

**Consolidated Financial Statements of**  
**AUNDECK-OMNI-KANING**  
**Year ended March 31, 2018**

**AUNDECK-OMNI-KANING**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2018**

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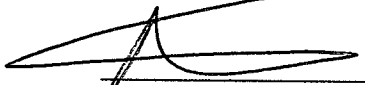
## MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of **Aundeck-Omni-Kaning** are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Aundeck-Omni-Kaning's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

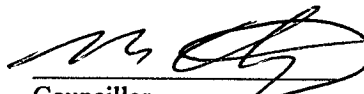
The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Aundeck-Omni-Kaning Chief and Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Aundeck-Omni-Kaning's consolidated financial statements.


  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

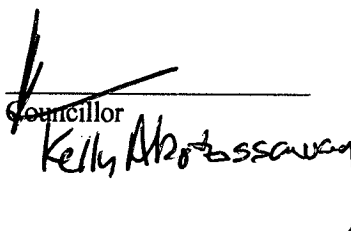
\_\_\_\_\_  
Councillor

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Councillor

  
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Councillor

  
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Councillor

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Councillor

  
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Councillor  
Kelly M. Borsavage

## INDEPENDENT AUDITOR'S REPORT

To: **The Members of Aundeck-Omni-Kaning**

### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of **Aundeck-Omni-Kaning** which comprise the consolidated statement of financial position as at **March 31, 2018**, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal 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 judgement, 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Continued next page*

**INDEPENDENT AUDITOR'S REPORT, continued**

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aundeck-Omni-Kaning as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Freelandt Caldwell Reilly LLP*

**FREELANDT CALDWELL REILLY LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Canada  
August 21, 2018

**AUNDECK-OMNI-KANING**

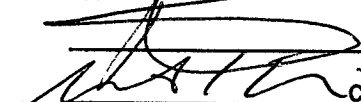
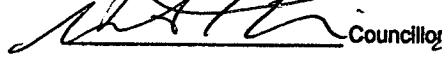
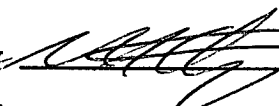

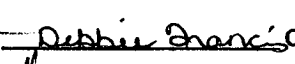






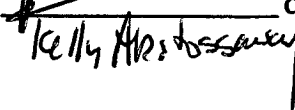
## Consolidated Statement of Financial Position

March 31, 2018, with comparative figures for 2017

	2018	2017
<b>Financial assets:</b>		
Cash	\$ 2,400,980	\$ 2,323,835
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	111,563	110,285
Funds held in trust by Indigenous and Northern Affairs Canada (note 3)	1,978	1,936
Accounts receivable	462,076	438,197
Band member loans (note 4)	308,657	311,333
Investment in Great Lakes Hospitality Group Limited Partnership (note 5)	1	1
Investment in UCCM Building Material Supply Company Ltd. (note 6)	294,849	1
Investment in Mniidoo Mnising Power Limited Partnership (note 7)	1	1
Investment in Ontario First Nation Sovereign Wealth L.P. (Note 8)	1	-
Investment in OFN Asset Management GP Corp. (Note 8)	1	-
<b>Total financial assets</b>	<b>3,580,107</b>	<b>3,185,589</b>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	385,901	656,715
Deferred contributions (note 9)	339,483	91,619
Long-term debt (note 10)	1,451,840	1,530,913
<b>Total financial liabilities</b>	<b>2,177,224</b>	<b>2,279,247</b>
<b>Net financial assets</b>	<b>1,402,883</b>	<b>906,342</b>
<b>Non-financial assets (note 11):</b>		
Tangible capital assets (note 19)	17,942,081	17,825,494
Prepaid expenses	13,157	21,117
Inventory	-	8,235
<b>Total non-financial assets</b>	<b>17,955,238</b>	<b>17,854,846</b>
<b>Accumulated surplus (note 12)</b>	<b>\$ 19,358,121</b>	<b>\$ 18,761,188</b>
Contingent liabilities (note 13)		
Economic dependence (note 14)		

See accompanying notes to consolidated financial statements

Approved on behalf of the Chief and Council of Aundeck-Omni-Kaning:

 Chief  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor  
 Councillor

**AUNDECK-OMNI-KANING****Consolidated Statement of Operations and Accumulated Surplus**

Year ended March 31, 2018, with comparative figures for 2017

	Budget	2018	2017
<b>Revenues:</b>			
Indigenous and Northern Affairs Canada (Note 17)	\$ 2,406,002	3,365,466	\$ 2,997,428
Other	3,775,309	4,852,866	4,756,245
Deferred contributions, beginning of year	5,000	7,518	54,860
	6,186,311	8,225,850	7,808,633
<b>Expenditures (by program area):</b>			
Band Government	799,863	1,308,163	1,020,705
Community Infrastructure - O & M	639,987	1,569,828	1,722,138
Community Infrastructure - Other	60,000	77,320	66,938
Economic Development	226,193	237,570	390,197
Education	1,515,332	1,680,461	1,681,061
Social Development	1,336,735	1,360,038	1,229,846
Community Services	707,318	891,968	755,690
Economic Development Loans	-	13,742	4,125
Enterprise Program	83,000	164,238	345,860
Social Housing Rentals	175,209	123,249	163,408
Ontario First Nations Limited Partnership Distributions	-	73,395	53,000
Capital Projects	113,305	90,282	73,058
Total expenditures	5,656,942	7,590,254	7,506,026
Excess of revenues over expenditures from operations	529,369	635,596	302,607
Deferred contributions, end of year	-	(333,511)	(7,518)
Excess of revenues over expenditures before undemoted item	529,369	302,085	295,089
Equity in in UCCM Building Material Supply Company Ltd.	-	294,848	-
Excess of revenues over expenditures for the year	529,369	596,933	295,089
Accumulated surplus, beginning of year	18,761,188	18,761,188	18,466,099
Accumulated surplus, end of year	\$ 19,290,557	19,358,121	\$ 18,761,188

See accompanying notes to consolidated financial statements

**AUNDECK-OMNI-KANING****Consolidated Statement of Change in Net Financial Assets**

Year ended March 31, 2018 with comparative figures for 2017

	Budget		2018		2017	
<b>Excess of revenues over expenditures for the year</b>	\$	529,369	\$	596,933	\$	295,089
Amortization of tangible capital assets		-		700,029		685,606
Acquisition of tangible capital assets		-		(816,616)		(487,857)
Change in prepaid expenses		-		7,960		4,850
Sale of inventory		-		8,235		321,773
<b>Increase in net financial assets for the year</b>		529,369		496,541		819,461
<b>Net financial assets, beginning of year</b>		906,342		906,342		86,881
<b>Net financial assets, end of year</b>	\$	1,435,711	\$	1,402,883	\$	906,342

See accompanying notes to consolidated financial statements



**AUNDECK-OMNI-KANING**

## Consolidated Statement of Cash Flows

Year ended March 31, 2018 with comparative figures for 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Excess of revenues over expenditures for the year	\$ 596,933	\$ 295,089
Non-cash charges to operations:		
Amortization of tangible capital assets	700,029	685,606
Equity in in UCCM Building Material Supply Company Ltd.	(294,848)	-
Change in financial assets and liabilities relating to operations:		
Accounts receivable	(23,879)	(64,167)
Prepaid expenses	7,960	4,850
Inventory	8,235	321,773
Accounts payable and accrued liabilities	(270,814)	353,085
Deferred contributions	247,864	9,734
<b>Net change in cash from operating activities</b>	<b>971,480</b>	<b>1,605,970</b>
<b>Cash flows from capital activities:</b>		
Cash used to acquire tangible capital assets	(816,616)	(487,857)
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(79,073)	(76,475)
<b>Cash flows from investing activities:</b>		
Restricted cash - CMHC replacement and operating surplus reserves	(1,278)	(18,318)
Investment in Ontario First Nations Sovereign Wealth L.P.	(1)	-
Investment in OFN Asset Management GP Corp.	(1)	-
Funds held in trust by Indigenous and Northern Affairs Canada	(42)	(35)
Band member loans	2,676	69,684
<b>Net change in cash from investing activities</b>	<b>1,354</b>	<b>51,331</b>
<b>Net change in cash for the year</b>	<b>77,145</b>	<b>1,092,969</b>
Cash, beginning of year	2,323,835	1,230,866
<b>Cash, end of year</b>	<b>\$ 2,400,980</b>	<b>\$ 2,323,835</b>

See accompanying notes to consolidated financial statements

## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2018

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Aundeck-Omni-Kaning is a First Nation located on the North Channel on Manitoulin Island. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education, and other services. Aundeck-Omni-Kaning is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

#### **1. Significant accounting policies**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surpluses/deficits, revenues and expenses of the entities that have been determined to be accountable to Aundeck-Omni-Kaning, ("the First Nation") and are either owned or under the control of the First Nation.

All inter-entity balances have been eliminated on consolidation but in order to present the results of operations for specific functional areas, transactions amongst functional areas have not necessarily been eliminated in the individual supplementary schedules.

Long-term investments in non-controlled entities are recorded using the modified equity method of accounting.

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash

Cash and cash equivalents consist of balances held with TD Canada Trust and Bank of Montreal.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2018

#### 1. Significant accounting policies, continued

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Buildings	25 – 40 years
Water & Sewer	10 – 25 years
Roads	40 years
Vehicles	12 – 30 years
Machinery & Equipment	4 – 30 years
Furniture & Miscellaneous	20 – 40 years
CMHC Housing	40 years
Band Housing	40 years
Land improvements	15 years
Other Rental Units	40 years

(e) Revenue recognition and deferred contributions:

Revenues from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the funding arrangements, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all of the recognition criteria have been met. Other revenues are recorded on the accrual basis when earned and the amount can be reasonably estimated, and collection is reasonably assured.

(f) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Amounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, useful lives of tangible capital assets, certain deferred

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2018

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contributions, amounts repayable to certain funders and fair value determinations.

#### 1. Significant accounting policies, continued

##### (g) Financial instruments:

###### *Measurement of financial instruments*

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations in the period they occur.

Financial assets measured at amortized cost include cash, restricted cash, funds held in trust in by Indigenous and Northern Affairs Canada, accounts receivable, and band member loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

###### *Impairment*

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2018

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#### **2. Restricted Cash - CMHC replacement and operating surplus reserves**

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC") amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

#### **3. Funds Held in Trust by Indigenous and Northern Affairs Canada**

Funds Held in Trust by Indigenous and Northern Affairs Canada accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

#### **4. Band Member Loans**

Included in band member loans is an allowance for doubtful accounts for \$414,457 (2017 - \$190,007).

#### **5. Investment in Great Lakes Hospitality Group Limited Partnership**

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership. This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc. and other First Nation's and related organizations from in and around the Manitoulin Island area. The investment is currently being accounted for using the modified equity method.

#### **6. Investment in U.C.C.M. Building Material Supply Company Ltd.**

The investment in U.C.C.M. Building Material Supply Company Ltd. represents a 16-2/3% ownership interest and is accounted for using the modified equity method of accounting.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2018

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#### 7. Investment in Mnidoo Mnising Power Limited Partnership

The investment in Mnidoo Mnising Power Limited Partnership (MMPLP) represents a 16.665% ownership interest and is accounted for using the modified equity method.

#### 8. Investment in Ontario First Nations Sovereign Wealth L.P. and OFN Asset Management GP Corp.

During the year, the First Nation invested in 1 share of the Ontario First Nations Asset Management Corporation, and a 0.5024% interest in the Ontario First Nations Sovereign Wealth Limited Partnership. The Partnership and Corporation control a partnership that owns shares of Hydro One and hold capital wealth funds. These investments have been reflected in the accompanying consolidated financial statements using the modified equity method at \$1 respectively. During the year, there were no other contributions made to the Partnership. The First Nation did not receive any distributions from the Partnership during the year.

#### 9. Deferred contributions

Deferred contributions consist of the following:

	2018	2017
Home development program renovations	\$ 176,814	\$ -
Waste site closure funding	87,000	-
Summer students	36,124	-
Circle of Philanthropy	33,573	-
Endaa-aang advance deposits	5,972	12,101
Multi-use complex parking lot funding	-	72,000
Right to Play	-	7,518
	<u>\$ 339,483</u>	<u>\$ 91,619</u>

**AUNDECK-OMNI-KANING**

## Notes to the Consolidated Financial Statements

March 31, 2018

**10. Long-term debt**

	2018	2017
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,844 including interest at 2.11% per annum, due January 2019. Insured by Canada Mortgage and Housing Corporation.	\$ 323,563	\$ 350,581
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$3,190 including interest at 1.31% per annum, due December 2021. Insured by Canada Mortgage and Housing Corporation.	633,848	663,640
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,420 including interest at 1.30% per annum, due June 2022. Insured by Canada Mortgage and Housing Corporation.	494,429	516,692
	<u>\$ 1,451,840</u>	<u>\$ 1,530,913</u>

Estimated principal re-payments are as follows:

2019	\$ 80,467
2020	81,749
2021	84,287
2022	89,508
2023	94,827
Subsequent years	<u>1,021,002</u>
	<u>\$ 1,451,840</u>

**11. Non-financial assets**

Tangible capital assets, prepaid expenses and inventory are accounted for as assets by the First Nation because they can be used to provide services to members in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

**AUNDECK-OMNI-KANING**

## Notes to the Consolidated Financial Statements

March 31, 2018

**12. Accumulated Surplus**

	2018	2017
Unrestricted operating accumulated surplus (deficiency)	\$ (335,478)	\$ 9,572
Internally restricted deferred revenue (expenditures)	(3,055,040)	(3,004,827)
Internally restricted – Little NHL	48,304	54,754
First Nation Enterprises	184,222	104,372
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, regular funds	961,790	959,849
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, Future Generations' funds	1,444,120	1,441,206
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	2,720,563	2,301,220
Restricted funds held in trust in Ottawa	1,977	1,936
Internally restricted community development	196,897	196,897
Internally restricted economic development loans	260,523	273,919
Restricted social housing operating surplus reserve (CMHC)	(457)	-
Restricted social housing replacement reserve (CMHC)	145,210	127,310
Equity in UCCM Building Supply Company Ltd.	294,850	-
Equity in tangible capital assets	16,490,640	16,294,980
	<b>\$ 19,358,121</b>	<b>\$18,761,188</b>



## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2018

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#### **13. Contingent liabilities**

**a) Loan guarantees:**

The First Nation is contingently liable as guarantor of the bank indebtedness of U.C.C.M. Building Material Supply Company Ltd. At March 31, 2018, U.C.C.M. Building Material Supply Company Ltd.'s letter of credit amounted to \$250,000. At the consolidated financial statement date, no funds have been drawn on this letter of credit.

The First Nation, as a limited partner, has provided a proportionate guarantee in favour of a loan from the Bank of Montreal to a maximum of \$250,375, advanced to Great Lakes Hospitality Group Limited Partnership in the total amount of \$2,003,000. The guarantee provides that the limited partners will provide the necessary funds to the GLHGLP to meet its debt covenants. This guarantee is provided jointly and severally with the other limited partners.

The First Nation has an agreement with the Bank of Montreal for an aggregate credit facility in the amount of \$1,800,000 under the First Nation on Reserve Loan Program and \$200,000 under the On-Reserve Housing Renovation Loan Program for qualified members of the Aundeck-Omni-Kaning First Nation. As of March 31, 2018, the First Nation has guaranteed loans with the original amount of \$61,251 (2017 - \$66,500).

**b) Government funding:**

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various government agencies. Should these audits result in recoveries of grants, the amount of these recoveries would be recorded in the accounts in the year in which they are determined.

**c) Contingent liabilities**

The First Nation has received claims of wrongful dismissal from former employees. The First Nation intends to defend its actions, but at this time the outcome of these issues are undeterminable. Should an amount, if any, become payable, recognition of this amount will be recorded in the period in which it becomes known.

## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2018

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#### **14. Economic dependence**

The First Nation has a funding arrangement with Indigenous and Northern Affairs Canada which provides funds to administer operations and provide services to its members in accordance with the terms of the funding arrangement.

As this funding arrangement provides the First Nation's major source of revenue, its ability to continue viable operations are dependent upon maintaining this funding arrangement.

#### **15. Bank indebtedness**

An operating line of credit has been approved by the TD Canada Trust to a maximum of \$50,000. The operating line is payable on demand, bears interest at the bank's prime lending rate plus 1% per annum and interest is payable monthly. The operating line is secured by a general security agreement. At the consolidated financial statement date, no funds have been drawn on this operating line.

#### **16. Financial instruments**

Transactions in financial instruments may result in an organization assuming or transferring to another party financial risks. The First Nation is exposed to the following risks associated with financial instruments and transactions it is a party to:

##### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risk relate to its cash and accounts receivable.

Credit risk associated with cash is minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivable and band member loans of \$770,733 (2017 - \$749,530). The First Nation manages this risk through management's on-going monitoring of accounts receivable balances and collections and follow up on overdue accounts.

## AUNDECK-OMNI-KANING

### Notes to the Consolidated Financial Statements

March 31, 2018

#### 16. Financial instruments (continued)

##### *Liquidity risk*

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation has liquidity risk associated with its in the accounts payable and accrued liabilities of \$385,901 (2017 - \$656,715). The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintaining adequate cash resources including a line of credit to repay creditors including required interest and principle payments on long-term debt as those liabilities become due.

#### 17. Contribution arrangement funding provided by Indigenous and Northern Affairs Canada

Included in the total funding of \$3,365,466 provided to the First Nation by Indigenous and Northern Affairs Canada is \$59,960 of funding provided under contribution funding arrangements. This contribution funding comprises part of the program funding of the following programs:

	Contribution Funding	Program Expenditures and Transfers
Funerals and burials – Schedule 3	\$ 10,590	\$ 10,590
Basic Needs – Schedule 8	7,500	7,500
Special Needs – Schedule 8	500	500
Social Assistance Transfer Funding – Schedule 8	38,400	97,409
Ontario Works – Schedule 8	900	900
Administration and support - Estates – Schedule 3	2,070	2,070
	<b>\$ 59,960</b>	<b>\$ 118,969</b>

## **AUNDECK-OMNI-KANING**

### Notes to the Consolidated Financial Statements

March 31, 2018

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#### **18. Segmented information**

The Aundeck-Omni-Kaning First Nation is a diversified government institution that provides a wide range of services to its members, including band government, community infrastructure, economic development, education, social development, community services, housing, and other services. 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 special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide are as follows:

##### **Band Government**

The band government function is responsible for carrying out all general band related services. This includes the setting of policies and procedures to be carried out throughout the First Nation's operations as well as overseeing the financial reporting activities of each department. The band government function also includes the activities of the Chief and Council.

##### **Community Infrastructure**

The community infrastructure department is responsible for providing public services, which include fire protection, road construction and maintenance, sanitation, water and recycling programs and the operation and upkeep of many of the buildings within the First Nation.

##### **Economic Development**

The economic development department is responsible for the identification and development of economic opportunities that will benefit the First Nation and its members. It also obtains funding for training and development opportunities to be carried out by its members, the employment of summer students and a lands researcher. This segment also includes the First Nation's share of activities in ventures such as the Manitoulin Hotel and Conference Centre Limited Partnership and Mnidoo Mnising Power Limited Partnership.

## **AUNDECK-OMNI-KANING**

Notes to the Consolidated Financial Statements

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### **18. Segmented information (Continued)**

#### **Education**

The education department is responsible for services provided to elementary and secondary students primarily through service contracts with provincially funded school boards. The education is also responsible for the tutoring of members and providing funding for post-secondary initiatives undertaken by students of the First Nation.

#### **Social Development**

The social development department provides services under the Provincial Ontario Works Program which include financial support initiatives as well as employment training initiatives.

#### **Community Services**

The community services department is responsible for the management of health and long-term care programs as well as programs for the development and engagement of the youth of the First Nation.

#### **Housing**

The housing segment reports the activities of the CMHC projects, including revenues, subsidies and expenses of the operation of each of the three phases currently in operation.

#### **Capital**

The capital department is responsible for the construction and purchasing of capital items to be used by the various departments within the First Nation. This department utilizes labour within the First Nation as well as contracts with third party entities.

AUNDECK-OHNT-KANING  
Notes to the Consolidated Financial Statements  
March 31, 2018

18. Segmented Information (Continued)

2018											
	Band Government	Community Infrastructure	Economic Development	Education	Social Development	Community Services	Housing	Capital	OFNLP	Totals	
Revenue											
Indigenous and Northern Affairs Canada	\$ 477,049	\$ 629,051	\$ 98,493	\$ 1,748,952	\$ 159,919	\$ -	\$ -	\$ 252,002	\$ -	\$	3,365,466
Health Canada	-	25,000	-	-	-	85,354	-	-	-	-	110,354
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	694,634	-	694,634
CMHC	-	77,698	-	-	-	-	81,543	-	-	-	159,241
Ministry of Community and Social Services	-	-	-	-	690,958	-	-	-	-	-	690,958
Deferred revenue, beginning of the year	-	-	-	-	-	7,518	-	-	-	-	7,518
Other	561,799	477,451	407,012	40,369	398,976	782,312	115,086	405,164	9,510	-	3,197,679
	1,038,848	1,209,200	505,505	1,789,321	1,249,853	875,184	196,629	657,166	704,144	-	8,223,850
Expenses											
Wages and benefits	367,261	187,195	260,683	147,711	567,476	465,776	-	-	-	-	1,996,102
Materials and program costs	798,093	895,307	150,371	252,217	777,339	411,764	56,797	90,282	73,395	-	3,505,565
Contracted services	85,662	-	-	1,280,533	-	-	-	-	-	-	1,366,195
Rents and financial expenses	-	-	-	-	-	-	22,363	-	-	-	22,363
Amortization expense	57,148	564,646	4,495	-	15,223	14,428	44,089	-	-	-	700,029
Program transfers and administration	(131,436)	(72,074)	(12,129)	108,860	54,021	45,696	-	(199,519)	206,551	-	-
	1,176,728	1,575,074	403,420	1,789,321	1,414,089	937,664	121,249	(109,237)	279,946	-	7,590,234
Deferred revenue, end of the year	(35,573)	(263,814)	(36,124)	-	-	-	-	-	-	-	(333,511)
Total	\$ (171,453)	\$ (629,688)	\$ 65,961	\$ -	\$ (164,236)	\$ (62,480)	\$ 73,380	\$ 766,403	\$ 424,198	\$ -	\$ 302,085

	2017										
	Band Government	Community Infrastructure	Economic Development	Education	Social Development	Community Services	Housing	Capital	OP/NLP	Totals	
Revenue											
Indigenous and Northern Affairs Canada	\$ 404,053	\$ 267,770	\$ 210,019	\$ 1,634,330	\$ 237,655	\$ -	\$ -	\$ 243,601	\$ -	\$ 2,997,423	
Health Canada	-	78,859	-	-	-	85,001	-	-	-	163,860	
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	685,326	685,326	
CMHC	-	-	-	-	-	-	83,697	-	-	83,697	
Ministry of Community and Social Services	-	-	-	-	816,905	-	-	-	-	816,905	
Deferred revenue, beginning of the year	-	-	-	-	46,800	8,160	-	-	-	54,960	
Other	410,896	856,091	689,530	4,537	195,508	732,537	106,412	-	10,946	3,006,437	
	814,949	1,202,720	899,549	1,638,867	1,296,868	825,698	190,109	243,601	696,272	7,808,633	
Expenses											
Wages and benefits	355,649	162,165	296,509	140,483	332,539	422,312	-	-	-	1,709,637	
Materials and program costs	466,372	1,081,101	439,177	218,602	883,345	318,950	91,947	73,058	53,000	3,625,552	
Contracted services	135,863	-	-	1,321,976	-	-	-	-	-	1,457,839	
Rents and financial expenses	-	-	-	-	-	-	27,372	-	-	27,372	
Amortization expense	62,822	545,810	4,495	-	13,962	14,428	44,089	-	-	685,606	
Program transfers and administration	(21,182)	16,045	(25,311)	(42,194)	205,020	(43,574)	(16,662)	(294,336)	222,194	-	
	999,524	1,805,121	714,870	1,638,867	1,434,866	712,116	146,746	(221,278)	275,194	7,506,026	
Deferred revenue, end of the year	-	-	-	-	-	(7,518)	-	-	-	(7,518)	
Total	\$ (184,575)	\$ (602,401)	\$ 184,679	\$ -	\$ (137,998)	\$ 106,064	\$ 43,363	\$ 464,879	\$ 421,078	\$ 295,089	

**AUNDECK-OMNI-KANING**  
**Notes to the Consolidated Financial Statements**  
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**19. Tangible capital assets**

2018											
	Land Improvements	Land	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units
<b>Cost</b>											<b>Totals</b>
Balance, beginning of year	\$ 1,294,026	\$ 115,586	\$ 8,331,876	\$ 5,438,435	\$ 725,800	\$ 1,118,546	\$ 1,955,034	\$ 777,296	\$ 1,959,490	\$ 2,499,700	\$ 2,127,249
Additions	-	-	447,106	-	-	-	53,091	-	-	316,419	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	1,294,026	115,586	8,778,982	5,438,435	725,800	1,118,546	2,008,125	777,296	1,959,490	2,816,119	2,127,249
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	36,674	1,453,108	3,063,682	366,038	719,586	1,143,277	321,551	360,489	493,598	559,541
Disposals	-	-	-	-	-	-	-	-	-	-	-
Amortization expense	-	6,668	199,345	155,519	16,330	55,751	80,775	30,327	44,089	63,363	47,862
Balance, end of year	-	43,342	1,652,453	3,219,201	382,368	775,337	1,224,052	351,878	404,578	556,961	607,403
Net book value	\$ 1,294,026	\$ 72,244	\$ 7,126,529	\$ 2,219,234	\$ 343,432	\$ 343,209	\$ 784,073	\$ 425,418	\$ 1,554,912	\$ 2,259,158	\$ 1,519,846
											\$ 17,942,081
2017											
	Land Improvements	Land	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units
<b>Cost</b>											<b>Totals</b>
Balance, beginning of year	\$ 1,294,026	\$ 111,126	\$ 8,108,311	\$ 5,369,360	\$ 725,800	\$ 1,081,327	\$ 1,903,353	\$ 774,529	\$ 1,959,490	\$ 2,499,700	\$ 2,028,159
Additions	-	4,460	223,565	69,075	-	37,219	51,681	2,767	-	-	99,090
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	1,294,026	115,586	8,331,876	5,438,435	725,800	1,118,546	1,955,034	777,296	1,959,490	2,499,700	2,127,249
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	30,006	1,264,288	2,908,163	349,708	663,835	1,059,281	291,224	316,400	437,355	511,678
Disposals	-	-	-	-	-	-	-	-	-	-	-
Amortization expense	-	6,668	188,820	155,519	16,330	55,751	83,996	30,327	44,089	56,243	47,863
Balance, end of year	-	36,674	1,453,108	3,063,682	366,038	719,586	1,143,277	321,551	360,489	493,598	559,541
Net book value	\$ 1,294,026	\$ 78,912	\$ 6,878,768	\$ 2,374,753	\$ 359,762	\$ 398,960	\$ 811,757	\$ 455,745	\$ 1,599,001	\$ 2,006,102	\$ 1,567,708
											\$ 17,825,494