

Private & Confidential



37 King Street
Dryden ON P8N 1B4 Canada



PACKAGE ONE -
ITEMS TO BE PUBLISHED

Private & Confidential

North Caribou Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2018

North Caribou Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2018

Contents

| | |
|------------------------------------------------------------------|----------|
| Management's Responsibility for Financial Reporting | 2 |
| Independent Auditors' Report | 3 |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position | 5 |
| Consolidated Statement of Revenue and Expenses and Fund Balance | 6 |
| Consolidated Statement of Changes in Net Financial Assets (Debt) | 7 |
| Consolidated Statement of Cash Flows | 8 |
| Summary of Significant Accounting Policies | 9 |
| Notes to Consolidated Financial Statements | 11 |

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.

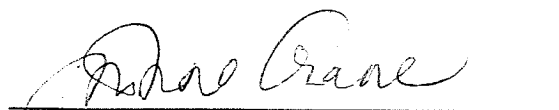
The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted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



Tel: 807-223-5321
Fax: 807-223-2978
www.bdo.ca

BDO Canada LLP
37 King Street
Dryden ON P8N 1B4 Canada

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, 2018, 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, 2017. 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, 2018 and 2017, the assets and liabilities as at March 31, 2018 and 2017, and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 year ends. Our audit opinion on the consolidated financial statements for the year ended March 31, 2017, 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, 2018, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

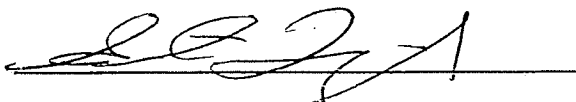

Dryden, Ontario
February 6, 2019

North Caribou Lake First Nation

Consolidated Statement of Financial Position

| March 31 | 2018 | 2017 |
|--------------------------------------------------------------------|----------------------|----------------------------|
| | | (Restated - see Note 1) |
| Financial assets | | |
| Bank (Note 2) | \$ 1,036,707 | \$ 1,535,385 |
| Short-term investments (Note 3) | 767,197 | 763,411 |
| Accounts receivable (Note 4) | 5,609,913 | 3,963,720 |
| Inventory for resale | 391,349 | 648,491 |
| Trust Funds Held by Federal Government | 352,543 | 345,217 |
| | <u>8,157,709</u> | <u>7,256,224</u> |
| Financial liabilities | | |
| Accounts payable (Note 7) | 2,168,792 | 3,081,505 |
| Deferred revenue and government transfers (Note 8) | 5,283,023 | 2,818,051 |
| Long-term debt (Note 9) | 135,407 | 131,028 |
| Investment in Weagamow Air Corporation (o/a Weagamow Air) (Note 5) | 1,050,554 | 853,522 |
| | <u>8,637,776</u> | <u>6,884,106</u> |
| Net financial assets (debt) | <u>(480,067)</u> | <u>372,118</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 6) | 23,923,766 | 25,081,658 |
| Non-financial assets - inventory of capital supplies | - | 1,035,446 |
| Non-financial assets - fuel | 267,183 | 322,117 |
| | <u>24,190,949</u> | <u>26,439,221</u> |
| Accumulated surplus (Note 10) | <u>\$ 23,710,882</u> | <u>\$ 26,811,339</u> |

Approved on behalf of the Band Council:

North Caribou Lake First Nation

Consolidated Statement of Revenue and Expenses and Fund Balance

| For the year ended March 31 | Budget | 2018 | 2017 |
|------------------------------------------------------------------|---------------|---------------|-------------------------|
| | | | (Restated - see Note 1) |
| Revenue | | | |
| Indigenous and Northern Affairs Canada (Note 14) | \$ 7,622,063 | \$ 13,204,634 | \$ 11,601,187 |
| Ministry of Aboriginal Affairs | 179,516 | 92,578 | 89,997 |
| Ministry of Community and Social Services | - | 1,117,414 | 1,066,798 |
| Ministry of Health | 89,191 | 232,595 | 193,955 |
| Ministry of Northern Development and Mines | - | 122,398 | 118,835 |
| Ministry of the Attorney General | - | 100,000 | - |
| Miscellaneous | 2,640,982 | 1,941,347 | 2,079,316 |
| Musselwhite Mine | - | 1,417,816 | 1,458,551 |
| Health Canada (Note 15) | 2,510,811 | 2,509,202 | 1,698,539 |
| Nishnawbe Aski Nation | 770,927 | 351,040 | 267,749 |
| Northern Nishnawbe Education Council | 152,136 | 202,716 | 152,136 |
| Northern Ontario Heritage Fund Corporation | - | - | 24,900 |
| Onadamakay Community Store | - | 3,345,139 | 3,420,266 |
| Ontario First Nation Limited Partnership | - | 1,158,076 | 1,143,993 |
| Placer Dome Inc. | - | 723,491 | 778,960 |
| Sioux Lookout Area Aboriginal Management Board | - | 97,509 | 202,244 |
| Tikinagan Child and Family Services | 58,080 | 58,080 | 58,080 |
| Share of loss of Weagamow Corporation (o/a Weagamow Air) | - | (197,032) | (311,855) |
| North Caribou Construction Ltd. other revenue | - | 136,245 | 119,498 |
| | 14,023,706 | 26,613,248 | 24,163,149 |
| Expenses | | | |
| First Nation Funds | 1,397,031 | 6,097,983 | 6,930,159 |
| Health and Social Services | 2,470,472 | 2,390,268 | 1,516,655 |
| Social Development | 492,041 | 1,438,880 | 1,405,369 |
| Operations and Maintenance | 1,752,574 | 1,843,712 | 1,653,478 |
| Education | 3,685,862 | 2,911,255 | 2,460,917 |
| CAEDS | - | 140 | 26,980 |
| Ojijakoes Community Development Corporation | - | 1,200,708 | 1,185,167 |
| Non-INAC | 265,168 | 680,600 | 602,227 |
| General | 1,722,569 | 3,999,137 | 3,335,642 |
| Casino Rama | - | 159,789 | 87,380 |
| Onadamakay Community Store | - | 2,727,788 | 2,876,548 |
| Realignment Road | - | 127,450 | 127,441 |
| Capital Projects | - | 5,249,532 | 596,239 |
| North Caribou Construction Ltd. expenses | - | 886,463 | 847,667 |
| | 11,785,717 | 29,713,705 | 23,651,869 |
| Excess (deficiency) of revenue over expenses for the year | 2,237,989 | (3,100,457) | 511,280 |
| Accumulated surplus, beginning of year | 22,362,762 | 26,811,339 | 25,865,716 |
| Prior period adjustment (Note 1) | - | - | 434,343 |
| Accumulated surplus, beginning of year, restated | 22,362,762 | 26,811,339 | 26,300,059 |
| Accumulated surplus, end of year | \$ 24,600,751 | \$ 23,710,882 | \$ 26,811,339 |

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 2018 | Actual 2018 | Actual 2017 |
|----------------------------------------------------------------------|-------------------|---------------------|----------------------------|
| | | | (Restated - see Note 1) |
| Annual surplus (deficit) | \$ 2,237,989 | \$ (3,100,457) | \$ 511,280 |
| Acquisition of tangible capital assets | (1,657,891) | (2,362,827) | (4,511,080) |
| Amortization of tangible capital assets | - | 3,520,719 | 3,567,768 |
| | 580,098 | (1,942,565) | (432,032) |
| Acquisition of non-financial assets | - | (267,186) | (1,357,566) |
| Use of non-financial assets | - | 1,357,566 | 885,867 |
| | - | 1,090,380 | (471,699) |
| Net change in net financial assets (debt) | 580,098 | (852,185) | (903,731) |
| Net financial assets, beginning of year, as previously stated | 372,118 | 372,118 | 841,506 |
| Prior period adjustment (Note 1) | - | - | 434,343 |
| Net financial assets, beginning of year, restated | 372,118 | 372,118 | 1,275,849 |
| Net financial assets (debt), end of year | \$ 952,216 | \$ (480,067) | \$ 372,118 |

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 | 2018 | 2017 |
|-----------------------------------------------------------------------|----------------------------|----------------------------|
| | | (Restated - see Note 1) |
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess (deficiency) of revenue over expenses for the year | \$ (3,100,457) | \$ 511,280 |
| Item not involving cash | | |
| Amortization | 3,520,719 | 3,567,768 |
| Changes in non-cash working capital balances | | |
| Accounts receivable | (1,646,193) | (1,975,663) |
| Inventory for resale | 257,142 | (77,022) |
| Accounts payable | (912,713) | 1,112,240 |
| Deferred revenue | 2,464,972 | 2,712,875 |
| Non-financial assets - inventory of supplies | 1,035,446 | (452,323) |
| Non-financial assets - fuel | 54,934 | (19,375) |
| | <u>1,673,850</u> | <u>5,379,780</u> |
| Capital activities | | |
| Purchase of capital assets | <u>(2,362,827)</u> | <u>(4,511,080)</u> |
| Financing activities | | |
| Repayment of long-term debt | <u>4,379</u> | <u>(62,395)</u> |
| Investing activities | | |
| Increase in short-term investments | (3,786) | (4,346) |
| Increase in trust funds held by Federal Government | (7,326) | (6,283) |
| Increase in investment in Weagamow Air Corporation (o/a Weagamow Air) | <u>197,032</u> | <u>311,855</u> |
| | <u>185,920</u> | <u>301,226</u> |
| Increase (decrease) in cash during the year | (498,678) | 1,107,531 |
| Bank, beginning of year | <u>1,535,385</u> | <u>427,854</u> |
| Bank, end of year | <u>\$ 1,036,707</u> | <u>\$ 1,535,385</u> |

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, 2018

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 | - | 5% |
| Equipment | - | 20% |
| Linear Assets | - | 5% |
| Roads & Bridges | - | 8% |

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, 2018

| | |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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, 2018

1. Prior Period Adjustment - Ontario First Nations Limited Partnership Revenue

During the year, the First Nation determined that the Ontario First Nations Limited Partnership ("OFNLP") program funds should not have been deferred and instead reflected in accumulated surplus. This error has been corrected retroactively with restatement of prior years. The correction had the following effect on the comparative financial statements:

Consolidated Statement of Financial Position

| | |
|----------------------------------------------|---------------------|
| Decrease in deferred revenues | \$ (603,284) |
| Increase in annual surplus | <u>168,941</u> |
| Increase in opening 2017 accumulated surplus | <u>\$ (434,343)</u> |

Consolidated Statement of Revenue and Expenses and Fund Balance

| | |
|----------------------------|-------------------|
| Increase in revenue | \$ 168,941 |
| Increase in annual surplus | <u>\$ 168,941</u> |

2. Bank

| | 2018 | 2017 |
|---------------------------------|---------------------|---------------------|
| Administration Account | \$ 1,522,181 | \$ 1,154,540 |
| CAEDS | 32,234 | 26,921 |
| Capital Projects | (640,575) | 196,255 |
| Casino Rama | 148,272 | 241,363 |
| Education | (22,610) | 171,459 |
| General | (102,990) | (78,885) |
| Health and Social Services | (388,713) | (568,198) |
| Non-INAC | (16,649) | 99,864 |
| OCDC - General | 2,962 | 3,092 |
| OCDC - Payroll | 127,964 | 96,998 |
| Onadamakay Community Store | 511,641 | 109,991 |
| Operation and Maintenance | (202,375) | (45,352) |
| North Caribou Construction Ltd. | (21,037) | 3,786 |
| Realignment Road | 3,964 | 4,072 |
| Social Development | 82,438 | 119,479 |
| | <u>\$ 1,036,707</u> | <u>\$ 1,535,385</u> |

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 has an operating line of credit for each of their accounts. These are secured by Band Council Resolutions.

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.

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Short-term Investments

| | 2018 | 2017 |
|---------------------------------|-------------------|-------------------|
| Casino Rama | \$ 377,425 | \$ 375,536 |
| Education | 23,923 | 23,826 |
| General | 252,965 | 251,718 |
| Health and Social Services | 101,193 | 100,699 |
| CAEDS | 5,467 | 5,439 |
| North Caribou Construction Ltd. | 6,224 | 6,193 |
| | <u>\$ 767,197</u> | <u>\$ 763,411</u> |

The short-term investments are comprised of guaranteed investment certificates with interest at 0.45-0.60% and maturity dates within the next fiscal year.

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

4. Accounts Receivable

| | 2018 | 2017 |
|---------------------------------------------|------------------|------------------|
| Administration | | |
| Indigenous and Northern Affairs Canada | \$ 2,992,937 | \$ 1,319,569 |
| Harmonized sales tax | 15,866 | 16,302 |
| Other | 47,839 | 146,023 |
| Allowance for doubtful accounts | (25,046) | (22,956) |
| | <u>3,031,596</u> | <u>1,458,938</u> |
| CAEDS | | |
| Loans | 34,430 | 38,440 |
| Allowance for doubtful accounts | (27,497) | (27,497) |
| | <u>6,933</u> | <u>10,943</u> |
| Education | | |
| Other | 6,377 | 91,090 |
| Harmonized sales tax | 16,974 | 13,670 |
| Allowance for doubtful accounts | (5,973) | (5,973) |
| | <u>17,378</u> | <u>98,787</u> |
| OCDC Payroll | | |
| Musselwhite Mine | 464,329 | 436,152 |
| Other | 41,150 | 38,983 |
| Allowance for doubtful accounts | (106,866) | (110,386) |
| | <u>398,613</u> | <u>364,749</u> |
| General | | |
| Finn Way General Contractors | 74,324 | 74,324 |
| Oakley Construction | 49,871 | 49,871 |
| Weagamow Air Corporation (o/a Weagamow Air) | 432,117 | 436,798 |
| Premier Gold | 7,161 | 7,161 |
| Harmonized sales tax | 46,386 | 26,154 |
| Other | 1,307,847 | 1,214,042 |
| Musselwhite Mine | 142,923 | 121,030 |
| Allowance for doubtful accounts | (1,373,893) | (1,162,274) |
| | <u>686,736</u> | <u>767,106</u> |
| Capital Projects | | |
| Other | 1,353 | 42,347 |
| Sub-total carried forward | <u>4,142,609</u> | <u>2,742,870</u> |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

| | | |
|------------------------------------------------|-------------|-------------|
| 4. Accounts Receivable (continued) | 2018 | 2017 |
| Sub-total brought forward | 4,142,609 | 2,742,870 |
| Social Development | | |
| Harmonized sales tax | 4,464 | 4,892 |
| Ministry of Community and Social Services | 62,414 | 13,479 |
| Ministry of Health | 13,235 | 7,672 |
| Other | 100 | (450) |
| | 80,213 | 25,593 |
| Casino Rama | 1,825 | 2,264 |
| Health and Social Services | | |
| Health Canada | 579,986 | 363,386 |
| Harmonized sales tax | 13,672 | 9,183 |
| Other | 8,649 | 7,948 |
| Allowance for doubtful accounts | (11,443) | (9,968) |
| | 590,864 | 370,549 |
| Non-INAC | | |
| Other | 64,684 | 39,795 |
| Harmonized sales tax | 2,880 | 3,279 |
| Nishnawbe Aski Nation | 119,059 | 63,370 |
| Sioux Lookout Area Aboriginal Management Board | 22,740 | 6,495 |
| Allowance for doubtful accounts | (48,564) | (38,670) |
| | 160,799 | 74,269 |
| North Caribou Construction Ltd. | | |
| Other | 192,663 | 191,211 |
| Harmonized sales tax | 11,393 | 7,703 |
| North Caribou Lake First Nation | 50,208 | 36,945 |
| Intercompany eliminations | (50,208) | (36,945) |
| Allowance for doubtful accounts | (97,167) | (47,617) |
| | 106,889 | 151,297 |
| Operation and Management | | |
| Harmonized sales tax | 6,984 | 5,779 |
| Other | 101,700 | 38,864 |
| Weagamow Air Corporation (o/a Weagamow Air) | 36,012 | 36,012 |
| Allowance for doubtful accounts | (53,196) | (48,816) |
| | 91,500 | 31,839 |
| Sub-total carried forward | 5,174,699 | 3,398,681 |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

| | | | |
|----|---------------------------------------------|---------------------|---------------------|
| 4. | Accounts Receivable (continued) | 2018 | 2017 |
| | Sub-total brought forward | 5,174,699 | 3,398,681 |
| | Onadamakay Community Store | | |
| | Other | 613,469 | 580,023 |
| | Weagamow Air Corporation (o/a Weagamow Air) | 173,010 | 173,010 |
| | Harmonized sales tax | 101,807 | 110,854 |
| | Allowance for doubtful accounts | (455,209) | (306,903) |
| | | 433,077 | 556,984 |
| | Onadamakay Community Store - ATM Account | | |
| | Other | 189 | 189 |
| | OCDC - General | | |
| | Other | 14,246 | 17,649 |
| | Harmonized sales tax | 1,158 | 2,485 |
| | Weagamow Air Corporation | 145,664 | 145,664 |
| | Allowance for doubtful accounts | (159,120) | (158,631) |
| | | 1,948 | 7,167 |
| | Realignment Road | | |
| | Harmonized sales tax | - | 699 |
| | | <u>\$ 5,609,913</u> | <u>\$ 3,963,720</u> |

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

| | 2017 | 2016 |
|---------------------------------------------|-----------------------|---------------------|
| Weagamow Air Corporation (o/a Weagamow Air) | <u>\$ (1,050,554)</u> | <u>\$ (853,522)</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 \$67,813 (2017 - \$48,920).

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

5. 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

| | 2017 | 2016 |
|------------|------------|------|
| | | |
| \$ 300,439 | \$ 279,672 | |
| 166,710 | 183,000 | |
| \$ 467,149 | \$ 462,672 | |

Liabilities and Members' Deficit

Current

Long-term debt

| | | |
|------------|------------|--|
| \$ 730,442 | \$ 602,214 | |
| 787,261 | 713,980 | |
| 1,517,703 | 1,316,194 | |

Members' deficit

Contributed surplus

Deficit

Deficit end of year

| | | |
|-------------|-------------|--|
| 1,322,404 | 1,322,404 | |
| (2,372,958) | (2,175,926) | |
| (1,050,554) | (853,522) | |
| \$ 467,149 | \$ 462,672 | |

Statement of Operations

(NOT SUBJECT TO AUDIT)

For the year ended October 31

Revenue

Flight

Other

| | 2017 | 2016 |
|------------|------------|------|
| | | |
| \$ 691,877 | \$ 730,857 | |
| 17,901 | 36,160 | |
| 709,778 | 767,017 | |

Expenses

Cost of goods sold

Expenses

| | | |
|---------|-----------|--|
| 678,323 | 863,022 | |
| 228,487 | 215,850 | |
| 906,810 | 1,078,872 | |

Net loss for the year

| | | |
|--------------|--------------|--|
| \$ (197,032) | \$ (311,855) | |
|--------------|--------------|--|

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2018

6. Tangible Capital Assets

| | 2018 | | | | |
|---------------------------------------------|------|---------------|--------------|---------------|-----------------|
| | Land | Buildings | Equipment | Linear Assets | Roads & Bridges |
| Cost, beginning of year | \$ - | \$ 36,409,453 | \$ 5,554,511 | \$ 27,838,952 | \$ 1,964,465 |
| Additions | - | 1,661,744 | 659,439 | 41,644 | - |
| Cost, end of year | \$ - | \$ 38,071,197 | \$ 6,213,950 | \$ 27,880,596 | \$ 1,964,465 |
| Accumulated amortization, beginning of year | \$ - | \$ 19,808,220 | \$ 4,600,135 | \$ 21,898,228 | \$ 379,140 |
| Amortization | - | 1,825,478 | 352,764 | 1,185,320 | 157,157 |
| Accumulated amortization, end of year | \$ - | \$ 21,633,698 | \$ 4,952,899 | \$ 23,083,548 | \$ 536,297 |
| Net carrying amount, end of year | \$ - | \$ 16,437,499 | \$ 1,261,051 | \$ 4,797,048 | \$ 1,428,168 |
| | | | | | \$ 23,923,766 |

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2018

6. Tangible Capital Assets (continued)

| | | | | | | 2017 |
|---------------------------------------------|------|---------------|--------------|---------------|-----------------|---------------|
| | Land | Buildings | Equipment | Linear Assets | Roads & Bridges | Total |
| Cost, beginning of year | \$ - | \$ 35,062,240 | \$ 4,997,600 | \$ 25,620,452 | \$ 1,576,009 | \$ 67,256,301 |
| Additions | - | 1,347,213 | 556,911 | 2,218,500 | 388,456 | 4,511,080 |
| Cost, end of year | \$ - | \$ 36,409,453 | \$ 5,554,511 | \$ 27,838,952 | \$ 1,964,465 | \$ 71,767,381 |
| Accumulated amortization, beginning of year | \$ - | \$ 18,045,491 | \$ 4,273,201 | \$ 20,561,743 | \$ 237,521 | \$ 43,117,956 |
| Amortization | - | 1,762,729 | 326,934 | 1,336,485 | 141,619 | 3,567,767 |
| Accumulated amortization, end of year | \$ - | \$ 19,808,220 | \$ 4,600,135 | \$ 21,898,228 | \$ 379,140 | \$ 46,685,723 |
| Net carrying amount, end of year | \$ - | \$ 16,601,233 | \$ 954,376 | \$ 5,940,724 | \$ 1,585,325 | \$ 25,081,658 |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

7. Accounts Payable

| | 2018 | 2017 |
|---------------------------------|---------------------|---------------------|
| Administration | \$ 71,351 | \$ 910,796 |
| Capital Projects | 125,309 | 397,284 |
| Casino Rama | 4,148 | 4,148 |
| Education | 91,321 | 156,402 |
| General | 336,459 | 453,420 |
| Janitorial | 353,411 | 395,817 |
| Social Development | 71,183 | 65,138 |
| OCDC - General | (5,331) | (5,331) |
| Onadamakay Community Store | 490,627 | 325,162 |
| Operation and Maintenance | 23,941 | 86,309 |
| North Caribou Construction Ltd. | 344,198 | 236,326 |
| Non-INAC | 9,795 | 51,425 |
| Health | 252,387 | 4,616 |
| Realignment Road | (7) | (7) |
| | <u>\$ 2,168,792</u> | <u>\$ 3,081,505</u> |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

8. Deferred Revenue and Government Transfers

| | Balance March 31 2017 | Funding Received 2018 | Revenue Recognized 2018 | Balance March 31 2018 |
|-----------------------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| Federal Government | | | | |
| Indigenous and Northern Affairs Canada | \$ 2,727,419 | \$ 15,357,442 | \$ 13,204,634 | \$ 4,880,227 |
| Health Canada | 90,632 | 2,821,366 | 2,509,202 | 402,796 |
| | <u>2,818,051</u> | <u>18,178,808</u> | <u>15,713,836</u> | <u>5,283,023</u> |
| Provincial Government | | | | |
| Ontario First Nation Limited Partnership | - | 1,158,076 | 1,158,076 | - |
| Ministry of Community and Social Services | - | 1,117,414 | 1,117,414 | - |
| Ministry of Aboriginal Affairs | - | 92,578 | 92,578 | - |
| Ministry of Health | - | 232,595 | 232,595 | - |
| Ministry of Northern Development and Mines | - | 122,398 | 122,398 | - |
| | <u>-</u> | <u>2,723,061</u> | <u>2,723,061</u> | <u>-</u> |
| | <u>\$ 2,818,051</u> | <u>\$ 20,901,869</u> | <u>\$ 18,436,897</u> | <u>\$ 5,283,023</u> |

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.

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

9. Long-term Debt

| | 2018 | 2017 |
|---------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Loan payable, repayable at \$6,060 per month including interest at 6.25%, secured by equipment; maturing 2019 | \$ 64,620 | \$ 131,028 |
| Loan payable, repayable at \$2,924 per month including interest at 2.99%, secured by equipment; maturing 2021 | 70,787 | - |
| | <u>\$ 135,407</u> | <u>\$ 131,028</u> |

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

| | Principal | Interest | Total |
|------|-------------------|-----------------|-------------------|
| 2019 | \$ 98,048 | \$ 3,698 | \$ 101,746 |
| 2020 | 34,442 | 648 | \$ 35,090 |
| 2021 | 2,917 | 7 | 2,924 |
| | <u>\$ 135,407</u> | <u>\$ 4,353</u> | <u>\$ 139,760</u> |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

10. Accumulated Surplus

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

| | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Investment in tangible capital assets | \$ 23,923,766 | \$ 25,081,658 |
| Investment in trust funds | 352,543 | 345,217 |
| Amounts to be recovered | (135,407) | (131,028) |
| Current funds | (3,125,836) | (2,014,300) |
| Casino Rama surplus | 568,751 | 603,284 |
| Equity in Weagamow Air Corporation | (1,050,554) | (853,522) |
| Restricted surplus (Note 11) | 3,177,619 | 3,780,030 |
| | <u>\$ 23,710,882</u> | <u>\$ 26,811,339</u> |

11. Restricted Surplus

| | 2018 | 2017 |
|--------------------------------------|---------------------|---------------------|
| Restricted surplus, opening | \$ 3,780,030 | \$ 3,880,361 |
| General deficit for the current year | (602,411) | (100,331) |
| Restricted surplus, ending | <u>\$ 3,177,619</u> | <u>\$ 3,780,030</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.

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.

| | 2018 |
|------------------------------------------------------|---------------------|
| Financial Plan (Budget) Bylaw surplus for the year | \$ 580,098 |
| Add: | |
| Capital expenses | 1,657,891 |
| Less: | |
| Amortization | - |
| Budget surplus per statement of revenue and expenses | <u>\$ 2,237,989</u> |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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

| | 2018 | 2017 |
|----------------------------------------------------------------------------|----------------------|----------------------|
| Funding per confirmation | \$ 15,538,679 | \$ 14,336,161 |
| Prior year deferred revenues | 2,727,420 | 105,177 |
| Current year deferred revenues | (4,880,228) | (2,727,420) |
| Funding adjustments | (175,192) | - |
| Welfare administration repayable | - | (10,022) |
| Special assistance repayable | (6,045) | (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 | - | (2,097) |
| Indigenous and Northern Affairs Canada revenue per financial statements | <u>\$ 13,204,634</u> | <u>\$ 11,601,187</u> |

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

15. Health Canada - Funding Reconciliation

| | 2018 | 2017 |
|------------------------------------------------|---------------------|---------------------|
| Funding per confirmation | \$ 3,043,068 | \$ 1,805,913 |
| Prior year deferred revenues | 90,632 | - |
| Current year deferred revenues | (402,796) | (90,632) |
| Funding adjustments | (10,456) | (16,742) |
| Med. trans - client insured services | (2,952) | - |
| Vision care - eye examinations | (105) | - |
| Capital investments | (208,189) | - |
| Health Canada revenue per financial statements | <u>\$ 2,509,202</u> | <u>\$ 1,698,539</u> |

16. Comparative Figures

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

17. 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

17. 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 2018 |
|------------------------------------------------------------------|------------------------|-------------------------------------|----------------|-------------------------------|--------------|----------------------|
| Revenue | | | | | | |
| Government transfers | \$ 861,859 | \$ 3,001,947 | \$ 8,393,159 | \$ 4,059,066 | \$ 2,930,211 | \$ 19,246,242 |
| Sales | - | 3,345,139 | - | - | - | 3,345,139 |
| Income to business enterprises | - | (197,032) | - | - | - | (197,032) |
| Other | 645,168 | 4,474,963 | 159,635 | 17,544 | 301,084 | 5,598,394 |
| North Caribou Construction Ltd. revenue | - | 136,245 | - | - | - | 136,245 |
| | 1,507,027 | 10,761,262 | 8,552,794 | 4,076,610 | 3,231,295 | 28,128,988 |
| Expenses by object | | | | | | |
| Amortization | 81,295 | 247,315 | 3,162,075 | 25,687 | 4,346 | 3,520,718 |
| Capital asset additions from operating | - | (455,787) | (1,681,789) | (181,791) | (43,460) | (2,362,827) |
| Contracted services, supplies and other | 277,396 | 3,308,545 | 7,712,850 | 2,247,212 | 703,444 | 14,249,447 |
| Salaries and benefits | 2,103,706 | 3,767,079 | 1,760,533 | 1,643,373 | 2,173,616 | 11,448,307 |
| Travel and training | 103,828 | 175,304 | 14,690 | 245,213 | 57,439 | 596,474 |
| Purchases for resale | - | 2,234,853 | - | - | - | 2,234,853 |
| Rent, utilities and telephone | 25,570 | 107,898 | 477,282 | 58,973 | 29,660 | 699,383 |
| North Caribou Construction Ltd. expenses | - | 843,090 | - | - | - | 843,090 |
| | 2,591,795 | 10,228,297 | 11,445,641 | 4,038,667 | 2,925,045 | 31,229,445 |
| Excess (deficiency) of revenue over expenses for the year | \$ (1,084,768) | \$ 532,965 | \$ (2,892,847) | \$ 37,943 | \$ 306,250 | \$ (3,100,457) |

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

17. 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 | \$ 863,919 | \$ 4,064,622 | \$ 5,657,094 | \$ 3,153,368 | \$ 2,850,272 | \$ 16,589,275 |
| Sales | - | 3,420,266 | - | - | - | 3,420,266 |
| Income to business enterprises | - | (311,855) | - | - | - | (311,855) |
| Other | 463,219 | 4,954,149 | 108,914 | 23,214 | 247,733 | 5,797,229 |
| North Caribou Construction Ltd. revenue | - | 119,498 | - | - | - | 119,498 |
| | 1,327,138 | 12,246,680 | 5,766,008 | 3,176,582 | 3,098,005 | 25,614,413 |
| 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 | 4,473,660 | 4,719,274 | 1,491,827 | 583,219 | 11,651,403 |
| 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 |
| | 2,375,703 | 11,355,395 | 5,637,205 | 3,228,886 | 2,505,944 | 25,103,133 |
| Excess (deficiency) of revenue over expenses for the year | \$ (1,048,565) | \$ 891,285 | \$ 128,803 | \$ (52,304) | \$ 592,061 | \$ 511,280 |