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Services aux Autochtones Canada  
Thunder Bay

**Bearskin Lake First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2018

**Bearskin Lake First Nation**  
**Consolidated Financial Statements**  
**For the year ended March 31, 2018**

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## Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of Bearskin Lake First Nation 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 most 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 consolidated 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 Manager

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## Independent Auditors' Report

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### To the Members of Bearskin Lake First Nation

We have audited the accompanying consolidated financial statements of Bearskin 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 accumulated surplus, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting principles, 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**

As discussed in the Significant Accounting Policies, the Bearskin Lake Economic Development Corporation and the Wellington Group of Companies have been included in the government reporting entity. The Bearskin Lake Economic Development Corporation is an Other Government Organization and is accounted for using the consolidation method. The Wellington Group is a government business partnership and is accounted for on a modified equity basis. Neither organization has been subject to audit. As a result of the statements being unaudited, 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 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 possible effects of matter described in the Basis for Qualification paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Bearskin Lake First Nation as at March 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting principles.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

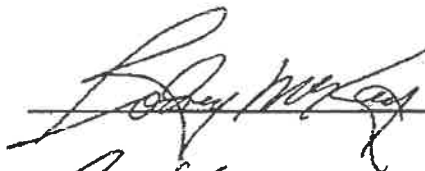
Dryden, Ontario

March 5, 2019

# Bearskin Lake First Nation Consolidated Statement of Financial Position

March 31	2018	2017
<b>Financial assets</b>		
Bank (Note 1)	\$ 5,584,847	\$ 4,953,400
Accounts receivable (Note 3)	2,748,001	2,936,913
Loans and advances (Note 4)	45,128	29,245
Inventory for resale (Note 5)	1,386,088	1,376,393
Portfolio investments (Note 2)	1	1
Investment in government business partnerships (Note 6)	167,638	151,989
Trust funds held by federal government (Note 13)	71,107	69,629
	<u>10,002,810</u>	<u>9,517,570</u>
<b>Financial liabilities</b>		
Bank indebtedness (Note 7)	4,115,702	4,630,687
Accounts payable and accrued liabilities (Note 8)	3,137,379	5,349,798
Deferred revenue and government transfers (Note 9)	3,641,488	1,645,803
Long-term debt (Note 10)	267,576	308,470
	<u>11,162,145</u>	<u>11,934,758</u>
<b>Net financial debt</b>	(1,159,335)	(2,417,188)
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	17,601,569	19,222,128
<b>Accumulated surplus (Note 12)</b>	<u>\$ 16,442,234</u>	<u>\$ 16,804,940</u>

Approved on behalf of the First Nation :

 Chief

 First Nation Administrator

## Bearskin Lake First Nation

### Consolidated Statement of Revenue and Expenses and Fund Accumulated Surplus

For the year ended March 31	Budget 2018	Actual 2018	Actual 2017
<b>Revenue</b>			
Indigenous and Northern Affairs Canada (Note 18)	\$ 9,066,704	\$ 8,626,283	\$ 5,578,557
Canada Mortgage and Housing Corporation	87,052	87,052	57,404
Ontario First Nation Limited Partnership	1,112,643	1,154,796	1,175,737
Hydro One	131,122	80,993	73,829
Ministry of Transportation	23,088	20,989	1,656,232
Ministry of Health	189,126	184,789	129,849
Ministry of Aboriginal Affairs	81,000	79,388	80,631
Ministry of Northern Development and Mines	160,643	160,643	155,979
Ministry of Community and Social Services	675,178	673,178	581,381
Ministry of Education	418,431	363,749	400,337
Ministry of Natural Resources	-	40,513	118,601
Canada Post Corporation	568,113	568,113	635,932
Ministry of Attorney General	-	33,649	1,351
Sioux Lookout Area Aboriginal Management Board	352,719	394,683	340,530
Health Canada (Note 19)	2,211,172	1,812,330	1,433,085
Northern Nishnawbe Education Council	90,036	90,036	53,496
Nishnawbe Aski Nation	290,369	290,367	289,055
Windigo Education Authority	-	46,250	-
Industry Canada	-	-	100,000
Tervita Corporation	-	1,378,461	-
Tikinagan	32,400	51,421	51,298
Other	2,405,290	2,224,567	3,562,465
Income (loss) of Wellington Group of Companies	-	15,649	(91,818)
	<u>17,895,086</u>	<u>18,377,899</u>	<u>16,383,931</u>
<b>Expenses</b>			
Band Fund	3,184,572	3,412,714	3,920,473
Day Care	700,958	663,956	592,574
Capital	3,465,050	3,211,824	1,579,539
Welfare	1,058,234	1,035,088	842,397
Education	1,374,423	1,756,747	1,577,709
Operation and Maintenance	2,560,426	2,862,834	3,240,192
General Fund	1,000,660	294,107	297,713
Economic Development Corporation	-	2,352,594	2,628,793
Michikan Construction	-	1,181,955	-
Health Authority	2,161,710	1,968,786	1,818,930
	<u>15,506,033</u>	<u>18,740,605</u>	<u>16,498,320</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	2,389,053	(362,706)	(114,389)
<b>Accumulated surplus, beginning of year</b>	-	16,804,940	16,919,329
<b>Accumulated surplus, end of year</b>	<u>\$ 2,389,053</u>	<u>\$ 16,442,234</u>	<u>\$ 16,804,940</u>

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



**Bearskin Lake First Nation**  
**Consolidated Statement of Change in Net Debt**

<b>For the year ended March 31</b>	<b>Budget 2018</b>	<b>Actual 2018</b>	<b>Actual 2017</b>
Annual deficit	\$ 2,389,053	\$ (362,706)	\$ (114,389)
Acquisition of tangible capital assets	(834,461)	(1,219,878)	(1,517,291)
Amortization of tangible capital assets	-	2,840,437	2,742,128
Net change in net financial assets (debt)	1,554,592	1,257,853	1,110,448
Net debt, beginning of year	(2,417,188)	(2,417,188)	(3,527,636)
Net debt, end of year	\$ (862,596)	\$ (1,159,335)	\$ (2,417,188)

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

## Bearskin Lake First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses for the year	\$ (362,706)	\$ (114,389)
Item not involving cash		
Amortization	2,840,437	2,742,128
Changes in non-cash working capital balances		
Accounts receivable	188,912	(2,043,968)
Loans and advances	(15,883)	29,153
Inventory for resale	(9,695)	(539,176)
Accounts payable	(2,212,419)	3,737,629
Deferred revenue and government transfers	1,995,685	1,417,607
	<u>2,424,331</u>	<u>5,228,984</u>
<b>Capital activities</b>		
Purchase of capital assets	<u>(1,219,878)</u>	<u>(1,517,291)</u>
<b>Investing activities</b>		
Decrease (increase) in investment in Wellington Group of Companies	<u>(15,649)</u>	<u>91,818</u>
<b>Financing activities</b>		
Repayment of long-term debt	(40,894)	(82,208)
Increase in short-term investment	<u>(1,478)</u>	<u>(1,267)</u>
	<u>(42,372)</u>	<u>(83,475)</u>
<b>Increase in cash during the year</b>	<b>1,146,432</b>	<b>3,720,036</b>
<b>Bank (bank indebtedness), beginning of year</b>	<b>322,713</b>	<b>(3,397,323)</b>
<b>Bank, end of year</b>	<b>\$ 1,469,145</b>	<b>\$ 322,713</b>
<b>Represented by:</b>		
Bank	\$ 5,584,847	\$ 4,953,400
Bank indebtedness	<u>(4,115,702)</u>	<u>(4,630,687)</u>
	<b>\$ 1,469,145</b>	<b>\$ 322,713</b>

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

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## Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2018

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**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.

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

**Inventory for Resale**                      Inventory of supplies and goods available for resale are recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

**Tangible Capital Assets**                      Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

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

Linear Assets	5% - 30%
Buildings	5%
Vehicles	30%
Equipment	5% - 30%

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

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## Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2018

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**Revenue Recognition** Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

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 and fund balance as the stipulation liabilities are settled.

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.

Rental and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonably assured.

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.

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## Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2018

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### Reporting Entity and Principles of Financial Reporting

Bearskin Lake First Nation reporting entity includes Bearskin 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 the following entities which use accounting principles which lend themselves to consolidation:

Bearskin Lake Economic Development Corporation  
Bearskin Lake Cable  
Bearskin Petro Products Ltd.  
Michikan Lake Business Centre Inc.

A government business partnership exists where the First Nation has shared control over the board or entity. The First Nation's pro rata share of the assets, liabilities, and revenue and expenses are reflected in the consolidated financial statements using the modified equity method. The First Nation's proportionate interest of the following government business partnership is reflected in the consolidated financial statements:

Wellington Group of Companies - 50%

### 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 those estimates and may have impact on future periods.

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## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Bank

	2018	2017
Administration	\$ 55,204	\$ 183,089
Apartment	11,361	11,361
Canada Post	71,368	81,525
Capital Projects	1,811,342	3,497,529
Capital Projects - Upgrade	2,134	2,134
Casino Rama	75,731	740
CMHC Rental	27,991	28,118
CMHC Replacement Reserve	15,848	16,084
Day Care	-	11,442
Economic Development Centre	208,125	514,892
Education	705,442	186,502
Environmental Remediation	1,447,389	52,656
Operations and Maintenance	235,800	-
Makoop Lake	705	705
New School Construction	290	290
Nursing Station Addition	312	312
Insurance	40,892	75
Health Authority	621,939	220,948
Seniors' Complex	55,198	22,872
Seniors' Reserve	6,954	6,995
Soil Remediation	5,700	5,700
Welfare	184,723	109,032
Youth Centre	399	399
	<u>\$ 5,584,847</u>	<u>\$ 4,953,400</u>

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.

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## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 2. Portfolio Investments

The First Nation has investments in the Wasaya Group Inc., the Wasaya Partnership, and 140342 Ontario Limited recorded as follows:

	2018	2017
Wasaya Group Inc.	\$ 50,000	\$ 1,370,052
Wasaya Partnership	1,038,789	1,038,789
Less: valuation allowance	(1,088,789)	(2,408,841)
Investment in 140342 Ontario Limited	1	1
	<u>\$ 1</u>	<u>\$ 1</u>

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# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 3. Accounts Receivable

	2018	2017
<b>Administration</b>		
Bill Morris	\$ 5,000	\$ -
Estimated HST receivable	847,916	589,154
Health Canada	650	650
Indigenous and Northern Affairs Canada	3,496	3,496
Makoop Lake Tourism Project	1,200	1,200
Ministry of Natural Resources	-	65,000
Ministry of Northern Development and Mines	40,162	38,995
Ministry of Transportation - Airport	5,841	2,874
Muskrat Dam First Nation	-	27,178
Tervita Corporation	14,814	-
Nishnawbe Aski Nation	-	2,500
Nishnawbe Aski Police Service	-	1,737
Ontario Hydro	525	1,022
Other	4,671	6,580
Receiver General - HST	52,239	45,587
The Law Foundation of Ontario	-	10,000
True Grit Consulting Ltd.	-	7,956
Wasaya Manow Inc.	717	717
White Cedar Pharmacy	-	3,695
Windigo First Nations Council	21,554	8,615
Allowance for doubtful accounts	(24,341)	(24,342)
	<u>974,444</u>	<u>792,614</u>
<b>Education</b>		
Keewaytinook Okimakanak	2,000	2,000
Kwaciwin Resource Center	17,000	-
Northern Nishnawbe Corporate Services	-	15,109
Other	400	(1,035)
Tikinagan	9,500	9,500
Allowance for doubtful accounts	(11,780)	(11,780)
	<u>17,120</u>	<u>13,794</u>
<b>Operation and Maintenance</b>		
Arnason Industries	100,168	43,105
Brooklin Electric	5,787	5,787
Clow Darling	6,276	6,276
Indigenous and Northern Affairs Canada	9,000	9,000
Keewatinook Okimakanak	4,000	4,000
Other	14,605	12,355
Sioux Lookout Area Aboriginal Management Board	1,063	6,826
Windigo Education Authority	4,300	14,250
Windigo Tribal Council	60,610	-
Allowance for doubtful accounts	(36,932)	(36,320)
	<u>168,877</u>	<u>65,279</u>
<b>Makoop Lake</b>		
Roger McKay	176	176
Thomas Beardy	176	176
	<u>352</u>	<u>352</u>
<b>Sub-total carried forward</b>	<b>1,160,793</b>	<b>872,039</b>



# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

<b>3. Accounts Receivable (continued)</b>	<b>2018</b>	<b>2017</b>
Sub-total brought forward	1,160,793	872,039
<b>Welfare</b>		
Bearskin Lake Ogass Masters	-	2,702
Indigenous and Northern Affairs Canada	160	160
Other	(716)	(716)
Province of Ontario	21,027	9,703
Sioux Lookout Area Aboriginal Management Board	-	35,113
Allowance for doubtful accounts	-	(1,767)
	20,471	45,195
<b>Day Care</b>		
Allowance for doubtful accounts	(3,391)	(3,391)
Bearskin Lake Economic Development Corporation	11,808	11,808
Ministry of Education	61,799	61,799
Other	6,310	5,859
Sioux Lookout Area Aboriginal Management Board	227,782	31,500
	304,308	107,575
<b>Capital</b>		
Bearskin Co-op	6,492	-
Indigenous and Northern Affairs Canada	382,276	1,005,304
Industry Canada	36,699	36,699
Ministry of Transportation	476,605	672,941
Other	310	310
	902,382	1,715,254
<b>Economic Development Corporation</b>		
Trade	183,834	135,567
<b>Casino Rama</b>		
Money Held in Trust	-	2,506
<b>Canada Post</b>		
Billy Kamenawatamin	895	-
<b>Health Authority</b>		
Health Canada	-	22,591
NAN Corporate Services	62,286	19,442
Sioux Lookout First Nations Health Authority	-	10,000
Other	4,935	4,202
	67,221	56,235
<b>Seniors' Complex</b>	2,542	2,542
<b>Michikan Construction</b>		
Tervita Corporation	105,555	-
	<b>\$ 2,748,001</b>	<b>\$ 2,936,913</b>

# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 4. Loans and Advances

	2018	2017
Administration		
Abel Hudson	\$ 175	\$ 175
Agnes Kamenawatamin	75	75
Bernard Mekanak	405	405
Betsy Fox	150	150
Billy Kamenawatamin	178	-
Cecilia Fiddler	4,513	4,513
Christian Assembly Church	600	600
Chris Fox	300	300
Clarence McKay	75	75
Coralee Pans	225	225
Danny Mekanak	50	150
Eddie Brown	196	196
Edith Fiddler	98	-
Edna Fox	75	75
Emily McKay	200	200
Eric Peters	579	579
Florence McKay	525	525
Galius Fiddler	445	445
Gary Kamenawatamin	1,296	799
George Chapman	1,721	1,721
George Kamenawatamin	15,494	14,908
Glen Mekanak	75	75
Illa Beardy	75	75
Jeanette Peters	75	75
Jimmy Hudson	75	75
Joseph Beardy	168	168
Joyce McKay	3,848	3,681
Julie McKay	83	83
Katie Nothing	171	171
Kirsten Chapman	300	300
Lawrence McKay	75	75
Leona Beardy	576	576
Leonard Brown	5,429	5,429
Louie Fox	763	763
Melvin Delorme	354	354
Michikan Lake School	1,549	1,549
Nora Fox	75	75
Patsy Kamenawatamin	96	96
Peter McKay	555	555
Randy McKay	6,840	4,565
Rebecca Kakekagumick	75	75
Richard Moskotaywenene	123	123
Robert Beardy	308	308
Robert Kamenawatamin	2,082	2,756
Rodney McKay	(2,196)	-
Roy Brown	2	2
Samuel Mekanak	106	106
Vincent Ostberg	-	6,070
Sub-total carried forward	49,057	54,296

# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

4. Loans and Advances (continued)	2018	2017
Sub-total brought forward	49,057	54,296
Samantha Mekanak	75	75
Sarah Beardy Jr.	273	273
Scott Nothing	1,929	381
Selma Mosquito	75	75
Shady Beardy	616	616
Shawn Kamenawatamin	75	75
Steven Chapman	75	75
Stewart Kamenawatamin	2,075	2,075
Tommy Fiddler	583	-
Tom Kamenawatamin Sr.	2,224	-
Valina Kamenawatamin	300	300
Vincent Ostberg	6,231	-
Walter McKay	947	75
Wesley Nothing	912	912
William Mekanak	75	75
Less: Allowance for Doubtful Accounts	(34,023)	(34,023)
	31,499	25,280
<b>Operation and Maintenance</b>		
Alex Fiddler	(400)	(400)
David Mekanak	108	108
Henry McKay	553	553
Lance Trimble	760	760
Lawrence McKay	122	122
Lenny Mekanak	7,911	3,426
Melvin Delorme	(114)	(114)
Moses Loon	490	150
Percy Mekanak	5,058	1,306
Sameul Mekanak	(106)	354
Simeon McKay	(276)	(276)
Walter McKay	1,011	1,011
Less: Allowance for Doubtful Accounts	(2,283)	(2,895)
	12,834	4,105
<b>Weifare</b>		
Sally Beardy	100	100
Terry Beardy	217	217
Cecilia Fiddler	100	100
Galius Fiddler	616	616
George Fox	741	741
Harriet McKay	(100)	(100)
Emily Moskotaywenene	400	400
Rachel Fox	100	100
Robert Beardy	200	200
Gladys Mekanak	150	150
Glen Mekanak	(1)	(1)
Less: Allowance for Doubtful Accounts	(2,067)	(3,002)
	456	(479)
Sub-total carried forward	44,789	28,906

# Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

4.	Loans and Advances (continued)	2018	2017
	Sub-total brought forward	44,789	28,906
	Makoop Lake		
	Eddie Brown	190	190
	Leon Kamenawatamin	149	149
		339	339
		\$ 45,128	\$ 29,245

5.	Inventory for Resale	2018	2017
	Bearskin Lake Economic Development Corporation - fuel inventory	\$ 1,386,088	\$ 1,376,393

# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 6. Investment in Government Business Partnerships

	2018	2017
Equity in Wellington Group of Companies	\$ 167,638	\$ 151,989

The Wellington Group of Companies (Wellington Limited Partnership, Wellington General Partner Ltd., Wellington Leasing Corporation) is owned jointly by Bearskin Lake First Nation and Muskrat Dam First Nation. Since both First Nations share control of operations, the investment has been accounted for as a government business partnership on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the corporation for the year ended December 31, 2017.

#### I) Financial Position (NOT SUBJECT TO AUDIT)

	2017 Total	2016 Total
Current assets	\$ 417,508	\$ 426,192
Capital assets	340,257	392,098
	<u>\$ 757,765</u>	<u>\$ 818,290</u>
Current liabilities	\$ 462,132	\$ 553,958
Share capital	100	100
Retained earnings and partners' equity	295,533	264,232
	<u>295,633</u>	<u>264,332</u>
	<u>\$ 757,765</u>	<u>\$ 818,290</u>

#### II) Results of Operations and Retained Earnings (NOT SUBJECT TO AUDIT)

	2017 Total	2016 Total
Revenue	\$ 6,055,453	\$ 5,283,872
Expenses	6,024,152	5,417,508
	31,301	(133,636)
Dividends, purchased premiums and adjustments	-	(25,000)
Retained earnings, beginning of year	264,232	422,868
Retained earnings, end of year	<u>\$ 295,533</u>	<u>\$ 264,232</u>

## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 7. Bank Indebtedness

	2018	2017
Michikan Construction	\$ 24,244	\$ -
Day Care	21,770	-
Operations and Maintenance	-	78,474
BMO Truck Loan #1 - interest payable monthly at prime plus 2%	-	176,171
BMO Truck Loan #2 - interest payable monthly at prime plus 2%	-	72,246
BMO General Account #1998-607 - interest payable monthly at prime plus 2.00%	203,566	228,848
BMO Construction Credit Facility - repayable in monthly instalments of \$29,392 plus interest at prime plus 2.00%; March 2019	2,463,941	2,701,111
BMO Payout - repayable in monthly instalments of \$14,167 plus interest at prime plus 2.25%; due July 2018	56,295	226,667
BMO Housing Loan #1 - repayable in monthly instalments of \$3,155 plus interest at prime plus 2.00%; due March 2019	284,557	309,096
BMO Fuel Loan #1 - repayable in monthly instalments of \$10,736 plus interest at prime plus 2.25%; due April 2018	10,736	128,836
BMO Fuel Loan #2 - repayable in monthly instalments of \$20,807 plus interest at prime plus 2.25%; due April 2018	20,807	249,678
BMO Fuel Loan #3 - repayable in monthly instalments of \$38,297 plus interest at prime plus 2.25%	-	459,560
BMO Fuel Loan #4 - repayable in monthly instalments of \$17,286 plus interest at prime plus 2.25%; due April 2018	17,286	-
BMO Fuel Loan #5 - repayable in monthly instalments of \$14,340 plus interest at prime plus 2.25%; due February 2019	157,743	-
BMO Fuel Loan #6 - repayable in monthly instalments of \$45,470 plus interest at prime plus 2.25%; due February 2019	500,172	-
BMO Fuel Loan #7 - repayable in monthly instalments of \$20,074 plus interest at prime plus 2.25%; due February 2019	220,817	-
BMO Fuel Loan #8 - repayable in monthly instalments of \$12,161 plus interest at prime plus 2.25%; due February 2019	133,768	-
	<u>\$ 4,115,702</u>	<u>\$ 4,630,687</u>

The First Nation has an operating line of credit for their Bank accounts with CIBC. Interest on CIBC line of credit is prime plus 2%. The BMO General account and demand loans are secured by Band Council Resolution and a general security agreement with OFNLP 2008 distributions pledged as security.

# Bearskin Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 8. Accounts Payable and Accrued Liabilities

	2018	2017
Administration	\$ 1,296,628	\$ 1,268,126
Apartment	10,454	10,454
Capital Projects	590,388	3,015,106
Casino Rama	605	605
Canada Post	1	412
Day Care	123,741	38,977
Education	92,616	94,188
Health Authority	238,574	183,401
Environmental Remediation	411,480	189,636
Makoop Lake	3,776	3,776
New School Construction	(355)	(355)
Michikan Construction	39,010	-
Operation and Maintenance	117,277	145,770
Seniors' Complex	1,058	1,219
Soil Remediation	5,194	5,253
BMO Loans	8,988	8,988
Welfare	75,138	91,254
Bearskin Lake Economic Development Corporation	122,806	292,988
	<u>\$ 3,137,379</u>	<u>\$ 5,349,798</u>

## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 9. Deferred Revenue and Government Transfers

	Balance March 31 2017	Funding Received 2018	Revenue Recognized 2018	Balance March 31 2018
<b>Federal Government</b>				
Indigenous and Northern Affairs Canada	\$ 1,490,673	\$ 10,832,555	\$ 9,019,464	\$ 3,303,764
National Health and Welfare Canada	29,183	2,095,871	1,812,330	312,724
Canada Mortgage and Housing Corporation	-	87,052	87,052	-
	<u>1,519,856</u>	<u>13,015,478</u>	<u>10,918,846</u>	<u>3,616,488</u>
<b>Provincial Government</b>				
Human Resource Development Canada	-	25,000	-	25,000
Ministry of Community and Social Services	-	673,178	673,178	-
Ministry of Aboriginal Affairs	-	79,388	79,388	-
Ministry of Health	-	184,789	184,789	-
Ministry of Natural Resources	40,513	-	40,513	-
Ministry of Transportation	-	20,989	20,989	-
Ministry of Attorney General	33,649	-	33,649	-
Ministry of Northern Development and Mines	-	160,643	160,643	-
	<u>74,162</u>	<u>1,143,987</u>	<u>1,193,149</u>	<u>25,000</u>
<b>Other</b>				
Ontario First Nation Limited Partnership	42,153	1,112,643	1,154,796	-
Sioux Lookout Area Aboriginal Management Board	9,632	385,051	394,683	-
	<u>51,785</u>	<u>1,497,694</u>	<u>1,549,479</u>	<u>-</u>
	<u>\$ 1,645,803</u>	<u>\$ 15,657,159</u>	<u>\$ 13,661,474</u>	<u>\$ 3,641,488</u>

The Indigenous and Northern Affairs Canada and Health 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 Human Resource Development Canada balance relates to funds to be spent on specific areas. Until the funding has been utilized, it has not been earned, and any unused funds are repayable at the end of the program.



# Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

## 10. Long-term Debt

	2018	2017
CMHC		
CIBC - 5.25%, mortgage repayable in monthly payments of \$4,554 including interest, secured by building and guarantee from INAC; due 2022	\$ 267,576	\$ 308,470

Schedule of principal reduction and interest over the next four years are as follows:

	Principal		Interest		Total
2019	\$ 42,885	\$	11,759	\$	54,644
2020	44,963		9,681		54,644
2021	47,143		7,500		54,643
2022	132,585		4,871		137,456
	\$ 267,576	\$	33,811	\$	301,387

The interest charged to operations in the current year was \$13,587.

**Bearskin Lake First Nation  
Notes to Consolidated Financial Statements**

March 31, 2018

**11. Tangible Capital Assets**

								2018
	Land	Buildings	Equipment	Vehicles	Linear Assets	Construction in Progress	Total	
Cost, beginning of year	\$ -	\$ 40,779,128	\$ 2,919,627	\$ 3,310,390	\$ 8,798,423	\$ 1,497,662	\$ 57,305,230	
Additions	-	274,446	29,816	306,625	-	608,991	1,219,878	
Transfers	-	1,497,662	-	-	-	(1,497,662)	-	
Cost, end of year	\$ -	\$ 42,551,236	\$ 2,949,443	\$ 3,617,015	\$ 8,798,423	\$ 608,991	\$ 58,525,108	
Accumulated amortization, beginning of year	\$ -	\$ 25,165,366	\$ 2,749,972	\$ 3,096,294	\$ 7,071,470	-	\$ 38,083,102	
Amortization	-	1,972,559	88,511	339,446	439,921	-	2,840,437	
Accumulated amortization, end of year	\$ -	\$ 27,137,925	\$ 2,838,483	\$ 3,435,740	\$ 7,511,391	-	\$ 40,923,539	
Net carrying amount, end of year	\$ -	\$ 15,413,311	\$ 110,960	\$ 181,275	\$ 1,287,032	\$ 608,991	\$ 17,601,569	

The net book value of tangible capital assets not being amortized because they are under construction is \$608,991 (2017 - \$1,497,662).

**Bearskin Lake First Nation  
Notes to Consolidated Financial Statements**

March 31, 2018

**11. Tangible Capital Assets (continued)**

								2017
	Land	Buildings	Equipment	Vehicles	Linear Assets	Construction in Progress	Total	
Cost, beginning of year	\$ -	\$ 37,953,204	\$ 2,780,248	\$ 2,962,092	\$ 8,789,313	\$ 3,303,082	\$ 55,787,939	
Additions	-	193,087	139,379	348,298	9,110	827,417	1,517,291	
Transfers	-	2,632,837	-	-	-	(2,632,837)	-	
Cost, end of year	\$ -	\$ 40,779,128	\$ 2,919,627	\$ 3,310,390	\$ 8,798,423	\$ 1,497,662	\$ 57,305,230	
Accumulated amortization, beginning of year	\$ -	\$ 23,201,266	\$ 2,617,095	\$ 2,891,064	\$ 6,631,549	\$ -	\$ 35,340,974	
Amortization	-	1,964,100	132,877	205,230	439,921	-	2,742,128	
Accumulated amortization, end of year	\$ -	\$ 25,165,366	\$ 2,749,972	\$ 3,096,294	\$ 7,071,470	\$ -	\$ 38,083,102	
Net carrying amount, end of year	\$ -	\$ 15,613,762	\$ 169,655	\$ 214,096	\$ 1,726,953	\$ 1,497,662	\$ 19,222,128	

## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 12. Accumulated Surplus

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

	2018	2017
Investment in capital assets	\$ 14,405,378	\$ 15,552,963
Investment in trust funds	71,107	69,629
Casino Rama	247,690	-
Unrestricted	1,588,279	836,518
Equity in Bearskin Lake Economic Development Corporation	68,123	299,822
Equity in Wellington Group of Companies	61,657	46,008
	<u>\$ 16,442,234</u>	<u>\$ 16,804,940</u>

### 13. Cash Held in Trust by Indigenous and Northern Affairs Canada

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	\$ 533	\$ 69,096	\$ 69,629
Interest earned during the year	-	1,478	1,478
Balance, end of year	<u>\$ 533</u>	<u>\$ 70,574</u>	<u>\$ 71,107</u>

## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 14. Economic Dependence

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

### 15. 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)	\$ 1,554,592
Add:	
Capital expense	834,461
Less:	
Amortization	-
Budget deficit per consolidated statement of revenue and expenses and fund balance	<u>\$ 2,389,053</u>

### 16. Related Party Transaction Elimination

Bearskin Lake First Nation and Bearskin Lake Economic Development Corporation transacted on various business ventures during the year. Since Bearskin Lake Economic Development Corporation has been fully consolidated into the financial statements, inter-entity transactions have been eliminated.

	Bearskin Lake Cable	Michikan Lake Business Centre Inc.	Bearskin Petro Products Ltd.	Bearskin Economic Development Corp.	2018	2017
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,450
Expenses	8,442	50,481	652,608	58,455	769,986	1,139,329
Net elimination	<u>\$ 8,442</u>	<u>\$ 50,481</u>	<u>\$ 652,608</u>	<u>\$ 58,455</u>	<u>\$ 769,986</u>	<u>\$ 733,879</u>

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## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

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### 17. Segmented Information

Bearskin Lake First Nation is a diversified local government that provides a wide range of services to its citizens and members, including Band support, infrastructure, housing, employment, rental and other programs, economic development, social services, health, education and training, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

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.

**Bearskin Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Disclosure**

**17. Segmented Information**  
(continued)

For the year ended March 31	Band Support	Casino Rama	Infrastructure	Housing	Employment, Rental & Other Programs	Economic Development	Social Services	Health	Education and Training	Child Care	Commercial Enterprises	Consolidated 2018
<b>Revenue</b>												
Government transfers	\$ -	\$ 1,154,796	\$ 6,546,442	\$ 87,052	\$ 846,441	\$ 56,900	\$ 1,070,105	\$ 1,863,293	\$ 1,171,687	\$ 425,276	\$ -	\$ 13,221,992
Sales	-	-	-	-	-	-	-	-	-	-	981,799	981,799
Income from business enterprises	-	-	-	-	-	-	-	-	-	-	15,649	15,649
Other	1,084,258	-	1,648,381	24,890	361,454	-	865	258,124	297,420	256,343	226,723	4,158,458
	<u>1,084,258</u>	<u>1,154,796</u>	<u>8,194,823</u>	<u>111,942</u>	<u>1,207,895</u>	<u>56,900</u>	<u>1,070,970</u>	<u>2,121,417</u>	<u>1,469,107</u>	<u>681,619</u>	<u>1,224,171</u>	<u>18,377,898</u>
<b>Expenses</b>												
Amortization	39,306	-	1,522,411	820,764	-	-	-	-	457,956	-	-	2,840,437
Capital asset additions from operating	-	-	(1,219,878)	-	-	-	-	-	-	-	-	(1,219,878)
Contracted services, supplies and other	691,000	157,873	5,847,873	44,671	364,479	-	587,468	689,205	310,963	238,696	295,569	9,227,797
Salaries and benefits	323,582	-	1,042,392	2,191	906,598	-	389,616	831,058	911,004	381,902	371,546	5,159,889
Travel and training	1,229	-	45,503	-	149,525	-	38,403	119,629	118,261	43,358	34,548	550,456
Purchases for resale	-	-	-	-	-	-	-	-	-	-	1,503,268	1,503,268
Rent, utilities and telephone	10,071	-	286,727	-	108,933	-	19,600	177,456	13,672	-	62,176	678,635
	<u>1,065,188</u>	<u>157,873</u>	<u>7,525,028</u>	<u>867,626</u>	<u>1,529,535</u>	<u>-</u>	<u>1,035,087</u>	<u>1,817,348</u>	<u>1,811,856</u>	<u>663,956</u>	<u>2,267,107</u>	<u>18,740,604</u>
Excess (deficiency) of revenue over expenses for the year	\$ 19,070	\$ 996,923	\$ 669,795	\$ (755,684)	\$ (321,640)	\$ 56,900	\$ 35,883	\$ 304,069	\$ (342,749)	\$ 17,663	\$ (1,042,936)	\$ (362,706)

**Bearskin Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**Schedule of Segmented Disclosure**

**17. Segmented Information**  
(continued)

For the year ended March 31	Band Support	Casino Rama	Infrastructure	Housing	Employment, Rental & Other Programs	Economic Development	Social Services	Health	Education and Training	Child Care	Commercial Enterprises	Consolidated 2017
<b>Revenue</b>												
Government transfers	\$ 664,939	\$ 1,175,737	\$ 5,197,784	\$ 57,404	\$ 341,484	\$ 56,900	\$ 870,610	\$ 1,433,085	\$ 1,115,564	\$ 446,005	\$ -	\$ 11,359,512
Sales	-	-	-	-	-	-	-	-	-	-	1,394,087	1,394,087
Loss from business enterprises	-	-	-	-	-	-	-	-	-	-	(91,818)	(91,818)
Other	871,647	-	877,449	60,000	1,050,054	-	5,641	254,726	180,862	169,814	251,957	3,722,150
	<u>1,536,586</u>	<u>1,175,737</u>	<u>6,075,233</u>	<u>117,404</u>	<u>1,391,538</u>	<u>56,900</u>	<u>876,251</u>	<u>1,687,811</u>	<u>1,296,426</u>	<u>615,819</u>	<u>1,554,226</u>	<u>16,383,931</u>
<b>Expenses</b>												
Amortization	39,306	-	1,705,727	548,999	-	-	-	-	448,096	-	-	2,742,128
Capital asset additions from operating	-	-	(1,517,291)	-	-	-	-	-	-	-	-	(1,517,291)
Contracted services, supplies and other	794,036	130,483	3,724,976	112,260	578,002	-	580,458	585,747	336,085	238,885	756,738	7,837,670
Salaries and benefits	548,482	-	1,055,487	235,499	693,436	-	250,821	785,195	855,246	331,361	320,713	5,076,240
Travel and training	43,134	-	10,536	-	113,184	-	11,118	49,110	21,783	22,328	49,462	320,655
Purchases for resale	-	-	-	-	-	-	-	-	-	-	1,363,100	1,363,100
Rent, utilities and telephone	45,901	-	313,242	-	66,506	-	-	173,952	13,477	-	62,740	675,818
	<u>1,470,859</u>	<u>130,483</u>	<u>5,292,677</u>	<u>896,758</u>	<u>1,451,128</u>	<u>-</u>	<u>842,397</u>	<u>1,594,004</u>	<u>1,674,687</u>	<u>592,574</u>	<u>2,552,753</u>	<u>16,498,320</u>
Excess (deficiency) of revenue over expenses for the year	\$ 65,727	\$ 1,045,254	\$ 782,556	\$ (779,354)	\$ (59,590)	\$ 56,900	\$ 33,854	\$ 93,807	\$ (378,261)	\$ 23,245	\$ (998,527)	\$ (114,389)



## Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

### 18. Indigenous and Northern Affairs Canada - Funding Reconciliation

	2018	2017
Funding per confirmation	\$ 10,832,555	\$ 7,071,035
Skills Link repayable	-	(3,301)
Summer Work Experience repayable	-	(1,797)
Prior year recoveries (adjustments)	(393,181)	(69,724)
Prior year deferred revenue	1,490,673	73,017
Current year deferred revenue	(3,303,764)	(1,490,673)
Indigenous and Northern Affairs Canada, revenue per financial statements	<u>\$ 8,626,283</u>	<u>\$ 5,578,557</u>

### 19. Health Canada - Funding Reconciliation

	2018	2017
Funding per confirmation	\$ 2,211,172	\$ 1,524,539
Community Security repayable	(111,209)	-
Children and Youth Cluster repayable	(4,092)	-
Prior year recoveries (adjustments)	-	(62,271)
Prior year deferred revenue	29,183	-
Current year deferred revenue	(312,724)	(29,183)
Health Canada revenue per financial statements	<u>\$ 1,812,330</u>	<u>\$ 1,433,085</u>

### 20. Comparative Figures

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