

**Constance Lake First Nation**  
**Consolidated Financial Statements**  
*March 31, 2019*

**Constance Lake First Nation**  
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*For the year ended March 31, 2019*

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## Management's Responsibility

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To the Chief and Council and 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 Chief and Council 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.

September 26, 2019



Chief



Executive Director

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## **Independent Auditor's Report**

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To the Members of Constance Lake First Nation:

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Constance Lake First Nation ( the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and the results of its consolidated operations, changes in its consolidated net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

The reporting entity for Constance Lake First Nation includes various business enterprises which operate independently of the Nation. Current financial information for certain government business enterprises was 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 financial assets (net debt) and cash flows.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Emphasis of Matter - Comparative Information**

We draw your attention to note 18 which describes prior period adjustments relating to portfolio investments and the reported balance of deferred revenue arising from the recognition of Indigenous Services Canada fixed funding as revenue in the year.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Timmins, Ontario

September 26, 2019

*MNP LLP*

Chartered Professional Accountants


Licensed Public Accountants

**Constance Lake First Nation**  
**Consolidated Statement of Financial Position**

*As at March 31, 2019*

	2019	2018 <i>Restated</i>
<b>Financial assets</b>		
Cash	13,783,236	4,582,119
Restricted cash - CMHC reserve funds	858,586	851,402
Funds held in trust - Ottawa (Note 3)	722,910	877,135
Portfolio Investments (Note 4)	27	33
Accounts receivable	4,291,883	2,141,178
Housing loans receivable (Note 5)	462	3,168
Long-term investments (Note 6)	56,503	56,500
Investment in government business enterprises (Note 7)	35,338	1
	<b>19,748,945</b>	<b>8,511,536</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	835,455	1,176,074
Deferred revenue (Note 8)	1,531,227	1,575,799
Due to funding agencies	105,741	66,541
Long-term debt (Note 9)	12,272,285	13,281,345
	<b>14,744,708</b>	<b>16,099,759</b>
<b>Net financial assets (net debt)</b>	<b>5,004,237</b>	<b>(7,588,223)</b>
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 16) (Schedule 1)	37,600,310	38,724,068
Prepaid expenses	108,635	163,514
	<b>37,708,945</b>	<b>38,887,582</b>
<b>Accumulated surplus (Note 13)</b>	<b>42,713,182</b>	<b>31,299,359</b>

Approved on behalf of Chief and Council



Chief



Councillor

**Constance Lake First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2019*

	<b>2019 Budget</b>	<b>2019</b>	<b>2018 Restated</b>
<b>Revenue</b>			
Indigenous Services Canada			
Set Funding	191,498	191,498	325,301
Fixed Funding	7,711,565	7,430,475	5,469,811
Grant Funding	436,445	436,445	436,445
Flexible funding	543,427	543,427	230,471
Recovery of prior period funding	-	105,651	(15,513)
Canada Mortgage and Housing Corporation	967,231	1,221,983	949,859
Health Canada	1,046,897	2,350,495	2,039,450
Ontario First Nations Limited Partnership	355,000	1,242,570	979,233
Province of Ontario	2,479,254	3,072,400	2,879,766
Rental income	1,037,338	1,006,356	928,514
Other revenue (Note 15)	2,296,817	11,193,074	4,294,152
Repayment of funding	-	(94,563)	-
Deferred revenue - prior year (Note 8)	-	1,575,800	1,423,021
Deferred revenue - current year (Note 8)	-	(1,531,227)	(1,575,800)
	<b>17,065,472</b>	<b>28,744,384</b>	<b>18,364,710</b>
<b>Expenses (Schedule 2)</b>			
Administration	1,593,044	1,196,401	948,690
Community property	255,788	1,121,370	1,019,087
Education	5,933,650	4,816,551	4,551,808
Employment and economic development	1,130,953	1,471,498	2,165,728
Health services	2,463,735	2,957,542	2,348,543
Public works and facilities	801,914	1,921,777	1,594,281
Social assistance	1,348,631	1,930,753	1,643,283
Social housing	2,147,168	1,914,669	1,983,051
	<b>15,674,883</b>	<b>17,330,561</b>	<b>16,254,471</b>
<b>Annual surplus</b>	<b>1,390,589</b>	<b>11,413,823</b>	<b>2,110,239</b>
<b>Accumulated surplus, beginning of year</b>	<b>-</b>	<b>31,299,359</b>	<b>29,189,120</b>
<b>Accumulated surplus, end of year (Note 13)</b>	<b>1,390,589</b>	<b>42,713,182</b>	<b>31,299,359</b>

The accompanying notes are an integral part of these financial statements

**Constance Lake First Nation**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
*For the year ended March 31, 2019*

	<b>2019 Budget</b>	<b>2019</b>	<b>2018 Restated</b>
<b>Annual surplus</b>	<b>1,390,589</b>	<b>11,413,823</b>	<b>2,110,239</b>
Acquisition of tangible capital assets	<b>(895,998)</b>	<b>(895,998)</b>	<b>(1,588,589)</b>
Amortization of tangible capital assets	<b>-</b>	<b>2,019,756</b>	<b>1,975,754</b>
Acquisition of prepaid expenses	<b>-</b>	<b>(34,293)</b>	<b>(96,568)</b>
Use of prepaid expenses	<b>-</b>	<b>89,172</b>	<b>5,247</b>
<b>Increase in net financial assets</b>	<b>494,591</b>	<b>12,592,460</b>	<b>2,406,083</b>
<b>Net debt, beginning of year</b>	<b>-</b>	<b>(7,588,223)</b>	<b>(9,994,306)</b>
<b>Net financial assets (net debt), end of year</b>	<b>494,591</b>	<b>5,004,237</b>	<b>(7,588,223)</b>

*The accompanying notes are an integral part of these financial statements*



**Constance Lake First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2019*

	2019	2018 <i>Restated</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	11,413,823	2,110,239
Non-cash items		
Amortization of tangible capital assets	2,019,756	1,975,754
Loss on portfolio investment	-	82,997
	<b>13,433,579</b>	<b>4,168,990</b>
Changes in working capital accounts		
Accounts receivable	(2,150,705)	(350,989)
Housing loans receivable	2,706	1,087
Prepaid expenses	54,879	(91,321)
Restricted cash - CMHC reserve funds	(7,184)	49
Funds held in trust	154,225	104,926
Accounts payable and accrued liabilities	(340,622)	(144,995)
Deferred revenue	(44,572)	152,767
	<b>11,102,306</b>	<b>3,840,514</b>
<b>Financing activities</b>		
Due to funding agencies	39,200	66,541
Repayment of long-term debt	(1,009,060)	(191,206)
	<b>(969,860)</b>	<b>(124,665)</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(895,998)	(1,588,589)
	<b>(895,998)</b>	<b>(1,588,589)</b>
<b>Investing activities</b>		
Investment on government business enterprises	(35,337)	-
	<b>(35,337)</b>	<b>-</b>
<b>Increase in cash resources</b>	<b>9,201,111</b>	<b>2,127,260</b>
<b>Cash resources, beginning of year</b>	<b>4,582,119</b>	<b>2,454,859</b>
<b>Cash resources, end of year</b>	<b>13,783,230</b>	<b>4,582,119</b>

The accompanying notes are an integral part of these financial statements

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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**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 programs.

Constance Lake First Nation business entities, owned or controlled by the Nation 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.

***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***

Long-term investments in entities that are not owned, controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**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:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
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

***Long-lived assets and discontinued operations***

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

***Net financial assets (net debt)***

The Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (net 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.

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

**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 as 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.

**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 revenue**

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 - Ottawa**

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

	2019	2018
<b>Capital Trust</b>		
Balance, beginning and end of year	32,025	32,025
<b>Revenue Trust</b>		
Balance, beginning of year	845,110	950,036
Additions	20,575	128,262
Less: Transfers to Nation	174,800	233,188
Balance, end of year	690,885	845,110
	<b>722,910</b>	<b>877,135</b>

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, 2019*

**4. Portfolio investments**

Portfolio investments consists of:

400,000 common shares in CKR Carbon Corporation traded in the active market.

100,000 common shares in GTA Resources and Mining Inc. traded in the active market.

200,000 common shares in Xmet Inc. traded in the active market.

A minority partnership interest in NE-DAA-KII-ME-NAAN Inc., a corporation controlled by several Nation bands. The investment is carried at cost, being the initial contribution.

A minority equity interest in 2433585 Ontario Ltd., a corporation controlled by several Nation bands. The investment is carried at cost, being the initial contribution.

	2019	2018
CKR Carbon Corporation	1	1
GTA Resources and Mining Inc.	1	1
Xmet Inc.	1	1
NE-DAA-KII-ME-NAAN Inc.	10	16
2433585 Ontario Ltd.	14	14
	<b>27</b>	<b>33</b>

**5. 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.

	2019	2018
Housing Loans Receivable	1,376,077	1,411,895
Less: allowance for doubtful accounts	(1,375,615)	(1,408,727)
	<b>462</b>	<b>3,168</b>

**6. Long term investments**

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. The investment in Shekak Power generating facility, consists of one OEFC class D share which entitles the Nation to receipts for the period January 1, 2018 - December 31, 2026 at \$1.06 for each kWh (\$10.60/MWh) of actual generation each month.

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**7. Investment in government business enterprises**

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 of the most recent available 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 As at May 31, 2015</i>	<i>2500845 Ontario Inc. As at March 31, 2019</i>
<b>Assets</b>		
Cash	28,305	30,948
Accounts receivable	202,656	4,885
Inventory	15,000	-
Due to related party	-	17,818
Property, plant and equipment	205,078	-
<b>Total assets</b>	<b>451,039</b>	<b>53,651</b>
<b>Liabilities</b>		
Accounts payable and accruals	634,439	18,314
Long-term debt	411,816	-
<b>Total liabilities</b>	<b>1,046,255</b>	<b>18,314</b>
<b>Net assets</b>	<b>(595,216)</b>	<b>35,337</b>

**8. 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>
ISC - Band Support	202,258	(202,258)	-	-
ISC - Project #ARKDQ Lagoon & Sanitary Study	126,896	(126,896)	-	-
ISC - Jordan's Principle	126,086	(126,086)	-	-
ISC - Choos Life Project	22,179	(22,179)	-	-
ISC - Capital Projects	-	-	32,644	(32,644)
ISC - Housing Project 2019	-	-	1,026,600	(1,026,600)
ISC - Project #ARKDQ Lagoon & Sanitary Study	-	-	72,305	(72,305)
ISC - New School Project - EPA	71,093	(71,093)	-	-
Other	1,027,288	(1,027,288)	399,678	(399,678)
	<b>1,575,800</b>	<b>(1,575,800)</b>	<b>1,531,227</b>	<b>(1,531,227)</b>

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**9. Long-term debt**

	<b>2019</b>	<b>2018</b>
RBC term loan bearing interest at 4.88%, repayable at \$1,435 per month principal and interest, secured by general security agreement, maturing February 2023.	<b>61,270</b>	<b>75,094</b>
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.	<b>453,443</b>	<b>665,462</b>
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$3,678, renewable April 2022, maturing March 2027.	<b>333,979</b>	<b>373,110</b>
CMHC mortgage payable, bearing interest at 1.43%, repayable in blended monthly instalments of \$5,269, renewable April 2022, maturing March 2027.	<b>478,310</b>	<b>534,354</b>
CMHC mortgage payable, bearing interest at 1.82%, repayable in blended monthly instalments of \$5,788, renewable September 2019, maturing September 2029.	<b>664,624</b>	<b>721,577</b>
CMHC mortgage payable, bearing interest at 1.11%, repayable in blended monthly instalments of \$2,031, renewable April 2021, maturing March 2031.	<b>274,025</b>	<b>295,260</b>
CMHC mortgage payable, bearing interest at 1.03%, repayable in blended monthly instalments of \$10,579, maturing September 2021.	<b>313,448</b>	<b>436,596</b>
CMHC mortgage payable, bearing interest at 1.44%, repayable in blended monthly instalments of \$6,305, renewable February 2022, maturing January 2032.	<b>887,249</b>	<b>949,770</b>
CMHC mortgage payable, bearing interest at 1.30%, repayable in blended monthly instalments of \$2,777, renewable June 2022, maturing June 2032.	<b>405,943</b>	<b>433,844</b>
CMHC mortgage payable, bearing interest at 1.84%, repayable in blended monthly instalments of \$2,170, renewable September 2022, maturing September 2032.	<b>311,700</b>	<b>331,867</b>
CMHC mortgage payable, bearing interest at 2.35%, repayable in blended monthly instalments of \$4,807, renewable July 2023, maturing May 2033.	<b>696,355</b>	<b>737,668</b>
CMHC mortgage payable, bearing interest at 1.85%, repayable in blended monthly instalments of \$4,286, renewable August 2019, maturing June 2034.	<b>684,411</b>	<b>722,927</b>
CMHC mortgage payable, bearing interest at 0.98%, repayable in blended monthly instalments of \$1,939, renewable March 2020, maturing March 2035.	<b>344,708</b>	<b>364,513</b>
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$3,238, renewable June 2020, maturing May 2030.	<b>402,235</b>	<b>435,312</b>
CMHC mortgage payable, bearing interest at 2.41%, repayable in blended monthly instalments of \$5,939, renewable April 2023, maturing April 2038.	<b>1,092,653</b>	<b>1,137,587</b>
CMHC mortgage payable, bearing interest at 2.04%, repayable in blended monthly instalments of \$3,573, renewable May 2019, maturing March 2039.	<b>608,361</b>	<b>638,295</b>
CMHC mortgage payable, bearing interest at 1.98%, repayable in blended monthly instalments of \$5,408, renewable May 2019, maturing May 2039.	<b>1,041,299</b>	<b>1,085,166</b>
CMHC mortgage payable, bearing interest at 1.39%, repayable in blended monthly instalments of \$2,707, renewable June 2020, maturing June 2040.	<b>530,942</b>	<b>555,762</b>

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

CMHC mortgage payable, bearing interest at 1.21%, repayable in blended monthly instalments of \$5,313, renewable May 2021, maturing May 2041.	1,240,596	1,289,119
CMHC mortgage payable, bearing interest at 1.50%, repayable in blended monthly instalments of \$6,116, renewable July 2022, maturing July 2042.	1,446,733	1,498,062
	<b>12,272,284</b>	<b>13,281,345</b>

All of the above CMHC debt facilities are secured by Band Council Resolution, Ministerial Guarantee from Indigenous Services 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
2020	1,033,961
2021	1,056,867
2022	774,789
2023	721,515
2024	717,264
	<b>4,304,396</b>
Thereafter	<b>7,967,888</b>

#### 10. 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 turn owns a 51% Joint Venture controlling interest in Amik Nuna Forestry Services Joint Venture (50% economic risk interest). At March 31, 2019, the Nation's share of Amik Nuna Forestry Services Joint Venture's accumulated deficit, through its ownership in Amik LP, was \$27,987. 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 ventures. 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.

#### 11. Economic dependence

The Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC 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.



**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**12. 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.

**13. Accumulated surplus**

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

	2019	2018
Unrestricted:		
Invested in tangible capital assets	17,668,472	17,755,621
Operating	12,995,675	2,178,340
Education	7,829,448	7,145,031
OFNLP - Equity	480,401	480,401
Investment in government business enterprises	129,336	129,336
	<b>39,103,332</b>	<b>27,688,729</b>
Restricted:		
ISC - Trust Fund	722,910	877,135
Housing other	1,814,127	1,814,127
CMHC replacement reserve	1,072,813	919,368
	<b>3,609,850</b>	<b>3,610,630</b>
	<b>42,713,182</b>	<b>31,299,359</b>

**14. Segmented Information**

The 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, 2019*

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**14. Segmented Information (continued from previous page)**

**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.

**15. Other Revenue**

	2019	2018
ISC Trust Income - logging	5,665	49,590
Fednor	-	97,895
Interest income	74,042	27,228
User fees	123,845	94,413
Matawa	352,644	490,565
MIRR Provincial funding	59,701	10,000
Nishnawbe Aski Nation	418,958	394,280
ISO - Shekak Power Corporation revenue	8,442,856	1,818,292
Investment income - Government Business Entities	35,834	-
Kikenjigewen Teg Educational Institute	507,078	343,296
Kiikenomaga Kikenjigewen Employment and Training Services	81,915	177,565
Other	1,091,033	791,048
	<b>11,193,571</b>	<b>4,294,152</b>

**16. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

**Constance Lake First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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**17. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**18. Prior period adjustment**

Prior period comparative figures have been restated to account for changes made to the reported opening balance of deferred revenue arising from the recognition of Indigenous Services Canada fixed funding as revenue in the year as well as an adjustment to portfolio investments. The effect of these changes on the 2018 comparative figures were as follows:

	<i>As Previously Reported</i>	<i>Prior Period Adjustment</i>	<i>As Restated</i>
Portfolio investments	58,230	(58,197)	33
Deferred revenue	2,839,776	(1,263,977)	1,575,799
Net financial assets (net debt)	(8,794,003)	1,205,780	(7,588,223)
Deferred revenue - prior year	1,733,602	(310,581)	1,423,021
Deferred revenue - current year	(2,839,777)	1,263,977	(1,575,800)
Employment and economic development	2,107,531	58,197	2,165,728
Annual surplus	1,215,040	895,199	2,110,239
Accumulated surplus - beginning of year	28,878,539	310,581	29,189,120
Accumulated surplus - end of year	30,093,579	1,205,780	31,299,359

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**Constance Lake First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	Land Improvements	Buildings	Landfill	Housing	Water & Waste Infrastructure	Water & Waste Water Equipment	Subtotal
<b>Cost</b>							
Balance, beginning of year	256,623	3,165,995	906,436	23,691,156	15,901,759	468,325	44,390,294
Acquisition of tangible capital assets	-	99,219	-	22,495	-	-	121,714
Balance, end of year	256,623	3,265,214	906,436	23,713,651	15,901,759	468,325	44,512,008
<b>Accumulated amortization</b>							
Balance, beginning of year	37,663	1,592,332	504,741	7,625,981	5,321,367	412,423	15,494,507
Annual amortization	6,213	81,630	45,322	860,485	397,544	15,611	1,406,805
Balance, end of year	43,876	1,673,962	550,063	8,486,466	5,718,911	428,034	16,901,312
<b>Net book value of tangible capital assets</b>	212,747	1,591,252	356,373	15,227,185	10,182,848	40,291	27,610,696
<b>2018 Net book value of tangible capital assets</b>	218,960	1,573,663	401,695	16,065,175	10,580,392	55,902	28,897,805

**Constance Lake First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	Subtotal	Roads	Furnitures & Fixtures	Computer Hardware	Computer Software	Vehicles-Heavy	Subtotal
<b>Cost</b>							
Balance, beginning of year	44,390,294	3,483,232	879,410	459,414	56,317	448,861	49,717,528
Acquisition of tangible capital assets	121,714	286,060	6,527	38,205	-	-	452,506
Balance, end of year	44,512,008	3,769,292	885,937	497,619	56,317	448,861	50,170,034
<b>Accumulated amortization</b>							
Balance, beginning of year	15,494,507	1,716,492	796,965	340,943	56,316	231,717	18,636,940
Annual amortization	1,406,805	75,386	30,552	57,479	-	58,291	1,628,513
Balance, end of year	16,901,312	1,791,878	827,517	398,422	56,316	290,008	20,265,453
<b>Net book value of tangible capital assets</b>	<b>27,610,696</b>	<b>1,977,414</b>	<b>58,420</b>	<b>99,197</b>	<b>1</b>	<b>158,853</b>	<b>29,904,581</b>
<b>2018 Net book value of tangible capital assets</b>	<b>28,897,805</b>	<b>1,766,740</b>	<b>82,445</b>	<b>118,471</b>	<b>1</b>	<b>217,144</b>	<b>31,082,606</b>

**Constance Lake First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	Subtotal	Vehicles- Trailers	Vehicles- Light	Street lights	Educational Facilities	2019	2018
<b>Cost</b>							
Balance, beginning of year	49,717,528	82,392	167,714	59,119	14,402,817	64,429,570	62,840,981
Acquisition of tangible capital assets	452,506	-	72,459	15,211	355,822	895,998	1,588,589
<b>Balance, end of year</b>	<b>50,170,034</b>	<b>82,392</b>	<b>240,173</b>	<b>74,330</b>	<b>14,758,639</b>	<b>65,325,568</b>	<b>64,429,570</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	18,636,940	25,347	161,475	36,214	6,845,526	25,705,502	23,729,748
Annual amortization	1,628,513	7,674	16,052	2,999	364,518	2,019,756	1,975,754
<b>Balance, end of year</b>	<b>20,265,453</b>	<b>33,021</b>	<b>177,527</b>	<b>39,213</b>	<b>7,210,044</b>	<b>27,725,258</b>	<b>25,705,502</b>
<b>Net book value of tangible capital assets</b>	<b>29,904,581</b>	<b>49,371</b>	<b>62,646</b>	<b>35,117</b>	<b>7,548,595</b>	<b>37,600,310</b>	<b>38,724,068</b>
<b>2018 Net book value of tangible capital assets</b>	<b>31,082,606</b>	<b>57,045</b>	<b>6,239</b>	<b>22,905</b>	<b>7,557,291</b>	<b>38,724,068</b>	

**Constance Lake First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2019*

	2019	2018
<b>Consolidated expenses by object</b>		
Administration	85,115	75,164
Amortization	2,019,756	1,975,754
Bad debts	179,126	254,308
Bank charges and interest	24,505	23,643
Consulting and contracted services	1,832,444	1,859,479
Honouraria	212,119	229,238
Insurance	228,583	191,902
Interest on long-term debt	223,744	233,580
Materials and supplies	1,605,833	1,467,155
Office and other	2,637,473	2,766,778
Professional development	142,543	165,380
Professional fees	749,059	1,001,665
Rent	319,692	163,244
Repairs and maintenance	1,249,146	1,226,530
Salaries and benefits	3,437,559	3,358,492
Social assistance	1,435,563	1,171,811
Student tuition and other expenses	586,919	542,382
Utilities	346,130	365,007
Vehicle and travel	911,251	771,546
Capital expenditures	(896,000)	(1,588,587)
	<b>17,330,560</b>	<b>16,254,471</b>

**Constance Lake First Nation**  
**Schedule 3 - Consolidated Schedule of Segmented Disclosure**  
*For the year ended March 31, 2019*

	ISC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Current Surplus (Deficit)
Administration	1,092,909	382,147	206,722	1,681,778	1,196,401	485,377
Community Property	1,290,224	9,685,436	(1,059,244)	9,916,416	1,121,370	8,795,046
Education	4,990,128	1,941,206	257,886	7,189,220	4,816,551	2,372,669
Employment and Economic Development	97,368	935,772	650,859	1,683,999	1,471,498	212,501
Health Services	14,500	2,874,504	84,073	2,973,077	2,957,542	15,535
Public Works and Facilities	590,967	507,292	73,791	1,172,050	1,921,777	(749,727)
Social Assistance	367,371	1,690,316	33,472	2,091,159	1,930,753	160,406
Social Housing	264,029	1,975,644	(202,986)	2,036,687	1,914,669	122,018
<b>Total</b>	<b>8,707,496</b>	<b>19,992,317</b>	<b>44,573</b>	<b>28,744,386</b>	<b>17,330,561</b>	<b>11,413,825</b>