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North Caribou Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2017

**North Caribou Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2017**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of North Caribou Lake First Nation and all the information provided in this annual report are the responsibility of management and have been approved by the Chief and Council of the Band.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.


The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. BDO Canada LLP has full access to the Band Council.


Chief


Band Administrator

Independent Auditors' Report

To the Members of North Caribou Lake First Nation

We have audited the accompanying consolidated financial statements of North Caribou Lake First Nation which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of revenue and expenses and fund balance, changes in net financial assets (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 consolidated 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' 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 auditors consider 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 in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.



Basis for Qualification

The First Nation should account for its investment in Weagamow Air Corporation ("Weagamow") on a consolidated basis as the entity is not self sufficient. The First Nation has recorded this entity as a government business enterprise and accounts for it using the modified equity method. This constitutes a departure from Canadian public sector accounting standards. Under this method, the First Nation records their share of the income as reported in the most recently available unaudited financial statements of Weagamow, which are for the year ended October 31, 2016. As a result of the statements being unaudited and for a different year end, we are unable to determine the impact of this departure on the revenue, expenses and accumulated surplus for the years ended March 31, 2017 and 2016, the assets and liabilities as at March 31, 2017 and 2016, and accumulated surplus as at April 1 and March 31 for both the 2017 and 2016 year ends. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016, was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of matter described in the Basis for Qualification paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of North Caribou Lake First Nation as at March 31, 2017, and the results of its operations, change in net financial assets (debt), and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "BDO Canada LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants

Dryden, Ontario
September 18, 2017

North Caribou Lake First Nation Consolidated Statement of Financial Position

March 31	2017	2016
Financial assets		
Bank (Note 1)	\$ 1,535,385	\$ 427,854
Short-term investments (Note 2)	763,411	759,065
Accounts receivable (Note 3)	3,656,815	1,681,152
Inventory for resale	648,491	571,469
Trust Funds Held by Federal Government (Note 11)	345,217	338,934
	<u>6,949,319</u>	<u>3,778,474</u>
Financial liabilities		
Accounts payable (Note 6)	2,774,601	1,662,358
Deferred revenue and government transfers (Note 7)	3,421,335	539,520
Long-term debt (Note 8)	131,028	193,423
Investment in Weagamow Air Corporation (o/a Weagamow Air) (Note 4)	853,522	541,667
	<u>7,180,486</u>	<u>2,936,968</u>
Net financial assets (debt)	<u>(231,167)</u>	<u>841,506</u>
Non-financial assets		
Tangible capital assets (Note 5)	25,081,658	24,138,345
Non-financial assets - inventory of capital supplies	1,035,446	583,123
Non-financial assets - fuel	322,117	302,742
	<u>26,439,221</u>	<u>25,024,210</u>
Accumulated surplus (Note 9)	<u>\$ 26,208,054</u>	<u>\$ 25,865,716</u>

Approved on behalf of the Band Council:

Dinah Karake
Ramona O'Brien

North Caribou Lake First Nation

Consolidated Statement of Revenue and Expenses and Fund Balance

For the year ended March 31	Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada (Note 14)	\$ 3,496,735	\$ 14,223,430	\$ 6,745,560
Ministry of Aboriginal Affairs	-	89,997	89,950
Ministry of Community and Social Services	24,400	1,066,798	931,455
Ministry of Health	199,191	193,955	190,467
Ministry of Northern Development and Mines	118,835	118,835	108,837
Miscellaneous	3,342,155	3,682,519	3,437,194
Musselwhite Mine	-	1,458,551	1,521,619
Health Canada (Note 15)	1,065,975	1,789,171	1,612,177
Nishnawbe Aski Nation	217,629	267,749	168,559
Northern Nishnawbe Education Council	-	152,136	152,136
Northern Ontario Heritage Fund Corporation	-	24,900	100,000
Onadamakay Community Store	-	3,420,266	3,097,201
Ontario First Nation Limited Partnership	-	1,143,993	1,009,078
Placer Dome Inc.	-	778,960	672,027
Sioux Lookout Area Aboriginal Management Board	-	202,244	106,630
Tikinanagan Child and Family Services	58,080	58,080	58,080
Transfer from Deferred Revenue	-	539,520	527,809
Transfer to Deferred Revenue	-	(3,421,335)	(539,520)
Share of loss of Weagamow Corporation (o/a Weagamow Air)	-	(311,855)	(468,948)
North Caribou Construction Ltd. sales to First Nation	-	810,537	594,993
North Caribou Construction Ltd. other revenue	-	119,498	190,123
Interorganization elimination	-	(1,480,412)	(2,090,642)
	8,523,000	24,927,537	18,214,785
Expenses			
First Nation Funds	4,883,161	7,189,138	5,731,699
Health and Social Services	1,519,425	1,761,166	1,734,244
Social Development	574,691	1,467,721	1,321,734
Operations and Maintenance	1,663,031	1,903,434	1,638,153
Education	2,706,964	2,505,943	2,172,472
CAEDS	-	26,980	23,141
Ojijakoes Community Development Corporation	2,750	1,185,167	1,090,780
Non-INAC	378,272	620,978	428,382
General	1,827,029	4,343,113	3,248,499
Casino Rama	-	87,380	116,595
Onadamakay Community Store	10,688	3,403,244	3,175,071
Realignment Road	127,342	127,441	552,899
Capital Projects	15,538	596,239	-
North Caribou Construction Ltd. expenses	57,791	847,667	1,099,452
Interorganization elimination	-	(1,480,412)	(2,090,642)
	13,766,682	24,585,199	20,242,479
Excess (deficiency) of revenue over expenses for the year	(5,243,682)	342,338	(2,027,694)
Accumulated surplus, beginning of year	27,606,444	25,865,716	27,893,410
Accumulated surplus, end of year	\$ 22,362,762	\$ 26,208,054	\$ 25,865,716

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

North Caribou Lake First Nation
Consolidated Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31	Budget 2017	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ (5,243,682)	\$ 342,338	\$ (2,027,694)
Acquisition of tangible capital assets	(1,219,809)	(4,511,080)	(1,797,944)
Amortization of tangible capital assets	3,567,768	3,567,768	3,486,048
	(2,895,723)	(600,974)	(339,590)
Acquisition of non-financial assets	-	(1,357,566)	(885,867)
Use of non-financial assets	-	885,867	903,965
	-	(471,699)	18,098
Net change in net financial assets (debt)	(2,895,723)	(1,072,673)	(321,492)
Net financial assets, beginning of year, as previously stated	841,506	841,506	1,162,998
Net financial assets (debt), end of year	\$ (2,054,217)	\$ (231,167)	\$ 841,506

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

North Caribou Lake First Nation

Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 342,338	\$ (2,027,694)
Item not involving cash		
Amortization	3,567,768	3,486,048
Changes in non-cash working capital balances		
Accounts receivable	(1,975,663)	153,128
Inventory for resale	(77,022)	3,103
Accounts payable	1,112,242	(789,794)
Deferred revenue	2,881,815	11,710
Non-financial assets - inventory of supplies	(452,323)	(35,146)
Non-financial assets - fuel	(19,375)	46,885
Prepaid expenses	-	6,359
	<u>5,379,780</u>	<u>854,599</u>
Capital activities		
Purchase of capital assets	<u>(4,511,080)</u>	<u>(1,797,944)</u>
Financing activities		
Repayment of capital lease obligations	-	(80,636)
Repayment of long-term debt	<u>(62,395)</u>	<u>(58,624)</u>
	<u>(62,395)</u>	<u>(139,260)</u>
Investing activities		
Increase in short-term investments	(4,346)	(352,782)
Increase in trust funds held by Federal Government	(6,283)	(7,041)
Increase in investment in Weagamow Air Corporation (o/a Weagamow Air)	<u>311,855</u>	<u>468,878</u>
	<u>301,226</u>	<u>109,055</u>
Increase (decrease) in cash during the year	1,107,531	(973,550)
Bank, beginning of year	<u>427,854</u>	<u>1,401,404</u>
Bank, end of year	<u>\$ 1,535,385</u>	<u>\$ 427,854</u>
Supplementary cash flow information		
Interest received during the year	\$63,340	\$62,356
Interest paid during the year	\$13,488	\$16,711

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

North Caribou Lake First Nation Summary of Significant Accounting Policies

March 31, 2017

Basis of Accounting These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting standards for governments, as defined by the Public Sector Accounting Board.

Reporting Entity and Principles of Consolidation North Caribou Lake First Nation reporting entity includes the North Caribou Lake First Nation government and related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements consolidate the assets, liabilities and results of operations for North Caribou Construction Ltd. which uses accounting principles which lend themselves to consolidation.

Incorporated business entities, which are owned or controlled by North Caribou Lake First Nation and which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. This includes Weagamow Air Corporation (o/a Weagamow Air).

Investments Investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

Inventories for Resale Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

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

Amortization of these assets is recorded on a straight-line basis commencing in the year of acquisition or construction as follows:

Buildings and improvements	-	4%-5%
General housing	-	5%
Infrastructure	-	5%
Equipment	-	20%-30%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Assets under construction are not amortized until the asset is available to be put into service.

North Caribou Lake First Nation Summary of Significant Accounting Policies

March 31, 2017

Inventories Held for Use	Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.
Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.</p> <p>Rental and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonably assured.</p> <p>Sale of goods and other revenue from services provided is recognized when title passes to the buyer and/or when services have been rendered and the transaction can be reasonably assured.</p>
Use of Estimates	The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

1. Bank

	2017	2016
Administration Account	\$ 1,154,540	\$ 22,113
CAEDS	26,921	19,282
Capital Projects	196,255	-
Casino Rama	241,363	235,212
Education	171,459	(126,334)
General	(78,885)	335,161
Health and Social Services	(568,198)	(235,137)
Non-INAC	99,864	(10,432)
OCDC - General	3,092	45,440
OCDC - Payroll	96,998	6,776
Onadamakay Community Store	109,991	177,517
Operation and Maintenance	(45,352)	(116,181)
North Caribou Construction Ltd.	3,786	8,902
Realignment Road	4,072	4,171
Social Development	119,479	61,364
	<u>\$ 1,535,385</u>	<u>\$ 427,854</u>

The bank accounts are maintained at one financial institution. The bank accounts are non-interest bearing for account balances under \$100,000, prime less 4% for balances between \$100,000 to \$499,000 and prime less 3% for balances over \$500,000.

The First Nation is, in the normal course of operations, exposed to credit risk from having account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

2. Short-term Investments

	2017	2016
Casino Rama	\$ 375,536	\$ 373,345
Education	23,826	23,783
General	251,718	250,256
Health and Social Services	100,699	100,118
CAEDS	5,439	5,407
North Caribou Construction Ltd.	6,193	6,156
	<u>\$ 763,411</u>	<u>\$ 759,065</u>

The short-term investments are comprised of guaranteed investment certificates with interest at 0.50% and maturity dates within the next fiscal year.

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

3. Accounts Receivable

	2017	2016
Administration		
Indigenous and Northern Affairs Canada	\$ 1,319,569	\$ 72,910
Harmonized sales tax	16,302	16,828
Other	146,023	18,140
Allowance for doubtful accounts	(22,956)	(21,867)
	<u>1,458,938</u>	<u>86,011</u>
CAEDS		
Loans	38,440	39,368
Allowance for doubtful accounts	(27,497)	(1,020)
	<u>10,943</u>	<u>38,348</u>
Education		
Other	91,090	7,604
Harmonized sales tax	13,670	8,667
Allowance for doubtful accounts	(5,973)	(5,773)
	<u>98,787</u>	<u>10,498</u>
OCDC Payroll		
Musselwhite Mine	436,152	230,924
Other	38,983	14,914
Allowance for doubtful accounts	(110,386)	(123,299)
	<u>364,749</u>	<u>122,539</u>
General		
Finn Way General Contractors	74,324	74,324
Oakley Construction	49,871	49,871
Weagamow Air Corporation (o/a Weagamow Air)	436,798	268,529
Premier Gold	7,161	7,161
Harmonized sales tax	26,154	24,729
Other	1,214,042	1,284,696
Musselwhite Mine	121,030	124,719
Allowance for doubtful accounts	(1,162,274)	(985,520)
	<u>767,106</u>	<u>848,509</u>
Capital Projects		
Other	42,347	-
Sub-total carried forward	<u>2,742,870</u>	<u>1,105,905</u>

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

3. Accounts Receivable (continued)	2017	2016
Sub-total brought forward	<u>2,742,870</u>	<u>1,105,905</u>
Social Development		
Harmonized sales tax	4,892	1,121
Ministry of Community and Social Services	13,479	26,705
Ministry of Health	7,672	18,967
Other	(450)	1,021
	<u>25,593</u>	<u>47,814</u>
Casino Rama	<u>2,264</u>	<u>-</u>
Health and Social Services		
Health Canada	363,386	113,803
Harmonized sales tax	9,183	6,947
Other	7,948	7,533
Allowance for doubtful accounts	(9,968)	(5,116)
	<u>370,549</u>	<u>123,167</u>
Non-INAC		
Other	39,795	30,649
Harmonized sales tax	3,279	875
Nishnawbe Aski Nation	63,370	14,356
Sioux Lookout Area Aboriginal Management Board	6,495	6,495
Allowance for doubtful accounts	(38,670)	(39,000)
	<u>74,269</u>	<u>13,375</u>
North Caribou Construction Ltd.		
Other	191,211	154,735
Harmonized sales tax	7,703	7,026
North Caribou Lake First Nation	36,945	4,588
Intercompany eliminations	(36,945)	(4,588)
Allowance for doubtful accounts	(47,617)	(39,747)
	<u>151,297</u>	<u>122,014</u>
Operation and Management		
Harmonized sales tax	5,779	1,035
Other	38,864	33,778
Weagamow Air Corporation (o/a Weagamow Air)	36,012	36,012
Allowance for doubtful accounts	(48,816)	(48,816)
	<u>31,839</u>	<u>22,009</u>
Sub-total carried forward	<u>3,398,681</u>	<u>1,434,284</u>

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

3. Accounts Receivable (continued)	2017	2016
Sub-total brought forward	<u>3,398,681</u>	<u>1,434,284</u>
Onadamakay Community Store		
Other	273,118	305,820
Weagamow Air Corporation (o/a Weagamow Air)	173,010	173,010
Harmonized sales tax	110,854	116,444
Allowance for doubtful accounts	<u>(306,903)</u>	<u>(359,078)</u>
	<u>250,079</u>	<u>236,196</u>
Onadamakay Community Store - ATM Account		
Other	<u>189</u>	<u>-</u>
OCDC - General		
Other	18,081	7,920
Harmonized sales tax	2,053	2,053
Weagamow Air Corporation	145,664	146,078
Harmonized sales tax	<u>(158,631)</u>	<u>(146,078)</u>
	<u>7,167</u>	<u>9,973</u>
Realignment Road		
Harmonized sales tax	<u>699</u>	<u>699</u>
	<u>\$ 3,656,815</u>	<u>\$ 1,681,152</u>

4. Investment in Weagamow Air Corporation (o/a Weagamow Air)

	2016	2015
Weagamow Air Corporation (o/a Weagamow Air)	<u>\$ (853,522)</u>	<u>\$ (541,667)</u>

Related Party Transactions

Weagamow Air Corporation (o/a Weagamow Air) is wholly owned by North Caribou Lake First Nation. Transactions with North Caribou Lake First Nation are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product and provision of services. Total sales to North Caribou Lake First Nation from Weagamow Air Corporation (o/a Weagamow Air) during the year were \$48,920 (2016 - \$108,809).

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

4. Investment in Weagamow Air Corporation (o/a Weagamow Air) (continued)

Weagamow Air Corporation (o/a Weagamow Air)

**Balance Sheet
(NOT SUBJECT TO AUDIT)
As at October 31**

Assets

Current

Capital assets

	2016		2015
	\$ 279,672	\$	366,312
	183,000		164,200
	<u>\$ 462,672</u>	\$	<u>530,512</u>

Liabilities and Members' Deficit

Current

Long-term debt

	\$ 602,214	\$	433,815
	713,980		638,364
	<u>1,316,194</u>		<u>1,072,179</u>

Members' deficit

Contributed surplus

Deficit

Deficit end of year

	1,322,404		1,322,404
	<u>(2,175,926)</u>		<u>(1,864,071)</u>
	<u>(853,522)</u>		<u>(541,667)</u>
	<u>\$ 462,672</u>	\$	<u>530,512</u>

**Statement of Operations
(NOT SUBJECT TO AUDIT)
For the year ended October 31**

Revenue

Flight

Other

	2016		2015
	\$ 730,857	\$	980,465
	36,160		27,976
	<u>767,017</u>		<u>1,008,441</u>

Expenses

Cost of goods sold

Expenses

	863,022		1,200,709
	215,850		276,680
	<u>1,078,872</u>		<u>1,477,389</u>

Net loss for the year

	<u>\$ (311,855)</u>	\$	<u>(468,948)</u>
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North Caribou Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2017

5. Tangible Capital Assets

	2017				
	Land	Buildings	Equipment	Linear Assets	Roads & Bridges
Cost, beginning of year	\$ -	\$ 35,062,240	\$ 4,997,600	\$ 25,620,452	\$ 1,576,009
Additions	-	1,347,213	556,911	2,218,500	388,456
Cost, end of year	\$ -	\$ 36,409,453	\$ 5,554,511	\$ 27,838,952	\$ 1,964,465
Accumulated amortization, beginning of year	\$ -	\$ 18,045,491	\$ 4,273,201	\$ 20,561,743	\$ 237,521
Amortization	-	1,762,729	326,934	1,336,485	141,619
Accumulated amortization, end of year	\$ -	\$ 19,808,220	\$ 4,600,135	\$ 21,898,228	\$ 379,140
Net carrying amount, end of year	\$ -	\$ 16,601,233	\$ 954,376	\$ 5,940,724	\$ 1,585,325

Assets under construction in the amount of \$NIL (2016 - \$129,483) are included in building but no amortization has been taken.

**North Caribou Lake First Nation
Notes to Consolidated Financial Statements**

March 31, 2017

5. Tangible Capital Assets (continued)

	2016					
	Land	Buildings	Equipment	Linear Assets	Roads & Bridges	Total
Cost, beginning of year	\$ -	\$ 33,758,438	\$ 4,694,617	\$ 25,620,452	\$ 1,384,850	\$ 65,458,357
Additions	-	1,303,802	302,983	-	191,159	1,797,944
Cost, end of year	\$ -	\$ 35,062,240	\$ 4,997,600	\$ 25,620,452	\$ 1,576,009	\$ 67,256,301
Accumulated amortization, beginning of year	\$ -	\$ 16,349,599	\$ 3,882,501	\$ 19,280,721	\$ 119,087	\$ 39,631,908
Amortization	-	1,695,892	390,700	1,281,022	118,434	3,486,048
Accumulated amortization, end of year	\$ -	\$ 18,045,491	\$ 4,273,201	\$ 20,561,743	\$ 237,521	\$ 43,117,956
Net carrying amount, end of year	\$ -	\$ 17,016,749	\$ 724,399	\$ 5,058,709	\$ 1,338,488	\$ 24,138,345

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

6. Accounts Payable

	2017	2016
Administration	\$ 922,680	\$ 677,547
Capital Projects	397,284	-
Casino Rama	4,148	4,148
Education	156,402	66,041
General	456,637	269,466
Janitorial	395,817	66,427
Social Development	65,138	23,419
OCDC - General	(5,331)	(2,455)
Onadamakay Community Store	18,258	5,636
Operation and Maintenance	97,808	(2,466)
North Caribou Construction Ltd.	236,326	393,574
Non-INAC	51,425	34,294
Health	14,961	131,322
Realignment Road	(7)	(7)
Intercompany eliminations	(36,945)	(4,588)
	<u>\$ 2,774,601</u>	<u>\$ 1,662,358</u>

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

7. Deferred Revenue and Government Transfers

	Balance March 31 2016	Funding Received 2017	Revenue Recognized 2017	Balance March 31 2017
Federal Government				
Indigenous and Northern Affairs Canada	\$ 105,177	\$ 14,223,430	\$ 11,601,188	\$ 2,727,419
Health Canada	-	1,789,171	1,698,539	90,632
	105,177	16,012,601	13,299,727	2,818,051
Provincial Government				
Ontario First Nation Limited Partnership	434,343	1,143,993	975,052	603,284
Ministry of Community and Social Services	-	1,066,798	1,066,798	-
Ministry of Aboriginal Affairs	-	89,997	89,997	-
Ministry of Health	-	193,955	193,955	-
Ministry of Northern Development and Mines	-	118,835	118,835	-
	434,343	2,613,578	2,444,637	603,284
	\$ 539,520	\$ 18,626,179	\$ 15,744,364	\$ 3,421,335

The Indigenous and Northern Affairs Canada balance relates to fixed and/or flexible funding that was not spent by year end and will be utilized in the subsequent year.

The Ontario First Nation Limited Partnership balance relates to funds to be spent on specific areas. Until the funding has been utilized, it has not been earned, and therefore has been deferred.

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2017

8. Long-term Debt

	2017	2016
Loan payable, repayable at \$6,060 per month including interest at 6.25%, secured by equipment; maturing 2019	\$ 131,028	\$ 193,423

The future minimum loan payments for the next two years are as follows:

	Principal	Interest	Total
2018	\$ 66,408	\$ 6,308	\$ 72,716
2019	64,620	2,037	66,657
	\$ 131,028	\$ 8,345	\$ 139,373

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2017

9. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2017	2016
Investment in tangible capital assets	\$ 25,081,658	\$ 24,138,345
Investment in trust funds	345,217	338,934
Amounts to be recovered	(131,028)	(193,423)
Current funds	(2,014,301)	(1,756,834)
Equity in Weagamow Air Corporation	(853,522)	(541,667)
Restricted surplus (Note 10)	3,780,030	3,880,361
	<u>\$ 26,208,054</u>	<u>\$ 25,865,716</u>

10. Restricted Surplus

	2017	2016
Restricted surplus, opening	\$ 3,880,361	\$ 3,678,014
General surplus (deficit) for the current year	(100,331)	202,347
Restricted surplus, ending	<u>\$ 3,780,030</u>	<u>\$ 3,880,361</u>

The restricted surplus represents the surplus of the general program. A large portion of this surplus is applied to advances owing from the First Nation controlled enterprises and is not available for general distribution.

11. Trust Funds Held by Federal Government

Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

	Capital Account	Revenue Account	Total
Balance, beginning of year	\$ 53,820	\$ 285,114	\$ 338,934
Interest earned during the year	-	6,283	6,283
Balance, end of year	<u>\$ 53,820</u>	<u>\$ 291,397</u>	<u>\$ 345,217</u>

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2017

12. Budget Figures

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of revenue and expenses and fund balance for comparative purposes. These budget figures have been provided by management.

	<u>2017</u>
Financial Plan (Budget) Bylaw deficit for the year	\$ (2,895,724)
Add:	
Capital expenses	1,219,809
Less:	
Amortization	<u>(3,567,767)</u>
Budget deficit per statement of revenue and expenses	<u>\$ (5,243,682)</u>

13. Economic Dependence

North Caribou Lake First Nation received a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

14. Indigenous and Northern Affairs Canada - Funding Reconciliation

	<u>2017</u>	<u>2016</u>
Funding per confirmation	\$ 14,336,161	\$ 6,758,538
Welfare administration repayable	(10,022)	(4,023)
In-home care repayable	-	(8,955)
Special assistance repayable	(1,581)	-
Funeral and burials repayable	(6,905)	-
Financial management and governance capacity development repayable	(263)	-
Education planning design and construction repayable	(70,053)	-
First Nation education management and governance capacity repayable	(16,667)	-
Prior year in-home care recovery	(5,143)	-
Prior year basic needs recovery	<u>(2,097)</u>	<u>-</u>
Indigenous and Northern Affairs Canada revenue per financial statements	<u>\$ 14,223,430</u>	<u>\$ 6,745,560</u>

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2017

15. Health Canada - Funding Reconciliation

	2017	2016
Funding per confirmation	\$ 1,805,913	\$ 1,742,913
Prior year recoveries	-	(130,736)
Surplus repayables	(16,742)	-
Health Canada revenue per financial statements	<u>\$ 1,789,171</u>	<u>\$ 1,612,177</u>

16. Commitments

The First Nation entered into contracts with three consultant groups for work being done in the community remediation projects and a police detachment study. These projects were not completed by March 31, 2017 and will continue into the next fiscal year. The estimated remaining project costs exceed \$1.867 million.

17. Comparative Figures

Certain of the comparative figures presented in the consolidated financial statements have been restated to conform to the current year's presentation.

18. Segmented Information

North Caribou Lake First Nation is a diversified local government that provides a wide range of services to its citizens and members, including band administration, commercial enterprises, infrastructure, health and social services, and education.

For each reported segment, revenues and expenses 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. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

18. Segmented Information (continued)

Segmented Disclosure - Statement of Financial Activities

For the year ended March 31	Band Administration	Commercial Enterprises/ Other	Infrastructure	Health and Social Services	Education	Consolidated 2017
Revenue						
Government transfers	\$ 828,795	\$ 4,137,865	\$ 6,132,582	\$ 3,244,000	\$ 3,232,603	\$ 17,575,845
Transfer from (to) deferred revenue	35,124	(242,183)	(475,488)	(90,632)	(382,331)	(1,155,510)
Sales	-	3,420,266	-	-	-	3,420,266
Income to business enterprises	-	(311,855)	-	-	-	(311,855)
Other	463,219	5,076,949	108,914	23,214	247,733	5,920,029
North Caribou Construction Ltd. revenue	-	930,035	-	-	-	930,035
	<u>1,327,138</u>	<u>13,011,077</u>	<u>5,766,008</u>	<u>3,176,582</u>	<u>3,098,005</u>	<u>26,378,810</u>
Expenses by object						
Amortization	134,678	190,475	3,235,106	7,508	-	3,567,767
Capital asset additions from operating	-	(483,334)	(4,027,747)	-	-	(4,511,081)
Contracted services, supplies and other	383,423	5,406,999	4,719,274	1,491,827	583,219	12,584,742
Salaries and benefits	1,697,207	3,510,927	1,336,506	1,531,963	1,885,082	9,961,685
Travel and training	137,825	142,304	18,041	152,118	18,940	469,228
Purchases for resale	-	2,328,397	-	-	-	2,328,397
Rent, utilities and telephone	22,570	403,090	356,025	45,470	18,703	845,858
North Caribou Construction Ltd. expenses	-	789,876	-	-	-	789,876
	<u>2,375,703</u>	<u>12,288,734</u>	<u>5,637,205</u>	<u>3,228,886</u>	<u>2,505,944</u>	<u>26,036,472</u>
Excess (deficiency) of revenue over expenses for the year	\$ (1,048,565)	\$ 722,343	\$ 128,803	\$ (52,304)	\$ 592,061	\$ 342,338

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

18. Segmented Information (continued)

Segmented Disclosure - Statement of Financial Activities

For the year ended March 31	Band Administration	Commercial Enterprises/ Other	Infrastructure	Health and Social Services	Education	Consolidated 2016
Revenue						
Government transfers	\$ 859,890	\$ 2,131,074	\$ 3,100,947	\$ 2,934,274	\$ 2,246,744	\$ 11,272,929
Transfer to deferred revenue	37,363	(13,817)	-	-	(35,256)	(11,710)
Sales	-	3,097,201	-	-	-	3,097,201
Income to business enterprises	-	(468,948)	-	-	-	(468,948)
Other	609,514	4,718,105	70,112	19,923	213,185	5,630,839
North Caribou Construction Ltd. revenue	-	785,116	-	-	-	785,116
	<u>1,506,767</u>	<u>10,248,731</u>	<u>3,171,059</u>	<u>2,954,197</u>	<u>2,424,673</u>	<u>20,305,427</u>
Expenses by object						
Amortization	166,573	207,293	3,089,309	13,898	8,975	3,486,048
Capital asset additions from operating	-	(137,694)	(1,635,150)	-	(25,100)	(1,797,944)
Contracted services, supplies and other	376,250	3,382,174	2,185,399	1,482,914	457,199	7,883,936
Salaries and benefits	1,431,789	2,998,759	1,241,401	1,373,774	1,627,949	8,673,672
Travel and training	106,873	66,988	13,604	132,752	56,327	376,544
Purchases for resale	-	2,158,234	-	-	-	2,158,234
Rent, utilities and telephone	20,339	74,942	335,111	45,592	22,023	498,007
North Caribou Construction Ltd. expenses	-	1,054,624	-	-	-	1,054,624
	<u>2,101,824</u>	<u>9,805,320</u>	<u>5,229,674</u>	<u>3,048,930</u>	<u>2,147,373</u>	<u>22,333,121</u>
Excess (deficiency) of revenue over expenses for the year	\$ (595,057)	\$ 443,411	\$ (2,058,615)	\$ (94,733)	\$ 277,300	\$ (2,027,694)