

**Constance Lake First Nation
Consolidated Financial Statements**

March 31, 2018

Constance Lake First Nation Contents

For the year ended March 31, 2018

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	14
Schedule 2 - Consolidated Schedule of Consolidated Expenses by Object.....	17
Schedule 3 - Consolidated Schedule of Segmented Disclosure.....	18

Management's Responsibility

To the Members of Constance Lake First Nation

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Constance Lake First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

August 23, 2018



Chief



Executive Director

Independent Auditors' Report

To the Members of Constance Lake First Nation:

We have audited the accompanying consolidated financial statements of Constance Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

The reporting entity for the Nation includes various business enterprises which operate independently of the Nation. Current financial information for certain government business enterprises were not available at the date of the consolidated financial statements.

Accordingly, we were unable to obtain sufficient appropriate audit evidence relating to current operations of these entities which may or may not result in a material misstatement in the consolidated statement of financial position or the consolidated statements of operations, change in net debt and cash flows. In addition, Canadian public sector accounting standards require budget figures be reported in the statements of operations, change in net debt. Budget figures were not available for certain consolidated entities.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Constance Lake First Nation as at March 31, 2018 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Timmins, Ontario
August 23, 2018

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

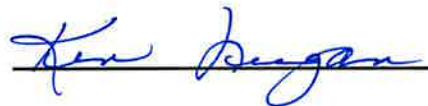
Constance Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash	4,582,119	2,454,858
Restricted cash - CMHC reserve funds	851,402	851,450
Funds held in trust (Note 3)	877,135	982,061
Portfolio Investments	58,230	83,020
Accounts receivable	2,141,179	1,790,190
Housing loan receivable (Note 4)	3,168	4,255
Long-term investments (Note 5)	56,500	56,500
Investment in government business enterprises (Note 6)	1	1
	8,569,734	6,222,335
Financial liabilities		
Accounts payable and accrued liabilities	1,176,075	1,321,070
Deferred revenue (Note 7)	2,839,776	1,733,601
Due to funding agencies	66,541	-
Long-term debt (Note 8)	13,281,345	13,472,551
	17,363,737	16,527,222
Net debt	(8,794,003)	(10,304,887)
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Note 17) (Schedule 1)	38,724,068	39,111,233
Prepaid expenses	163,514	72,193
	38,887,582	39,183,426
Accumulated surplus (Note 14)	30,093,579	28,878,539

Approved on behalf of the First Nation



Chief



Councillor

Constance Lake First Nation
Consolidated Statement of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous and Northern Affairs Canada		
Set Funding	191,486	596,165
Fixed Funding	5,603,626	4,201,894
Grant Funding	436,445	442,345
Flexible funding	230,471	50,000
Recovery of prior period funding	(15,513)	-
Canada Mortgage and Housing Corporation	949,859	922,135
Health Canada	2,039,450	1,387,960
Ontario First Nations Limited Partnership	979,233	968,290
Province of Ontario	4,698,057	2,915,488
Other revenue (Note 16)	2,475,860	2,205,192
Rental income	928,514	880,943
Deferred revenue - prior year (Note 7)	1,733,602	1,346,213
Deferred revenue - current year (Note 7)	(2,839,777)	(1,733,602)
	17,411,313	14,183,023
Expenses (Schedule 2)		
Administration	948,690	848,942
Community property	1,019,087	1,703,646
Education	4,551,807	4,566,964
Employment and economic development	2,107,531	2,571,714
Health services	2,348,543	2,052,602
Public works and facilities	1,594,281	779,215
Social assistance	1,643,283	1,516,843
Social housing	1,983,051	2,258,045
	16,196,273	16,297,971
Annual surplus (deficit)	1,215,040	(2,114,948)
Accumulated surplus, beginning of year	28,878,539	30,993,487
Accumulated surplus, end of year (Note 14)	30,093,579	28,878,539

Constance Lake First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2018

	2018	2017
Annual surplus (deficit)		
Acquisition of tangible capital assets	1,215,040	(2,114,948)
Amortization of tangible capital assets	(1,588,589)	(2,221,865)
Proceeds on disposal of tangible capital assets	1,975,754	1,848,503
Acquisition of prepaid expenses	-	425,297
Use of prepaid expenses	(96,568)	(15,015)
	5,247	-
Decrease (increase) in net debt	1,510,884	(2,078,028)
Net debt, beginning of year	(10,304,887)	(8,226,859)
Net debt, end of year	(8,794,003)	(10,304,887)

Constance Lake First Nation
Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	1,215,040	(2,114,948)
Non-cash items		
Amortization of tangible capital assets	1,975,754	1,848,503
Investment in government business enterprises	-	84,741
Loss on portfolio investment	24,790	-
	3,215,584	(181,704)
Changes in working capital accounts		
Accounts receivable	(350,989)	292,068
Housing loan receivable	1,087	(4,255)
Prepaid expenses	(91,321)	(15,015)
Restricted cash - CMHC reserve funds	48	-
Funds held in trust	104,926	510,435
Accounts payable and accrued liabilities	(144,995)	(1,263,279)
Deferred revenue	1,106,175	387,389
	3,840,515	(274,361)
Financing activities		
Due to funding agencies	66,541	-
Repayment of long-term debt	(191,206)	(1,130,163)
Advances of long-term debt	-	750,474
	(124,665)	(379,689)
Capital activities		
Acquisition of tangible capital assets	(1,588,589)	(2,221,865)
Proceeds on disposal of tangible capital assets	-	425,297
	(1,588,589)	(1,796,568)
Investing activities		
Acquisition of portfolio investments	-	(24,020)
Increase (decrease) in cash resources	2,127,261	(2,474,638)
Cash resources, beginning of year	2,454,858	4,929,496
Cash resources, end of year	4,582,119	2,454,858

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

1. Operations

Constance Lake First Nation (the "Nation") is located in the province of Ontario, and provides various services to its members. Constance Lake First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of accounting

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of CPA Canada. Further, the consolidated financial statements are prepared on the going concern assumption that the Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows.

Reporting entity - consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Constance Lake First Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Constance Lake First Nation Band
- Constance Lake Education Authority

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Constance Lake First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Amik Logging Limited Partnership
- 2500845 Ontario Inc.

Investments in Nation partnerships are accounted for using the proportionate consolidation method. The Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the Nation partnership have been combined on a line-by-line basis.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized as follows:

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	40 years
Education facilities	straight-line	20 years
Landfill	straight-line	20 years
Land improvements	straight-line	40 years
Housing	straight-line	40 years
Water and waste water infrastructure	straight-line	40 years
Water and waste water equipment	straight-line	30 years
Roads and related infrastructure	straight-line	50 years
Furniture, fixtures and equipment	Straight line /declining balance	20 yrs, 20-45 %
Computer hardware	straight-line	3 years
Computer software	straight-line	3 years
Vehicles - heavy	straight-line	25 years
Vehicles - trailers	Straight line /declining balance	10 yrs and 30 %
Vehicles - light	straight-line	5 years
Street lights	straight-line	40 years

Net debt

The Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Nation is determined by its financial assets less its liabilities. Net financial debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position until expended.

Government Transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized deferred revenue on the statement of financial position until the funds are expended. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Funds held in Ottawa Trust Fund

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 reporting period. The main estimates used in preparing these consolidated financial statements include an allowance for doubtful accounts, amortization of tangible capital assets and contingencies. Actual results could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Prior year funding adjustments

The Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with audit adjustments potentially repayable to the government in a subsequent period. These adjustments, if any, are charged to operations in the year they become known.

3. Funds held in trust

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Council.

	2018	2017
Capital Trust		
Balance, beginning and end of year	32,025	32,025
Revenue Trust		
Balance, beginning of year	950,036	856,570
Additions	128,262	93,466
Less: Transfers to Nation	233,188	-
Balance, end of year	845,110	950,036
Other funds held in trust		
Balance, beginning of year	-	603,901
Less: Transfers to Nation	-	603,901
Balance, end of year	-	-
	877,135	982,061

Funds held in trust - Ottawa 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.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Housing Loans Receivable

Housing loans receivable are due from Nation members. The facilities bear interest at nominal rates, are repayable in blended monthly payments, and are amortized over 35 years.

	2018	2017
Housing Loans Receivable	1,411,895	1,446,791
<u>Less: allowance for doubtful accounts</u>	<u>(1,408,727)</u>	<u>(1,442,536)</u>
	3,168	4,255

5. Long term investment

The investment in Landmark Inn Limited Partnership, consisting of 1 unit of a total of 26 units issued and outstanding, is accounted for at cost.

6. Investments in First Nation partnerships and business entities

Amik Logging Limited Partnership ("Amik LP") is a partnership of which the Nation is the sole owner of the limited partnership units. 2500845 Ontario Inc. is a corporation of which the Nation is the sole owner of the issued share capital. As these investments are business enterprises of the Nation, they are accounted for on the modified equity basis in these consolidated financial statements.

Summary financial information for each Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Amik LP</i> <i>As at May 31,</i> <i>2015</i>	<i>2500845 Ontario</i> <i>Inc.</i> <i>As at March 31,</i> <i>2017</i>
Assets		
Cash	28,305	-
Accounts receivable	202,656	-
Inventory	15,000	-
Property, plant and equipment	205,078	80,000
Total assets	451,039	80,000
Liabilities		
Accounts payable and accruals	634,439	79,999
Long-term debt	411,816	-
Total liabilities	1,046,255	79,999
	(595,216)	1

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions used</i>	<i>Balance, end of year</i>
INAC - Band Support	-	202,260	-	202,260
INAC - Chief and council	-	4,463	-	4,463
INAC - Community Based Prevention	-	44,290	-	44,290
INAC - Ontario Clean Water Agency	-	55,073	-	55,073
INAC - Housing Core	-	14,977	-	14,977
INAC - Skills Link INAC	-	4,983	-	4,983
INAC - Project #ARKDQ Lagoon & Sanitary Study	-	126,896	-	126,896
INAC - Social Services	57,130	-	57,130	-
INAC - Capital Projects	47,346	-	47,346	-
INAC - Administration (Education)	-	66,319	-	66,319
INAC - Education Management	-	14,627	-	14,627
INAC - Elementary School - INAC	-	143,689	-	143,689
INAC - Secondary School INAC	-	64,216	-	64,216
INAC - Special Education	271,491	467,672	271,491	467,672
INAC - Josie Bluff Memorial Christian School	-	4,877	-	4,877
INAC - Guidance	26,510	24,346	26,510	24,346
INAC - Student Transportation	-	4,976	-	4,976
INAC - High School Allowance	12,580	10,637	12,580	10,637
INAC - Post Secondary	-	231,700	-	231,700
INAC - New School Project - EPA	50,000	71,093	50,000	71,093
Other	1,264,769	1,156,597	1,264,770	1,156,596
Health Canada	3,775	126,086	3,775	126,086
	1,733,601	2,839,777	1,733,602	2,839,776

8. Long-term debt

	<i>2018</i>	<i>2017</i>
RBC term loan bearing interest at 4.98%, repayable at \$1,442 per month principal and interest, secured by general security agreement, maturing February 2018.	75,094	88,332
RBC term loan bearing interest at 4.40%, repayable in monthly instalments of \$19,766 principal and interest, secured by general security agreement, maturing March 2021.	665,462	868,502
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$3,678, renewable April 2022, maturing March 2027.	373,110	411,731
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$5,269, renewable April 2022, maturing March 2027.	534,354	589,667
CMHC mortgage payable, bearing interest at 1.82%, repayable in blended monthly instalments of \$5,788, renewable September 2019, maturing September 2029.	721,577	777,506
CMHC mortgage payable, bearing interest at 1.11%, repayable in blended monthly instalments of \$2,031, renewable April 2021, maturing March 2031.	295,260	316,261
CMHC mortgage payable, bearing interest at 1.03%, repayable in blended monthly instalments of \$10,579, maturing September 2021.	436,596	558,485

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

CMHC mortgage payable, bearing interest at 1.44%, repayable in blended monthly instalments of \$6,305, renewable February 2022, maturing January 2032.	949,770	1,011,401
CMHC mortgage payable, bearing interest at 1.30%, repayable in blended monthly instalments of \$2,848, renewable June 2017, maturing June 2032.	433,844	461,333
CMHC mortgage payable, bearing interest at 1.84%, repayable in blended monthly instalments of \$2,150, renewable September 2017, maturing September 2032.	331,867	351,735
CMHC mortgage payable, bearing interest at 1.67%, repayable in blended monthly instalments of \$4,583, renewable June 2018, maturing May 2033.	737,668	780,074
CMHC mortgage payable, bearing interest at 1.85%, repayable in blended monthly instalments of \$4,286, renewable August 2019, maturing June 2034.	722,927	760,741
CMHC mortgage payable, bearing interest at 0.98%, repayable in blended monthly instalments of \$1,939, renewable March 2020, maturing March 2035.	364,513	384,126
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$3,238, renewable June 2020, maturing May 2030.	435,312	467,933
CMHC mortgage payable, bearing interest at 2.41%, repayable in blended monthly instalments of \$5,551, renewable April 2018, maturing April 2038.	1,137,587	1,184,132
CMHC mortgage payable, bearing interest at 2.04%, repayable in blended monthly instalments of \$3,573, renewable March 2019, maturing March 2039.	638,295	666,033
CMHC mortgage payable, bearing interest at 1.98%, repayable in blended monthly instalments of \$5,408, renewable May 2019, maturing May 2039.	1,085,166	1,127,544
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$2,707, renewable June 2020, maturing June 2040.	555,762	579,478
CMHC mortgage payable, bearing interest at 1.21%, repayable in blended monthly instalments of \$5,313, renewable May 2021, maturing May 2041.	1,289,119	1,337,061
CMHC mortgage payable, bearing interest at 1.50%, repayable in blended monthly instalments of \$6,116, renewable July 2022, maturing July 2042.	1,498,062	750,474
	13,281,345	13,472,549

All of the above CMHC debt facilities are secured by Band Council Resolution, Ministerial Guarantee from Indigenous and Northern Affairs Canada, and specific housing units.

Principal repayments on long-term debt in each of the next five years, assuming refinancing is renewed on similar terms, are estimated as follows:

	Principal
2019	1,031,322
2020	1,034,654
2021	1,057,261
2022	775,083
2023	721,698
Thereafter	8,661,327

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

9. Contingencies and commitments

The Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements may be subject to repayment if the Nation fails to comply with the terms and conditions of the agreements.

The Nation is a joint applicant, along with other First Nations, on several ongoing Judicial Reviews against the governments of Ontario and Canada. Legal costs may be awarded for or against the applicants depending on the outcomes. As the outcomes of these matters cannot be determined at the date of the consolidated financial statements, any settlements or awards will be recorded in the period in which they occur.

The Nation has potential claims from and against other parties which arose in the normal course of business. As the outcome of these matters cannot be determined at the date of the consolidated financial statements, any settlements or awards will be recorded in the period in which they occur.

The Nation is involved in economic activity through limited partnership arrangements. The Nation owns 99.99% of the partnership units of Amik Logging Limited Partnership (Amik LP), which in turns owns a 51% Joint Venture controlling interest in Amik Nuna Forestry Services Joint Venture (50% economic risk interest). At March 31, 2018, the Nation's share of Amik Nuna Forestry Services Joint Venture's accumulated deficit, through its ownership in Amik LP, was \$944,109. Pursuant to a Joint Venture agreement between Amik Nuna Forestry Services Joint Venture and Amik LP, any working capital requirements of the Joint Venture are to be funded proportionately by the joint venturers. In the event Amik LP is unable to meet its working capital obligation, such obligation may be satisfied by way of a loan from the managing joint venture partner, subject to interest, repayable from Amik LP's share of future distributions of net distributable income.

10. Economic dependence

The Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

11. Distributions from Ontario First Nation Limited Partnership

Pursuant to an agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The Nation holds one unit in the Ontario First Nations Limited Partnership, and one share in Ontario First Nations General Partner Inc., a related company.

12. Financial instruments

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from members and customers. An allowance for doubtful accounts of \$4,801,646 (2017- \$4,565,067) is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of members/customers which minimizes concentration of credit risk.

Interest rate risk

The Nation has fixed rate interest bearing credit facilities which are renewable before maturity, and accordingly, is subject to prevailing interest rate fluctuations at the time of renewal. The Nation does not use derivative instruments to reduce its exposure to interest rate risk.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

Liquidity risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to borrow funds from financial institutions or other creditor, for which repayment is required at various maturity dates.

Contractual maturities of long-term debt are disclosed in Note 8.

13. Budget information

Budget figures have not been presented as the information was not available from the management of certain consolidated entities.

14. Accumulated operating surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2018	2017
Unrestricted:		
Invested in tangible capital assets	17,755,621	17,139,782
Operating	1,283,141	(1,372,252)
Education	6,834,450	7,167,517
OFNLP - Equity	480,401	2,249,008
Investment in government business enterprises	<u>129,336</u>	129,336
	<hr/> 26,482,949	25,313,391
Restricted:		
INAC - Trust Fund	877,135	982,061
Housing other	<u>1,814,127</u>	1,814,127
CMHC replacement reserve	<u>919,368</u>	768,960
	<hr/> 3,610,630	3,565,148
	<hr/> 30,093,579	28,878,539

15. Segmented Information

Constance Lake First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the 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 or limitations.

The 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 services they provide, are as follows:

ADMINISTRATION

Manages the administrative operations of the Nation, undertakes governance initiatives through the activities of Chief and Council and engages in other activities relating to reserve lands, membership matters and other governance initiatives. 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 economic opportunities for Nation entities and provides support to member entities.

Constance Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

EDUCATION

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

HEALTH SERVICES

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

SOCIAL HOUSING

Provides housing to members under CMHC programs and reports on the respective revenue and expenditures.

COMMUNITY PROPERTY

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

SOCIAL ASSISTANCE

Administers the provision of social assistance to qualifying members.

PUBLIC WORKS AND FACILITIES

Provides contract management services, heavy equipment operations, general labour services and other related activities.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

16. Other Revenue

	2018	2017
Brookfield-Algonquin Power	-	148,638
INAC Trust Income - logging	49,590	128,554
Fednor funding	97,895	-
Interest income	27,228	1,432
User fees	94,413	83,838
Matawa funding	490,565	468,085
MIRR Provincial funding	10,000	-
Nishnawbe Aski Nation funding	394,260	275,429
Kikenjigewen Teg Educational Institute	343,296	266,217
Kiikenomaga Kikenjigewen Employment and Training Services	177,565	129,570
Other	791,048	729,160
	2,475,860	2,230,923

17. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Land Improvements</i>	<i>Buildings</i>	<i>Landfill</i>	<i>Housing</i>	<i>Water & Waste Water Infrastructure</i>	<i>Water & Waste water Equipment</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	231,085	2,838,631	906,436	23,008,773	15,901,759	468,325	43,355,009
Acquisition of tangible capital assets	25,538	327,364	-	682,383	-	-	1,035,285
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	256,623	3,165,995	906,436	23,691,156	15,901,759	468,325	44,390,294
Accumulated amortization							
Balance, beginning of year	31,450	1,513,182	459,419	6,792,184	4,923,823	396,812	14,116,870
Annual amortization	6,213	79,150	45,322	833,797	397,544	15,611	1,377,637
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	37,663	1,592,332	504,741	7,625,981	5,321,367	412,423	15,494,507
Net book value of tangible capital assets	218,960	1,573,663	401,695	16,065,175	10,580,392	55,902	28,895,787
2017 Net book value of tangible capital assets	-	-	-	-	-	-	-

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Roads</i>	<i>Furnitures & Fixtures</i>	<i>Computer Hardware</i>	<i>Computer Software</i>	<i>Vehicles-Heavy</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	43,355,009	3,483,232	827,172	354,906	56,317	189,406	48,266,042
Acquisition of tangible capital assets	1,035,285	-	52,238	104,508	-	259,455	1,451,486
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	44,390,294	3,483,232	879,410	459,414	56,317	448,861	49,717,528
Accumulated amortization							
Balance, beginning of year	14,116,870	1,646,827	758,892	288,681	45,956	173,426	17,030,652
Annual amortization	1,377,637	69,665	38,073	52,262	10,360	58,291	1,606,288
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	15,494,507	1,716,492	796,965	340,943	56,316	231,717	18,636,940
Net book value of tangible capital assets	28,895,787	1,766,740	82,445	118,471	1	217,144	31,080,588
2017 Net book value of tangible capital assets	-	-	-	-	-	-	-

Constance Lake First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Vehicles- Trailers</i>	<i>Vehicles- Light</i>	<i>Street lights</i>	<i>Educational Facilities</i>	<i>2018</i>	<i>2017</i>
Cost							
Balance, beginning of year	48,266,042	58,349	159,915	59,119	14,297,556	62,840,981	61,677,547
Acquisition of tangible capital assets	1,451,486	24,043	7,799	-	105,261	1,588,589	2,221,865
Write down of tangible capital assets	-	-	-	-	-	-	(1,058,431)
Balance, end of year	49,717,528	82,392	167,714	59,119	14,402,817	64,429,570	62,840,981
Accumulated amortization							
Balance, beginning of year	17,030,652	17,673	159,915	34,736	6,486,772	23,729,748	22,514,380
Annual amortization	1,606,288	7,674	1,560	1,478	358,754	1,975,754	1,848,502
Accumulated amortization on disposals	-	-	-	-	-	-	(633,134)
Balance, end of year	18,636,940	25,347	161,475	36,214	6,845,526	25,705,502	23,729,748
Net book value of tangible capital assets	31,080,588	57,045	6,239	22,905	7,557,291	38,724,068	39,111,233
2017 Net book value of tangible capital assets	-	-	-	-	-	-	-

Constance Lake First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	2018	2017
Consolidated expenses by object		
Administration	73,162	334,456
Amortization	1,975,754	1,848,503
Bad debts	254,308	567,633
Bank charges and interest	23,643	22,187
Consulting and contracted services	1,691,653	2,822,309
Honouraria	263,090	221,179
Insurance	191,902	238,070
Interest on long-term debt	233,580	240,743
Materials and supplies	1,404,253	1,267,732
Office and other	3,043,651	3,353,562
Professional development	165,380	160,911
Professional fees	1,001,665	527,609
Rent	163,244	160,130
Repairs and maintenance	1,226,530	840,738
Salaries and benefits	3,220,299	3,086,344
Social assistance	1,171,811	1,086,387
Student tuition and other expenses	544,382	606,868
Utilities	365,007	453,916
Vehicle and travel	771,546	680,558
Capital expenditures	(1,588,587)	(2,221,864)
	16,196,273	16,297,971

Constance Lake First Nation
Schedule 3 - Consolidated Schedule of Segmented Disclosure
For the year ended March 31, 2018

	<i>AANDC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>
Administration	643,758	408,644	(113,001)	939,401	948,690	(9,289)
Community Property	255,763	2,797,524	47,346	3,100,633	1,019,087	2,081,546
Education	3,856,986	1,472,247	(922,620)	4,406,613	4,551,807	(145,194)
Employment and Economic Development	233,855	1,451,789	110,917	1,796,561	2,107,531	(310,970)
Health Services	6,800	2,382,077	(66,792)	2,322,085	2,348,543	(26,458)
Public Works and Facilities	883,962	500,233	(180,391)	1,203,804	1,594,281	(390,477)
Social Assistance	301,387	1,318,237	23,658	1,643,283	1,643,283	-
Social Housing	264,004	1,740,225	(5,293)	1,998,936	1,983,051	15,885
Total	6,446,515	12,070,976	(1,106,176)	17,411,316	16,196,273	1,215,043