,336 have not been amortized. Amortization of these assets will commence when the asset is put into service.

Notes continued on page 21....

**Moravian Of The Thames First Nation**  
**Notes To Financial Statements**  
**March 31, 2017**

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**15. Accumulated Surplus**

**2017**

**2016**

Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:

**Surplus**

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| Invested in tangible capital assets | \$ 6,909,605        | \$ 6,924,664        |
| Equity in Lunaapeew Development LP  | 8,724               | 269,370             |
| Equity in Naahii Inc.               | 869,679             | 903,552             |
| Equity In Naahii Grocery Store Inc  | <u>(406,640)</u>    | <u>(272,660)</u>    |
|                                     | <b>\$ 7,381,368</b> | <b>\$ 7,824,926</b> |

**Reserves**

|           |                     |                     |
|-----------|---------------------|---------------------|
| Operating | <b>\$ 6,305,725</b> | <b>\$ 5,782,025</b> |
|-----------|---------------------|---------------------|

**Reserves Funds**

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Trust               | 174,487           | 170,717           |
| Replacement Reserve | <u>148,102</u>    | <u>67,784</u>     |
|                     | <b>\$ 322,589</b> | <b>\$ 238,501</b> |

**Accumulated Surplus**

|  |                      |                      |
|--|----------------------|----------------------|
|  | <b>\$ 14,009,682</b> | <b>\$ 13,845,452</b> |
|--|----------------------|----------------------|

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**16. Expenses By Object**

**2017**

**2016**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| Administration                   | \$ 329,695          | \$ 298,515          |
| Amortization                     | 381,867             | 392,997             |
| Bad debt                         | 6,000               | (12,000)            |
| Interest on debt                 | 21,762              | 32,108              |
| Interest and bank charges        | 726                 | 482                 |
| Office and other                 | 264,806             | 316,681             |
| Operations and maintenance       | 598,342             | 566,075             |
| Professional services            | 97,595              | 120,465             |
| Utilities                        | 105,596             | 122,853             |
| Program delivery                 | 2,625,407           | 2,446,960           |
| Travel                           | 124,432             | 94,615              |
| Wages and benefits               | 2,015,237           | 2,258,856           |
| Community support                | 514,280             | 664,276             |
| Writedown of accounts receivable | <u>4,272</u>        | <u>4,776</u>        |
|                                  | <b>\$ 7,090,017</b> | <b>\$ 7,307,659</b> |

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## **17. Segmented Information**

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Moravian of the Thames First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements and limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the service they provide, are as follows:

### **Administration**

Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

### **Economic Development**

Manages the development of the First Nation for the members, such as an energy plan, and tourism.

### **Education**

Provides elementary and secondary education instructional services and provides financial support to students.

### **Childcare**

Manages the activities of the First Nation's children's daycare program.

### **Social Services**

Administers the provision of social assistance to qualifying members.

### **Land and Trust Services**

Provides housing for members of the First Nation.

### **Health**

Provides a variety of health care programs and support to First Nation members.

### **Employment Assistance**

Provides employment assistance to members of the First Nation.

### **Community Infrastructure**

Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

### **Community Development**

Undertakes activities of the Munsee-Delaware Nation Service Club

### **OFNLP**

Undertakes activities of the Ontario First Nation Limited Partnership fund, which derives revenue from gaming facilities located in the Province of Ontario.

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17. Segmented Information

|   | Administration             |                         | Economic Development  |                       | Education               |                         | Childcare             |                       |
|---|----------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------|-----------------------|
|   | 2017                       | 2016                    | 2017                  | 2016                  | 2017                    | 2016                    | 2017                  | 2016                  |
| <b>REVENUES</b>   |                            |                         |                       |                       |                         |                         |                       |                       |
| AANDC   | \$ 709,984                 | 707,131                 | 63,700                | 63,700                | 643,249                 | 536,553                 | 27,200                | 27,200                |
| Union of Ontario Indians                                    | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| AIAI  | -                          | 35,000                  | -                     | -                     | -                       | -                       | -                     | -                     |
| Health Canada   | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Provincial  | -                          | -                       | 214,199               | 195,936               | -                       | -                       | -                     | -                     |
| Ministry of Education                                       | -                          | -                       | -                     | -                     | -                       | -                       | 325,867               | 294,185               |
| MCSS  | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Stepping Stones   | -                          | -                       | -                     | -                     | -                       | -                       | 20,185                | 20,185                |
| CMHC  | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Admin Fees  | 396,644                    | 352,903                 | -                     | -                     | -                       | -                       | -                     | -                     |
| Rental  | 101,000                    | 91,128                  | -                     | -                     | -                       | -                       | -                     | -                     |
| SFNS  | 102,224                    | 125,345                 | -                     | -                     | 604,476                 | 476,042                 | -                     | -                     |
| OFNLP   | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Other   | 182,395                    | 205,154                 | 5,520                 | 21,032                | 55,500                  | 125,100                 | 73,770                | 72,617                |
|   | <u>1,492,247</u>           | <u>1,516,660</u>        | <u>283,419</u>        | <u>280,668</u>        | <u>1,303,225</u>        | <u>1,137,695</u>        | <u>447,022</u>        | <u>414,187</u>        |
| Repayable to funding source                                 | 0                          | (36,349)                | -                     | 61,318                | -                       | -                       | -                     | -                     |
| Deferred revenue - beginning of year                        | 17,074                     | 1,349                   | -                     | 4,767                 | 23,353                  | 91,301                  | 6,642                 | 15,215                |
| Deferred revenue - end of year                              | <u>(73,736)</u>            | <u>(17,074)</u>         | <u>-</u>              | <u>4,767</u>          | <u>-</u>                | <u>23,353</u>           | <u>-</u>              | <u>6,642</u>          |
| <b>Total revenues</b>                                       | <b><u>1,435,584</u></b>    | <b><u>1,464,586</u></b> | <b><u>180,056</u></b> | <b><u>268,110</u></b> | <b><u>1,326,578</u></b> | <b><u>1,205,643</u></b> | <b><u>451,960</u></b> | <b><u>422,760</u></b> |
| <b>EXPENDITURES</b>   |                            |                         |                       |                       |                         |                         |                       |                       |
| Administration  | 15,334                     | 18,802                  | 19,783                | 25,625                | 67,309                  | 45,063                  | 37,158                | 37,158                |
| Amortization  | 381,867                    | 392,997                 | -                     | -                     | -                       | -                       | -                     | -                     |
| bad debt  | 6,000                      | 12,000                  | -                     | -                     | -                       | -                       | -                     | -                     |
| Interest on debt  | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Interest and bank charges                                   | 726                        | 482                     | -                     | -                     | -                       | -                       | -                     | -                     |
| Office, supplies and other                                  | 173,764                    | 238,596                 | 3,693                 | 9,721                 | 3,536                   | 1,322                   | 5,646                 | 5,781                 |
| Operations and maintenance                                  | 293,591                    | 238,762                 | -                     | 3,496                 | 70,550                  | 84,980                  | 20,446                | 22,692                |
| Professional services                                       | 23,057                     | 27,408                  | -                     | 38,223                | -                       | -                       | -                     | -                     |
| Social assistance payments                                  | -                          | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Utilities   | 19,944                     | 16,060                  | -                     | -                     | 4,900                   | 4,956                   | 7,868                 | 6,431                 |
| Program delivery  | 125,012                    | 83,398                  | 24,590                | 21,565                | 964,170                 | 967,134                 | 144,163               | 159,731               |
| Travel  | 55,152                     | 37,641                  | 2,028                 | 10,255                | 1,044                   | 2,575                   | -                     | -                     |
| Wages and benefits  | 438,723                    | 449,005                 | 129,977               | 159,225               | 149,795                 | 168,472                 | 202,233               | 195,213               |
| Community Support   | 10,401                     | -                       | -                     | -                     | -                       | -                       | -                     | -                     |
| Writedown of accounts receivable                            | -                          | 2,331                   | -                     | -                     | -                       | -                       | -                     | -                     |
| <b>Total expenses</b>                                       | <b><u>1,543,572</u></b>    | <b><u>1,493,482</u></b> | <b><u>180,070</u></b> | <b><u>268,110</u></b> | <b><u>1,261,305</u></b> | <b><u>1,274,502</u></b> | <b><u>417,514</u></b> | <b><u>427,005</u></b> |
| <b>Loss on Investment</b>                                   | <b><u>(428,498)</u></b>    | <b><u>(251,614)</u></b> |                       |                       |                         |                         |                       |                       |
| <b>Excess surplus (deficiency) of revenue over expenses</b> | <b>\$ <u>(536,486)</u></b> | <b><u>(280,510)</u></b> | <b><u>14</u></b>      | <b><u>0</u></b>       | <b><u>65,273</u></b>    | <b><u>68,859</u></b>    | <b><u>34,446</u></b>  | <b><u>4,245</u></b>   |

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## 17. Segmented Information cont..

|   | Social Services |                | Land and Trust Services |                | Health           |                  | Employment Assistance |                |
|---|-----------------|----------------|-------------------------|----------------|------------------|------------------|-----------------------|----------------|
|   | 2017            | 2016           | 2017                    | 2016           | 2017             | 2016             | 2017                  | 2016           |
| <b>REVENUES</b>   |                 |                |                         |                |                  |                  |                       |                |
| AANDC   | \$ -            | -              | 55,004                  | 28,377         | -                | -                | 37,300                | 11,400         |
| Union of Ontario Indians                                    | -               | -              | -                       | -              | -                | -                | -                     | -              |
| AIAI  | -               | -              | -                       | -              | 318,823          | 236,944          | -                     | -              |
| Health Canada   | -               | -              | -                       | -              | 1,018,531        | 1,032,347        | -                     | -              |
| Provincial  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Ministry of Education                                       | -               | -              | -                       | -              | -                | -                | -                     | -              |
| MCSS  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Stepping Stones   | 614,689         | 637,435        | -                       | -              | -                | -                | -                     | -              |
| CMHC  | -               | -              | 106,784                 | 112,201        | -                | -                | 9,600                 | 9,770          |
| Admin Fees  | -               | -              | -                       | 704            | -                | -                | -                     | -              |
| Rental  | -               | -              | 137,928                 | 139,003        | -                | -                | -                     | -              |
| SFNS  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| OFNLP   | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Other   | -               | -              | 33,163                  | 48,126         | -                | -                | 218,666               | 231,380        |
|   | 614,689         | 637,435        | 332,879                 | 328,411        | 1,337,354        | 1,269,291        | 265,566               | 252,550        |
| Repayable to funding source                                 | -               | -              | -                       | -              | 6,554            | 13,090           | -                     | -              |
| Deferred revenue - beginning of year                        | -               | -              | 55,322                  | 49,370         | -                | 4,011            | 17,339                | 11,363         |
| Deferred revenue - end of year                              | -               | -              | 73,390                  | 55,322         | -                | -                | 21,234                | 17,339         |
| <b>Total revenues</b>                                       | <b>614,689</b>  | <b>637,435</b> | <b>314,811</b>          | <b>322,460</b> | <b>1,330,801</b> | <b>1,260,212</b> | <b>261,671</b>        | <b>246,575</b> |
| <b>EXPENDITURES</b>   |                 |                |                         |                |                  |                  |                       |                |
| Administration  | -               | -              | 14,718                  | 12,157         | 107,466          | 101,900          | 23,841                | 24,568         |
| Amortization  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| bad debt  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Interest on debt  | -               | -              | 21,762                  | 32,108         | -                | -                | -                     | -              |
| Interest and bank charges                                   | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Office and other  | 12,924          | 13,362         | 21,555                  | 13,466         | 17,253           | 11,553           | -                     | -              |
| Operations and maintenance                                  | -               | -              | 67,775                  | 67,134         | 19,639           | 22,484           | -                     | -              |
| Professional services                                       | -               | -              | 10,000                  | 3,100          | 52,707           | 51,733           | -                     | -              |
| Social assistance payments                                  | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Utilities   | -               | -              | 15,899                  | 18,699         | 23,220           | 20,017           | -                     | -              |
| Program delivery  | 516,812         | 530,404        | 16,332                  | 22,037         | 519,214          | 394,717          | 215,930               | 185,565        |
| travel  | 9,537           | 7,108          | 9,028                   | 6,300          | 36,505           | 23,538           | -                     | -              |
| Wages and benefits  | 75,416          | 86,561         | 29,078                  | 39,933         | 554,797          | 631,019          | 21,900                | 36,442         |
| Community support   | -               | -              | -                       | -              | -                | -                | -                     | -              |
| Writedown of accounts receivable                            | -               | -              | -                       | -              | -                | -                | -                     | -              |
| <b>Total expenses</b>                                       | <b>614,689</b>  | <b>637,435</b> | <b>206,146</b>          | <b>214,935</b> | <b>1,330,802</b> | <b>1,256,961</b> | <b>261,671</b>        | <b>246,575</b> |
| Prior year adjustment                                       |                 |                |                         |                | -                | -                |                       |                |
| CMHC Operating surplus reallocation                         |                 |                | 17,339                  | 22,250         |                  |                  |                       |                |
| <b>Excess surplus (deficiency) of revenue over expenses</b> | <b>\$ -</b>     | <b>-</b>       | <b>91,326</b>           | <b>85,274</b>  | <b>1</b>         | <b>3,251</b>     | <b>0</b>              | <b>-</b>       |

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17. Segmented Information cont..

|  | Community Infrastructure |                 | Community Development |                | OFNLP          |                |
|--|--------------------------|-----------------|-----------------------|----------------|----------------|----------------|
|  | 2017                     | 2016            | 2017                  | 2016           | 2017           | 2016           |
| <b>REVENUES</b>                                |                          |                 |                       |                |                |                |
| AANDC  | \$ 169,163               | 164,323         | 60,000                | 52,174         | -              | -              |
| Union of Ontario Indians                       | -                        | -               | -                     | -              | -              | -              |
| AIAI   | -                        | -               | -                     | 9,000          | -              | -              |
| Health Canada                                  | -                        | -               | -                     | -              | -              | -              |
| Provincial                                     | 19,482                   | 19,482          | 97,325                | 68,301         | -              | -              |
| Ministry of Education                          | -                        | -               | -                     | -              | -              | -              |
| MCSS   | -                        | -               | 176,467               | 208,695        | -              | -              |
| Stepping Stones                                | -                        | -               | -                     | -              | -              | -              |
| CMHC   | -                        | -               | -                     | -              | -              | -              |
| Admin Fees                                     | -                        | -               | -                     | -              | -              | -              |
| Rental   | -                        | -               | 5,527                 | 6,188          | -              | -              |
| SFNS   | -                        | -               | -                     | -              | -              | -              |
| OFNLP  | -                        | -               | -                     | -              | 829,112        | 736,830        |
| Other  | 17,978                   | 18,414          | 151,010               | 339,011        | 54,112         | 67,084         |
|  | <u>206,623</u>           | <u>202,219</u>  | <u>490,329</u>        | <u>683,369</u> | <u>883,224</u> | <u>803,914</u> |
| Repayable to funding source                    | -                        | -               | - 883                 | -              | -              | -              |
| Deferred revenue - beginning of year           | -                        | -               | 143,310               | 45,748         | -              | -              |
| Deferred revenue - end of year                 | -                        | -               | - 30,625              | - 143,310      | -              | -              |
| <b>Total revenues</b>                          | <u>206,623</u>           | <u>202,219</u>  | <u>602,130</u>        | <u>585,806</u> | <u>883,224</u> | <u>803,914</u> |
| <b>EXPENDITURES</b>                            |                          |                 |                       |                |                |                |
| Administration                                 | 28,297                   | 25,744          | 15,791                | 7,500          | -              | -              |
| Amortization                                   | -                        | -               | -                     | -              | -              | -              |
| Bad debt                                       | -                        | -               | -                     | -              | -              | -              |
| Interest on debt                               | -                        | -               | -                     | -              | -              | -              |
| Interest and bank charges                      | -                        | -               | -                     | -              | -              | -              |
| Office and other                               | 7,555                    | 8,035           | 18,880                | 14,846         | -              | -              |
| Operations and maintenance                     | 102,193                  | 113,310         | 24,149                | 13,217         | -              | -              |
| Professional services                          | -                        | -               | 11,831                | -              | -              | -              |
| Social assistance payments                     | -                        | -               | -                     | -              | -              | -              |
| Utilities                                      | 9,025                    | 19,773          | 24,739                | 36,918         | -              | -              |
| Program delivery                               | -                        | -               | 99,183                | 82,409         | -              | -              |
| Travel   | 6,845                    | 1,787           | 4,294                 | 5,410          | -              | -              |
| Wages and benefits                             | 49,805                   | 67,419          | 363,513               | 425,566        | -              | -              |
| Community support                              | -                        | -               | -                     | -              | 503,878        | 664,276        |
| Writedown of accounts receivable               | 4,272                    | 2,445           | -                     | -              | -              | -              |
| <b>Total expenses</b>                          | <u>207,990</u>           | <u>238,512</u>  | <u>562,380</u>        | <u>585,866</u> | <u>503,878</u> | <u>664,276</u> |
| adjustment to prior year surplus               |                          |                 |                       |                |                |                |
| <b>Excess surplus of revenue over expenses</b> | <u>\$ - 1,367</u>        | <u>- 36,293</u> | <u>39,750</u>         | <u>- 59</u>    | <u>379,346</u> | <u>139,638</u> |

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**18. Contingent Liability**

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Moravian of the Thames First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

The First Nation has guaranteed housing loans, to a third party financial institution, for members living on the reserve. Total value for this program is \$500,000. As of the end of the year, no loans were in default. Any potential amounts required to be paid under this guarantee have not been reflected in the financial statements and will be charged to operations in the year incurred.

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**19. Financial Instruments Risks Disclosures**

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The main risks of Moravian of the Thames First Nation financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

**Credit Risk**

Moravian of the Thames First Nation is exposed to credit risk in the event of non-payment by their customers for their accounts receivable. Moravian of the Thames First Nation believes there is high risk associated with these amounts due to nonpayment's to housing loans.

**Liquidity Risk**

Liquidity risk relates to the risk the Moravian of the Thames First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

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**19. Financial Instruments Risks Disclosures cont'd...**

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**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

*Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of Moravian of the Thames First Nation financial instruments are in Canadian dollars and consequently is not subject to currency risk.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Moravian of the Thames First Nation is exposed to interest rate price risk to the extent that a portion of the long-term debt is at a fixed interest rate

*Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Moravian of the Thames First Nation is not exposed to other price risk.

**Changes in Financial Instruments Risks Disclosures**

There have been no significant changes in these risk exposures from the prior year.

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**20. Comparative Figures**

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The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.