

North Caribou Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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Consolidated Financial Statements
For the year ended March 31, 2019

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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.

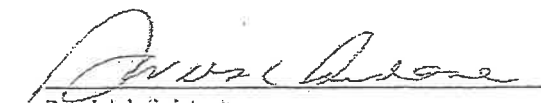
The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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

Qualified Opinion

We have audited the consolidated financial statements of North Caribou Lake First Nation and its enterprises (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of revenue and expenses, changes in net financial assets (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 financial position of the First Nation as at March 31, 2019, and its results of operations, its change in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The First Nation should account for its investment in Weagamow Air Corporation ("Weagamow") on a consolidated basis as the entity is not self sufficient and not considered a government business enterprise under Canadian public sector accounting standards and should not be accounted for using the modified equity method. 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, 2018. 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, 2019 and 2018, the assets and liabilities as at March 31, 2019 and 2018, and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 year ends. Our audit opinion on the consolidated financial statements for the year ended March 31, 2018, was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First 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 audit opinion.



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 First 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 First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 judgement 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 First 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 First 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 auditors' 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 auditors' report. However, future events or conditions may cause the First 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 First 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Dryden, Ontario

September 15, 2020

North Caribou Lake First Nation

Consolidated Statement of Financial Position

March 31	2019	2018
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Financial assets

Bank (Note 1)	\$ 7,564,684	\$ 1,036,707
Short-term investments (Note 2)	771,011	767,197
Accounts receivable (Note 3)	3,160,426	5,609,913
Inventory for resale	470,625	391,349
Trust Funds Held by Federal Government	360,730	352,543
	12,327,476	8,157,709

Financial liabilities

Accounts payable (Note 6)	3,221,317	2,168,792
Deferred revenue and government transfers (Note 7)	9,482,794	5,283,023
Long-term debt (Note 8)	37,359	135,407
Investment in Weagamow Air Corporation (o/a Weagamow Air) (Note 4)	1,210,783	1,050,554
	13,952,253	8,637,776

Net financial debt

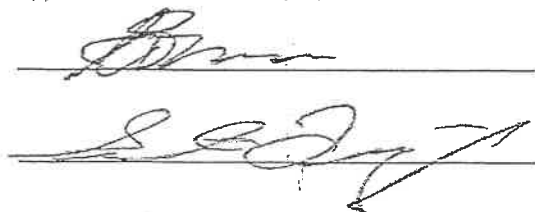
	(1,624,777)	(480,067)
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Non-financial assets

Tangible capital assets (Note 5)	22,325,331	23,923,766
Non-financial assets - fuel	178,633	267,183
	22,503,964	24,190,949

Accumulated surplus (Note 9)	\$ 20,879,187	\$ 23,710,882
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Approved on behalf of the Band Council:



North Caribou Lake First Nation Consolidated Statement of Revenue and Expenses

For the year ended March 31	Budget	2019	2018
Revenue			
ISC - Regional Operations (Note 13)	\$ 7,521,313	\$ 9,846,845	\$ 13,204,634
Ministry of Aboriginal Affairs	-	81,000	92,578
Ministry of Community and Social Services	-	1,177,542	1,117,414
Ministry of Health	150,000	299,669	232,595
Ministry of Northern Development and Mines	-	41,228	122,398
Ministry of the Attorney General	-	135,000	100,000
Miscellaneous	2,788,729	2,856,074	1,941,347
Musselwhite Mine	-	1,175,987	1,417,816
ISC - FNIHB (Note 14)	2,858,785	5,581,701	2,509,202
Nishnawbe Aski Nation	-	374,234	351,040
Northern Nishnawbe Education Council	202,716	227,340	202,716
Onadamakay Community Store	-	3,766,920	3,345,139
Ontario First Nation Limited Partnership	-	1,469,174	1,158,076
Placer Dome Inc.	-	1,027,450	723,491
Sioux Lookout Area Aboriginal Management Board	-	157,934	97,509
Tikinagan Child and Family Services	58,080	58,080	58,080
Share of loss of Weagamow Corporation (o/a Weagamow Air)	-	(160,229)	(197,032)
North Caribou Construction Ltd. other revenue	-	195,683	136,245
	13,579,623	28,311,632	26,613,248
Expenses			
First Nation Funds	1,486,896	6,043,865	6,779,021
Health and Social Services	2,984,859	5,248,409	2,208,477
Social Development	-	1,466,434	1,438,880
Operations and Maintenance	1,812,848	1,866,109	1,843,712
Education	5,117,556	4,279,727	2,867,795
CAEDS	-	1,798	140
Ojijakoes Community Development Corporation	-	1,983,097	1,200,708
Non-INAC	-	617,611	680,600
General	896,975	4,480,827	3,565,935
Casino Rama	-	221,521	159,789
Onadamakay Community Store	-	3,627,164	2,727,788
Realignment Road	-	127,450	127,450
Capital Projects	-	758,125	5,249,532
North Caribou Construction Ltd. expenses	-	421,190	863,878
	12,299,134	31,143,327	29,713,705
Deficiency of revenue over expenses for the year	1,280,489	(2,831,695)	(3,100,457)
Accumulated surplus, beginning of year	22,362,762	23,710,882	26,811,339
Accumulated surplus, end of year	\$ 23,643,251	\$ 20,879,187	\$ 23,710,882

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

For the year ended March 31	Budget 2019	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ 1,280,489	\$ (2,831,695)	\$ (3,100,457)
Acquisition of tangible capital assets	(658,792)	(1,709,486)	(2,362,827)
Amortization of tangible capital assets	-	3,307,921	3,520,719
	621,697	(1,233,260)	(1,942,565)
Acquisition of non-financial assets	-	(178,636)	(267,186)
Use of non-financial assets	-	267,186	1,357,566
	-	88,550	1,090,380
Net change in net financial assets (debt)	621,697	(1,144,710)	(852,185)
Net financial assets (debt), beginning of year	(480,067)	(480,067)	372,118
Net financial assets (debt), end of year	\$ 141,630	\$ (1,624,777)	\$ (480,067)

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	2019	2018
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	\$ (2,831,695)	\$ (3,100,457)
Item not involving cash		
Amortization	3,307,921	3,520,719
Changes in non-cash working capital balances		
Accounts receivable	2,449,487	(1,646,193)
Inventory for resale	(79,276)	257,142
Accounts payable	1,052,525	(912,713)
Deferred revenue	4,199,771	2,464,972
Non-financial assets - inventory of supplies	-	1,035,446
Non-financial assets - fuel	88,550	54,934
	<u>8,187,283</u>	<u>1,673,850</u>
Capital activities		
Purchase of capital assets	<u>(1,709,486)</u>	<u>(2,362,827)</u>
Financing activities		
Repayment of long-term debt	<u>(98,048)</u>	<u>4,379</u>
Investing activities		
Increase in short-term investments	(3,814)	(3,786)
Increase in trust funds held by Federal Government	(8,187)	(7,326)
Increase in investment in Weagamow Air Corporation (o/a Weagamow Air)	<u>160,229</u>	<u>197,032</u>
	<u>148,228</u>	<u>185,920</u>
Increase (decrease) in cash during the year	6,527,977	(498,678)
Bank, beginning of year	<u>1,036,707</u>	<u>1,535,385</u>
Bank, end of year	<u>\$ 7,564,684</u>	<u>\$ 1,036,707</u>

North Caribou Lake First Nation Summary of Significant Accounting Policies

March 31, 2019

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 revenue and expenses.

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, 2019

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 revenue and expenses 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, 2019

1. Bank

	2019	2018
Administration Account	\$ 3,070,193	\$ 1,522,181
CAEDS	27,178	32,234
Capital Projects	1,168,693	(640,575)
Casino Rama	823,044	148,272
Education	(201,812)	(22,610)
General	252,202	(102,990)
Health and Social Services	1,727,416	(388,713)
Non-INAC	(62,249)	(16,649)
OCDC - General	6,968	2,962
OCDC - Payroll	13,488	127,964
Onadamakay Community Store	538,295	511,641
Operation and Maintenance	(66,249)	(202,375)
North Caribou Construction Ltd.	17,192	(21,037)
Realignment Road	3,856	3,964
Social Development	246,469	82,438
	<u>\$ 7,564,684</u>	<u>\$ 1,036,707</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, 2019

2. Short-term Investments

	2019	2018
Casino Rama	\$ 379,259	\$ 377,425
Education	24,050	23,923
General	254,331	252,965
Health and Social Services	101,648	101,193
CAEDS	5,499	5,467
North Caribou Construction Ltd.	6,224	6,224
	<u>\$ 771,011</u>	<u>\$ 767,197</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, 2019

3. Accounts Receivable

	2019	2018
Administration		
ISC - Regional Operations	\$ 951,163	\$ 2,992,937
Harmonized sales tax	30,892	15,866
Other	333,187	47,839
Allowance for doubtful accounts	(17,538)	(25,046)
	<u>1,297,704</u>	<u>3,031,596</u>
CAEDS		
Loans	47,341	34,430
Allowance for doubtful accounts	(29,088)	(27,497)
	<u>18,253</u>	<u>6,933</u>
Education		
Other	(12,972)	6,377
Harmonized sales tax	29,627	16,974
Allowance for doubtful accounts	(5,973)	(5,973)
	<u>10,682</u>	<u>17,378</u>
OCDC Payroll		
Musselwhite Mine	888,120	464,329
Other	41,150	41,150
Allowance for doubtful accounts	(269,707)	(106,866)
	<u>659,563</u>	<u>398,613</u>
General		
Finn Way General Contractors	74,324	74,324
Oakley Construction	49,871	49,871
Weagamow Air Corporation (o/a Weagamow Air)	443,217	432,117
Premier Gold	7,161	7,161
Harmonized sales tax	77,742	46,386
Other	1,083,249	1,307,847
Musselwhite Mine	142,923	142,923
Allowance for doubtful accounts	(1,851,288)	(1,373,893)
	<u>27,199</u>	<u>686,736</u>
Capital Projects		
Other	<u>1,353</u>	<u>1,353</u>
Sub-total carried forward	<u>2,014,754</u>	<u>4,142,609</u>

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

3. Accounts Receivable (continued)	2019	2018
Sub-total brought forward	2,014,754	4,142,609
Social Development		
Harmonized sales tax	25,818	59,512
Ministry of Community and Social Services	62,414	13,479
Ministry of Health	13,235	7,672
Other	100	(450)
	101,567	80,213
Casino Rama	3,093	1,825
Health and Social Services		
ISC - FNIHB	15,834	579,986
Harmonized sales tax	41,790	13,672
Other	566	8,649
Allowance for doubtful accounts	(9,601)	(11,443)
	48,589	590,864
Non-INAC		
Other	109,346	64,684
Harmonized sales tax	6,306	2,880
Nishnawbe Aski Nation	119,059	119,059
Sioux Lookout Area Aboriginal Management Board	22,740	22,740
Allowance for doubtful accounts	(30,508)	(48,564)
	226,943	160,799
North Caribou Construction Ltd.		
Other	267,691	192,663
Harmonized sales tax	-	11,393
North Caribou Lake First Nation	60,877	50,208
Intercompany eliminations	(60,877)	(50,208)
Allowance for doubtful accounts	(102,874)	(97,167)
	164,817	106,889
Operation and Management		
Harmonized sales tax	10,451	6,984
Other	138,680	101,700
Weagamow Air Corporation (o/a Weagamow Air)	39,563	36,012
Allowance for doubtful accounts	(56,270)	(53,196)
	132,424	91,500
Sub-total carried forward	2,692,187	5,174,699

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

3.	Accounts Receivable (continued)	2019	2018
	Sub-total brought forward	2,692,187	5,174,699
	Onadamakay Community Store		
	Other	289,592	613,469
	Weagamow Air Corporation (o/a Weagamow Air)	15,955	173,010
	Harmonized sales tax	205,711	101,807
	Allowance for doubtful accounts	(48,649)	(455,209)
		462,609	433,077
	Onadamakay Community Store - ATM Account		
	Other	189	189
	OCDG - General		
	Other	17,739	12,919
	Harmonized sales tax	1,158	2,485
	Weagamow Air Corporation	145,664	145,664
	Allowance for doubtful accounts	(159,120)	(159,120)
		5,441	1,948
		\$ 3,160,426	\$ 5,609,913

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

	2019	2018
Weagamow Air Corporation (o/a Weagamow Air)	\$ (1,210,783)	\$ (1,050,554)

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 \$118,374 (2018 - \$67,813).

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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

	2018	2017
\$ 288,784	\$ 300,439	
138,982	166,710	
\$ 427,766	\$ 467,149	

Liabilities and Members' Deficit

Current

Long-term debt

\$ 849,248	\$ 730,442	
789,301	787,261	
1,638,549	1,517,703	

Members' deficit

Contributed surplus

Deficit

Deficit end of year

1,322,404	1,322,404	
(2,533,187)	(2,372,958)	
(1,210,783)	(1,050,554)	
\$ 427,766	\$ 467,149	

Statement of Operations

(NOT SUBJECT TO AUDIT)

For the year ended October 31

Revenue

Flight

Other

	2018	2017
\$ 564,868	\$ 691,877	
15,459	17,901	
580,327	709,778	

Expenses

Cost of goods sold

Expenses

569,106	678,323	
171,450	228,487	
740,556	906,810	

Net loss for the year

\$ (160,229)	\$ (197,032)	
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North Caribou Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2019

5. Tangible Capital Assets

	2019					
	Land	Buildings	Equipment	Linear Assets	Roads & Bridges	Total
Cost, beginning of year	\$ -	\$ 38,071,197	\$ 6,213,950	\$ 27,880,596	\$ 1,964,465	\$ 74,130,208
Additions	-	1,613,041	96,445	-	-	1,709,486
Cost, end of year	\$ -	\$ 39,684,238	\$ 6,310,395	\$ 27,880,596	\$ 1,964,465	\$ 75,839,694
Accumulated amortization, beginning of year	\$ -	\$ 21,633,698	\$ 4,952,899	\$ 23,083,548	\$ 536,297	\$ 50,206,442
Amortization	-	1,858,934	383,031	908,799	157,157	3,307,921
Accumulated amortization, end of year	\$ -	\$ 23,492,632	\$ 5,335,930	\$ 23,992,347	\$ 693,454	\$ 53,514,363
Net carrying amount, end of year	\$ -	\$ 16,191,606	\$ 974,465	\$ 3,888,249	\$ 1,271,011	\$ 22,325,331

North Caribou Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2019

5. Tangible Capital Assets (continued)

	2018					
	Land	Buildings	Equipment	Linear Assets	Roads & Bridges	Total
Cost, beginning of year	\$ -	\$ 36,409,453	\$ 5,554,511	\$ 27,838,952	\$ 1,964,465	\$ 71,767,381
Additions	-	1,661,744	659,439	41,644	-	2,362,827
Cost, end of year	\$ -	\$ 38,071,197	\$ 6,213,950	\$ 27,880,596	\$ 1,964,465	\$ 74,130,208
Accumulated amortization, beginning of year	\$ -	\$ 19,808,220	\$ 4,600,135	\$ 21,898,228	\$ 379,140	\$ 46,685,723
Amortization	-	1,825,478	352,764	1,185,320	157,157	3,520,719
Accumulated amortization, end of year	\$ -	\$ 21,633,698	\$ 4,952,899	\$ 23,083,548	\$ 536,297	\$ 50,206,442
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, 2019

6. Accounts Payable

	2019	2018
Administration	\$ 77,845	\$ 71,351
Capital Projects	31,626	125,309
Casino Rama	5,914	4,148
Education	187,090	91,321
General	608,863	336,459
Janitorial	656,891	353,411
Social Development	55,749	71,183
OCDC - General	(5,656)	(5,331)
Onadamakay Community Store	534,374	490,627
Operation and Maintenance	18,076	23,941
North Caribou Construction Ltd.	360,611	344,198
Non-INAC	27,303	9,795
Health	662,638	252,387
Realignment Road	(7)	(7)
	<u>\$ 3,221,317</u>	<u>\$ 2,168,792</u>

7. Deferred Revenue and Government Transfers

	Balance March 31 2018	Funding Received 2019	Revenue Recognized 2019	Balance March 31 2019
Federal Government				
ISC - Regional Operations	\$ 4,880,227	\$ 12,061,076	\$ 9,846,845	\$ 7,094,458
ISC - FNIHB	402,796	7,485,767	5,581,701	2,306,862
	<u>5,283,023</u>	<u>19,546,843</u>	<u>15,428,546</u>	<u>9,401,320</u>
Provincial Government				
Ministry of Northern Development and Mines	-	122,702	41,228	81,474
	<u>\$ 5,283,023</u>	<u>\$ 19,669,545</u>	<u>\$ 15,469,774</u>	<u>\$ 9,482,794</u>

The Indigenous Services Canada Regional Operations and FNIHB balances 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, 2019

8. Long-term Debt

	2019	2018
Lease payable, repayable at \$6,060 per month including interest at 6.25%; secured by equipment	\$ -	\$ 64,620
Loan payable, repayable at \$2,924 per month including interest at 2.99%, secured by equipment; maturing 2021	37,359	70,787
	<u>\$ 37,359</u>	<u>\$ 135,407</u>

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

	Principal	Interest	Total
2020	\$ 34,442	\$ 648	\$ 35,090
2021	2,917	7	2,924
	<u>\$ 37,359</u>	<u>\$ 655</u>	<u>\$ 38,014</u>

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

9. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets	\$ 22,325,331	\$ 23,923,766
Investment in trust funds	360,730	352,543
Amounts to be recovered	(37,359)	(135,407)
Current funds	(3,887,969)	(3,125,836)
Casino Rama surplus	1,258,419	568,751
Equity in Weagamow Air Corporation	(1,210,783)	(1,050,554)
Restricted surplus (Note 10)	2,070,818	3,177,619
	<u>\$ 20,879,187</u>	<u>\$ 23,710,882</u>

10. Internally Restricted Surplus

	2019	2018
Restricted surplus, opening	\$ 3,177,619	\$ 3,780,030
General deficit for the current year	(1,106,801)	(602,411)
Restricted surplus, ending	<u>\$ 2,070,818</u>	<u>\$ 3,177,619</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. 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.

	2019
Financial Plan (Budget) Bylaw surplus for the year	\$ 621,697
Add:	
Capital expenses	658,792
Less:	
Amortization	-
Budget surplus per statement of revenue and expenses	<u>\$ 1,280,489</u>

North Caribou Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2019

12. Economic Dependence

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

13. Indigenous Services Canada Regional Operations - Funding Reconciliation

	2019	2018
Funding per confirmation	\$ 12,061,076	\$ 15,538,679
Prior year deferred revenues	4,880,227	2,727,420
Current year deferred revenues	(7,094,458)	(4,880,228)
Funding adjustments	-	(175,192)
Special assistance repayable	-	(6,045)
ISC - Regional Operations revenue per financial statements	<u>\$ 9,846,845</u>	<u>\$ 13,204,634</u>

14. Indigenous Services Canada - FNIHB - Funding Reconciliation

	2019	2018
Funding per confirmation	\$ 7,892,267	\$ 3,043,068
Prior year deferred revenues	402,796	90,632
Current year deferred revenues	(2,306,862)	(402,796)
Funding adjustments	-	(10,456)
Med. trans - client insured services	-	(2,952)
Vision care - eye examinations	-	(105)
Capital investments	-	(208,189)
CDE - planning and response	(2,000)	-
CCC supplies and equipment	(404,500)	-
ISC - FNIHB revenue per financial statements	<u>\$ 5,581,701</u>	<u>\$ 2,509,202</u>

15. Comparative Figures

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

North Caribou Lake First Nation Notes to Consolidated Financial Statements

March 31, 2019

16. COVID-19 ("Coronavirus")

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the First Nation's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

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 2019
Revenue						
Government transfers	\$ 1,237,639	\$ 2,591,286	\$ 3,747,436	\$ 7,228,439	\$ 4,609,961	\$ 19,414,761
Sales	-	3,766,920	-	-	-	3,766,920
Income to business enterprises	-	(160,229)	-	-	-	(160,229)
Other	289,036	4,306,781	166,575	24,287	307,818	5,094,497
North Caribou Construction Ltd. revenue	-	195,683	-	-	-	195,683
	1,526,675	10,700,441	3,914,011	7,252,726	4,917,779	28,311,632
Expenses by object						
Amortization	80,295	242,388	2,917,876	58,671	8,692	3,307,922
Contracted services, supplies and other	377,516	3,578,990	1,341,253	3,548,394	1,218,486	10,064,639
Salaries and benefits	2,067,836	4,518,022	1,447,642	2,328,166	2,947,095	13,308,761
Travel and training	124,696	198,245	24,133	594,846	91,693	1,033,613
Purchases for resale	-	2,496,196	-	-	-	2,496,196
Rent, utilities and telephone	25,062	96,941	215,646	189,496	17,083	544,228
North Caribou Construction Ltd. expenses	-	387,968	-	-	-	387,968
	2,675,405	11,518,750	5,946,550	6,719,573	4,283,049	31,143,327
Excess (deficiency) of revenue over expenses for the year	\$ (1,148,730)	\$ (818,309)	\$ (2,032,539)	\$ 533,153	\$ 634,730	\$ (2,831,695)

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
Contracted services, supplies and other	277,396	2,852,758	6,031,061	2,065,421	659,984	11,886,620
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)