

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

Contents

Management's Statement of Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Changes in Net Assets (Debt)	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10

Kingfisher Lake First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2018

The accompanying consolidated financial statements of Kingfisher Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. BDO Canada LLP have access to financial management of Kingfisher Lake First Nation and meet when required.

On behalf of Kingfisher Lake First Nation:



Chief



Councillor

Independent Auditor's Report

To the Members of Kingfisher Lake First Nation

We have audited the accompanying consolidated financial statements of Kingfisher Lake First Nation (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, changes 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 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.

Auditor's 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 auditor's judgment, 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 auditor considers 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 presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

The Significant Accounting Policies included in Note 1 to the consolidated financial statements describe the tangible capital asset policy with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of financial statement preparation, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets as disclosed in Note 14. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the year ended March 31, 2018.

We did not observe the taking of physical inventories at March 31, 2018, nor were we able to satisfy ourselves concerning those inventory quantities by alternative means. Since closing inventories enter into determination of results of operations and cash flows, we were unable to determine whether any adjustments might be necessary to expenses, annual surplus and cash flows from operations for the year ended March 31, 2018, and assets and accumulated surplus as at March 31, 2018. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of a similar limitation in scope.

The consolidated financial statements include investments in government business enterprises, government partnerships, government business partnerships, and other government organizations as described in Note 8 to the financial statements. The financial information for the majority of these investments has not been audited and summary financial information has not been provided in the notes to these consolidated financial statements as required by Canadian public sector accounting standards. Also, the investments in Okeskemansee Construction Ltd., an other government organization, was recorded using the modified equity method as opposed to consolidation. Recent financial information for this entity has not been made available to us. As a result of these issues, we are not able to determine if adjustments might be necessary to financial assets, other income (expenses), operating surplus and accumulated surplus. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of a similar limitation in scope.

The First Nation derives revenue from the operation of gaming services. We were unable to obtain satisfactory audit evidence over the accuracy of gaming revenues and expenses due to the lack of controls over gaming related cash receipts and disbursements. Accordingly, our verification of these revenues and expenses was limited to the amounts recorded in the records of the First Nation and we were not able to determine whether any adjustments might be necessary to gaming revenues and expenses, annual surplus and cash flows from operations for the year ended March 31, 2018, and assets and accumulated surplus as at March 31, 2018.

Independent Auditor's Report (cont'd)

The First Nation has not included disclosure of budget information as required by Canadian public sector accounting standards because consolidated budgets were not prepared. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2017 was modified accordingly.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the financial position of Kingfisher Lake First Nation as at March 31, 2018 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The consolidated financial statements of Kingfisher Lake First Nation for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion on these consolidated financial statements on February 20, 2018.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 12, 2019

Kingfisher Lake First Nation Consolidated Statement of Financial Position

March 31	2018	2017
Financial assets		
Cash (Note 2)	\$ 1,210,757	\$ 1,624,621
Accounts receivable (Note 3)	144,539	40,262
Due from government and government organizations (Note 4)	413,641	1,295,549
Trust funds held by federal government (Note 5)	50,831	49,924
Advances to related First Nation entities (Note 6)	776,159	770,331
Investments (Note 7)	1,583,266	1,266,015
Long-term loans receivable (Note 8)	1,232,494	2,200,975
	<hr/>	<hr/>
	5,411,687	7,247,677
Liabilities		
Bank indebtedness (Note 9)	250,000	270,000
Accounts payable and accrued liabilities (Note 10)	2,939,054	1,737,850
Deferred revenue (Note 11)	1,528,299	1,626,724
Long term debt (Note 12)	1,282,797	2,696,990
	<hr/>	<hr/>
	6,000,150	6,331,564
Net assets (debt)	<hr/>	<hr/>
	(588,463)	916,113
Non-financial assets		
Tangible capital assets (Note 13)	14,952,644	13,771,635
Inventories held for sale	90,000	90,000
Prepaid expenses	45,838	-
	<hr/>	<hr/>
	15,088,482	13,861,635
Accumulated surplus	<hr/>	<hr/>
	\$ 14,500,019	\$ 14,777,748

On behalf of the Band:



Chief



Councillor

Kingfisher Lake First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2018	2017
Revenue		
Federal government transfers (Note 11)	\$ 10,528,292	\$ 10,513,485
Provincial government transfers (Note 11)	1,356,416	1,100,173
Ontario First Nation Limited Partnership	1,067,798	961,383
Musselwhite Mine	1,210,424	1,123,527
Gaming	172,862	132,689
Postal service fees	533,542	502,424
Other	1,198,238	155,060
	16,067,572	14,488,741
Expenses		
Band Management	1,167,822	827,228
Economic Development	96,735	76,000
Education	1,306,536	1,428,971
Social Services	951,674	805,163
Municipal Services	2,679,866	2,468,833
Health	2,835,933	2,493,795
Capital	1,599,865	818,902
Other Programs	5,395,688	4,869,338
Senior Citizens Complex	188,357	147,065
Housing Authority	122,825	184,288
	16,345,301	14,119,583
Annual surplus (deficit)	(277,729)	369,158
Accumulated surplus, beginning of year	14,777,748	14,408,590
Accumulated surplus, end of year	\$ 14,500,019	\$ 14,777,748

**Kingfisher Lake First Nation
Consolidated Statement of Changes in Net Assets (Debt)**

For the year ended March 31	2018	2017
Annual surplus	\$ (277,729)	\$ 369,158
Acquisition of tangible capital assets	(2,730,550)	(2,547,098)
Amortization of tangible capital assets	1,549,541	1,420,381
Prepaid expenses	<u>(45,838)</u>	<u>253,027</u>
Net change in net financial assets (debt)	(1,504,576)	(504,532)
Net financial assets, beginning of year	<u>916,113</u>	<u>1,420,645</u>
Net financial assets (debt), end of year	<u>\$ (588,463)</u>	<u>\$ 916,113</u>

Kingfisher Lake First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
Cash provided by (used in) operating activities		
Annual surplus	\$ (277,729)	\$ 369,158
Items not involving cash:		
Amortization	1,549,541	1,420,381
INAC trust fund income	(907)	(909)
	<hr/>	<hr/>
	1,270,905	1,788,630
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(104,277)	(1,190,027)
Due from government and government organizations	881,908	493,345
Prepaid expenses	(45,838)	253,027
Accounts payable and accrued liabilities	1,201,204	(1,104,785)
Deferred revenue	(98,425)	1,245,776
Advances to related entities	(5,828)	-
	<hr/>	<hr/>
	3,099,649	1,485,966
Financing activities		
Advances of long-term debt	-	1,018,006
Repayment of long-term debt	(1,414,193)	(469,165)
Advances from related First Nation entities	-	575,937
Advances to related First Nation entities	-	(15,263)
Advances of bank indebtedness	-	5,000
Repayment of bank indebtedness	(20,000)	-
	<hr/>	<hr/>
	(1,434,193)	1,114,515
Investment activities		
Investments	(317,251)	449,614
Long term loans receivable - advances	1,000,000	(1,000,000)
Long term loans receivable - repayments	(31,519)	-
	<hr/>	<hr/>
	651,230	(550,386)
Capital transactions		
Purchase of tangible capital assets	(2,730,550)	(2,547,098)
Net increase in cash during the year	<hr/>	<hr/>
Cash, beginning of year	(413,864)	(497,003)
	<hr/>	<hr/>
Cash, end of year	1,624,621	2,121,624
	<hr/>	<hr/>
	\$ 1,210,757	\$ 1,624,621

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Kingfisher Lake First Nation reporting entity includes the Kingfisher Lake First Nation government and all related entities that are controlled by the First Nation.
Principles of Consolidation	All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.
	Under the modified equity method of accounting, only Kingfisher Lake First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Kingfisher Lake First Nation and inter-organizational balances and transactions are not eliminated.
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.
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 is provided for on a straight line basis as follows:
Band housing	15 years
CMHC housing	15 years
Public buildings	10-15 years
Vehicles	3-5 years
Equipment	3-10 years
Infrastructure	10-15 years
Heavy equipment	5 years

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont'd)

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

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

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

Revenue Recognition 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.

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.

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont'd)

Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the useful lives of tangible capital assets, the amounts payable to funders, and the accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

Contaminated Sites

A liability for contaminated sites is recognized on properties not in productive use when all of the following criteria have been met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the First Nation is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The First Nation has evaluated all of its properties and has determined that there are no properties that meet the above criteria and therefore no liability has been accrued.

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

March 31, 2018

2. Cash

	2018	2017
Bank of Montreal		
Administration - Chequing	\$ 598,026	\$ 282,771
Administration - Savings	443	1,138,736
Casino Rama	6,481	1,853
CMHC	15,867	6,369
Credit Fund	3,593	3,665
Education	274,490	-
Equity Fund	13,998	13,995
Health	103,698	3,101
Musselwhite	3,907	1,117
Revenue	31,325	4,039
School trip	7,617	5,584
Senior's Complex	9,593	4,190
Social Services	(20,559)	(11,946)
	1,048,479	1,453,474
Canadian Imperial Bank of Commerce		
Casino Rama	2,057	2,174
CMHC	2,892	5,072
Credit Fund	13,501	13,611
Equity	61,579	61,721
Social Services	23,702	39,400
	103,731	121,978
Royal Bank of Canada		
Administration - General	1,130	873
Administration - Other	177	197
Casino Rama	20	-
	1,327	1,070
Royal Bank of Canada		
Cash held in trust	52,653	33,333
Cash on hand	4,567	14,766
	57,220	48,099
	\$ 1,210,757	\$ 1,624,621

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Accounts Receivables

	2018	2017
Trade and other receivables (by program):		
Administration:		
First Nation members	-	40,190
General receivables	306,896	107,796
Garage	110,165	110,165
Less allowance for doubtful accounts	<u>(292,565)</u>	<u>(234,285)</u>
	<u>124,496</u>	<u>23,866</u>
CMHC:		
General receivables	42,641	41,744
Less allowance for doubtful accounts	<u>(36,098)</u>	<u>(36,098)</u>
	<u>6,543</u>	<u>5,646</u>
Senior's Complex:		
First Nation members	74,876	61,376
Less allowance for doubtful accounts	<u>(61,376)</u>	<u>(50,626)</u>
	<u>13,500</u>	<u>10,750</u>
	\$ 144,539	\$ 40,262

4. Due from Government and Government Organizations

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 186,056	\$ 966,512
Canada Mortgage and Housing Corporation	33,049	85,338
Provincial government		
Ministry of Community and Social Services	-	56,951
Ministry of Northern Development and Mines	69,940	67,904
Ministry of Transportation	30,511	30,511
Other		
Kwayaciwin Education Resource Centre	20,798	20,798
Nishnawbe Aski Nation	118,596	38,888
Sioux Lookout Area Aboriginal Management Board	-	16,268
Other	<u>19,879</u>	<u>12,379</u>
	478,829	1,295,549
Less allowance for doubtful accounts	<u>(65,188)</u>	-
	\$ 413,641	\$ 1,295,549

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

5. Trust Funds Held by Federal Government

	March 31, 2017	Additions 2018	Withdrawals 2018	March 31, 2018
Indigenous and Northern Affairs Canada	\$ 49,924	\$ 907	\$ -	\$ 50,831

The 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*.

Trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

6. Advances to Related First Nation Entities

Loans were advanced to (from) the following related First Nation entities unsecured and due on demand without interest:

	2018	2017
Okeskemanesee Construction Ltd.	\$ 1,019,143	\$ 1,011,363
Kingfisher Social-Economic Development Corporation	449,259	435,445
1103462 Ontario Ltd.	(640,346)	(640,346)
Omahamo Holdings Ltd.	(51,897)	(36,131)
	-	-
	\$ 776,159	\$ 770,331

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Investments

Included in investments are the following:

	2018	2017
Wholly-owned Government Business Enterprises:		
Kingfisher Lake Social-Economic Development Corporation	\$ 2,069,108	\$ 2,069,108
Investments in Government Business Enterprises:		
1353428 Ontario Ltd. - 50%	115,540	66,631
2061842 Ontario Ltd. - 50%	107,513	109,033
2317186 Ontario Ltd. - 50%	(48,370)	(74,192)
2317365 Ontario Ltd. - 50%	(676,683)	(464,800)
Asheweig Winter Roads Corporation - 50%	23,778	7,803
BBH General Partner Ltd. - 50%	(66,987)	(70,689)
BBH Leasing Ltd. - 50%	(29,479)	(32,001)
Landmark Inn Leasing - 11.11%	(32,043)	(44,161)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(606,731)	(502,376)
Government Business Partnerships		
BBH Limited Partnership - 50%	613,595	211,730
Landmark Inn - 11.11%	315,801	300,938
Myguard Security Group LP - 22%	48,906	44,028
SIF #2 Limited Partner - 15%	30	30
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	978,332	556,726
Other Government Organizations		
Okeskemansee Construction Ltd.	(857,443)	(857,443)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	\$ 1,583,266	\$ 1,266,015

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Investments (cont'd)

Landmark Inn Partnership has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- As of June 30, 2017 (its most recent available year end statements), Landmark Leasing had a long-term debt due to Nexus Community Credit Union of \$4,298,168 (2016 - \$4,501,478), payable in monthly installments of \$39,235 including interest at 4.25% (2016 - 7%) per annum, maturing February 2, 2022. The First Nation has provided a general security agreement and a general postponement of claim as collateral.

2317186 Ontario Ltd. (o/a Happy Time Tours) has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- As at July 31, 2017 (its most recent available year end statements), 2317186 Ontario Ltd. had a long-term debt due to the Royal Bank of Canada of \$250,000 (2016 - \$250,000), at an interest rate of 5.45 (2016 - 5.20%). The First Nation has provided a general security agreement and postponement of claim as security.
- As at July 31, 2017 (its most recent available year end statements), 2317186 Ontario Ltd. had an outstanding operating line of credit due to the Royal Bank of Canada of \$96,000 (2016 - \$106,000) at an interest rate of 5.45% (2016 - 5.20%). The First Nation has provided a general security agreement and postponement of claim as collateral.

2317365 Ontario Ltd. (o/a Happy Time Leasing) has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- At July 31, 2017 (its most recent available year end statements), 2317365 Ontario Ltd. had an outstanding operating line of credit due to the Royal Bank of Canada of \$110,000 (2016 - \$130,000) at an interest rate of 5.45% (2016 - 5.20%). The First Nation has provided a general security agreement and postponement of claim as collateral.

Wasaya group has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- As at March 31, 2017 (its most recent available year end statements) Wasaya Group had a long-term debt due to the Bank of Montreal of \$1,453,030 (2016 - \$1,453,030), payable in monthly installments of \$22,704 at an interest rate of 4.20% (2016 - 4.20%), maturing July 2021. The First Nation has provided a general security agreement and postponement of claim as collateral.
- As at March 31, 2017 (its most recent available year end statements), Wasaya Group had an outstanding operating line of credit due to the Bank of Montreal of \$3,830,000 (2016 - \$3,830,000) at an interest rate of 4.20% (2016 - 4.20%). The First Nation has provided a general security agreement and postponement of claim as collateral.

1103462 Ontario Inc. has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- Fuel loan due to the Royal bank of Canada of \$440,000

SIF #2 Limited Partner has the following long-term debt which the First Nation has issued a guarantee without recourse for repayment:

- A Laurentian Bank of Canada non-revolving term loan with a maximum principal of \$15,000,000. The First Nation has pledged as security its 15% limited partnership interest as security.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

8. Long-term loans receivable

At March 31, 2018, the First Nation had advanced funds to the following First Nation Business Enterprises with no specified terms of repayment:

	2018	2017
First Nation Business Enterprises		
2317186 Ontario Ltd. (o/a Happy Time Tours)	\$ 382,494	\$ 350,975
2317365 Ontario Ltd. (o/a Happy Time Leasing)	850,000	850,000
	<hr/> 1,232,494	<hr/> 1,200,975
Other		
Wasaya Airways Leasing Ltd.	- <hr/>	1,000,000
	<hr/> \$ 1,232,494	<hr/> \$ 2,200,975

9. Bank Indebtedness

At March 31, 2018, the First Nation had lines of credit totaling \$250,000 (2017 - \$300,000), of which \$250,000 (2017 - \$270,000) have been utilized and bear interest at prime plus 1.25% (4.70% per annum at March 31, 2018). The lines of credit have been secured by a general security agreement.

10. Accounts Payable

	2018	2017
Trade accounts payable and accruals	\$ 2,877,535	\$ 1,692,677
Government remittances payable	<hr/> 61,519	<hr/> 45,173
	<hr/> \$ 2,939,054	<hr/> \$ 1,737,850

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

11. 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	\$ 1,246,880	\$ 7,282,389	\$ (7,599,739)	\$ 929,530
Canadian Mortgage and Housing Corporation	-	331,093	(331,093)	-
Health Canada	-	3,042,967	(2,585,611)	457,356
Other Federal	-	11,849	(11,849)	-
	1,246,880	10,668,298	(10,528,292)	1,386,886
Provincial Government				
Ministry of Northern Development and Mines	-	279,761	(279,761)	-
Ministry of Health and Long Term Care	-	194,946	(194,946)	-
Ministry of Children, Community and Social Services	-	702,755	(702,755)	-
Other Provincial	-	178,954	(178,954)	-
	-	1,356,416	(1,356,416)	-
Other				
Other Contributions	229,363	220,081	(406,865)	42,579
Nishnawbe Aski Nation	56,938	285,294	(243,398)	98,834
Ontario First Nations Limited Partnership	93,543	974,255	(1,067,798)	-
	379,844	1,479,630	(1,718,061)	141,413
	\$ 1,626,724	\$ 13,504,344	\$ (13,602,769)	\$ 1,528,299

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

11. Deferred Revenue and Government Transfers (cont'd)

Deferred revenue is broken down by program as follows:

	2018	2017
Awareness Walk	42,579	42,579
Capital Projects	-	659,150
Diesel Generator	-	87,215
Equity Fund	-	146,746
Fire Training	54,706	35,522
FIRF - NAN	-	41,829
First Nation Student Nutrition	-	25,726
Government Capacity Planning	99,254	99,254
Guidance and Counselling	210,000	105,000
High Cost Special Education	420,686	215,739
Instructional Services	-	5,312
Jordan's Principle - Suicide Prevention	457,356	-
Lands and Resources - INAC	-	45,000
Language and Culture	79,484	-
New Paths Parental and Community Engagement	2,000	-
Ontario First Nations Limited Partnership	-	93,543
Preventative/Least Disruptive Measures	63,400	-
Residential School Settlement	-	9,000
Youth Life Promotion - NAN	98,834	15,109
	1,528,299	1,626,724

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

12. Long Term Debt

	2018	2017
Royal Bank of Canada		
Fixed term loan with monthly payments of \$15,968 including interest at the rate of 4.0% per annum, maturing March 2, 2020. Collateral security consists of a security agreement and assignment of Casino Rama and Musselwhite Revenue Sharing revenue.	\$ 367,531	\$ 540,636
Fixed term loan with monthly payments of \$8,300 including interest at the rate of 4.80% per annum, maturing June 20, 2017. Collateral security consists of a security agreement and assignment of Casino Rama and Musselwhite Revenue Sharing revenue.	406,321	484,822
Fixed term loan repaid in 2018.	-	72,782
Fixed term loan repaid in 2018.	-	18,006
Canada Mortgage and Housing Corporation		
Mortgage payable in monthly installments of \$5,211 including interest at 1.64%, with a renewal date of December 2022, maturing December 2026. Secured by a ministerial loan guarantee from INAC and an assignment of insurance proceeds on fifteen houses with a net book value of \$nil.	508,945	563,836
Mortgage repaid in 2018.	-	16,908
2513301 Ontario Inc. term loan repaid in 2018.	-	1,000,000
	1,282,797	2,696,990

Anticipated annual principal payments due in the next five years are as follows:

Year	Amount
2019	\$ 317,273
2020	328,718
2021	145,848
2022	150,481
2023	<u>340,477</u>
	<u>\$ 1,282,797</u>

Kingfisher Lake First Nation
Notes to Consolidated Financial Statements

For the year ended March 31, 2018

13. Tangible Capital Assets

	Band Housing	Public Buildings	Equipment	Heavy Equipment	Vehicles	CMHC Housing	Infrastructure	Total
Cost, beginning of 2018 year	\$ 15,683,944	\$ 7,648,051	\$ 360,327	\$ 868,822	\$ 466,413	\$ 2,574,208	\$ 18,138,436	\$ 45,740,201
Additions	295,180	-	45,500	151,015	138,855	-	2,100,000	2,730,550
Cost, end of 2018 year	15,979,124	7,648,051	405,827	1,019,837	605,268	2,574,208	20,238,436	48,470,751
Accumulated amortization, beginning of 2018 year	10,999,667	5,093,512	314,046	727,458	276,122	2,574,208	11,983,553	31,968,566
Amortization	541,746	286,651	29,359	56,805	98,783	-	536,197	1,549,541
Accumulated amortization, end of 2018 year	11,541,413	5,380,163	343,405	784,263	374,905	2,574,208	12,519,750	33,518,107
Net carrying amount, end of 2018 year	\$ 4,437,711	\$ 2,267,888	\$ 62,422	\$ 235,574	\$ 230,363	\$ -	\$ 7,718,686	\$ 14,952,644
Net carrying amount, end of 2017 year	\$ 4,684,277	\$ 2,554,539	\$ 46,281	\$ 141,364	\$ 190,291	\$ -	\$ 6,154,883	\$ 13,771,635

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

14. Comparative Figures

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

15. Trust Fund

	2018	2017
Capital trust balance, beginning of year	\$ 49,924	\$ 49,015
Additions:		
Interest	907	909
Fund balance, end of year	\$ 50,831	\$ 49,924
Trust fund consists of:		
Cash	\$ 50,831	\$ 49,924

16. Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Rental Housing Replacement Reserve account is to be credited in the amount of \$15,000 annually until it accumulates to the maximum stated in the agreements plus interest. These funds, along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2018 the replacement reserve balance was \$177,981 (2017 - \$172,042). The reserve is unfunded as at March 31, 2018 and 2017.

Kingfisher Lake First Nation Notes to Consolidated Financial Statements

March 31, 2018

17. Segmented Information

Kingfisher Lake First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The services are provided by several entities of Kingfisher Lake First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Band Management

Band management includes administration, governance activities, and day-to-day band operations.

Economic Development

Economic development includes activities to increase the economic opportunities for the First Nation.

Education

Education includes activities delivering education and student success programming.

Social Services

Social Services includes activities delivering social and employment assistance programming.

Municipal Services

Municipal services includes activities related to operating and maintaining First Nation infrastructure.

Health

Health includes the operations of the nursing station and providing health and well being programming.

Capital

Capital includes capital construction projects and activities for the First Nation.

Other Programs

Other programs include all other programming managed by the First Nation.

Senior Citizens Complex

Senior citizens complex includes the operation and maintenance of the First Nation's seniors' complex under the First Nation's CMHC program.

Housing authority

Housing authority includes the operation and maintenance of housing under the First Nation's CMHC program.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

Kingfisher Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2018

17. Segmented Information (cont'd)

For the year ended March 31, 2018	Band Management	Economic Development	Education	Social Services	Municipal Services	Health	Capital	Other Programs	Senior Citizens Complex	Housing Authority	2018 Total
Revenue											
Federal	\$ 625,308	\$ 96,000	1,303,561	53,100	4,463,095	2,352,811	425,900	218,274	41,392	948,851	10,528,292
Provincial	74,554	-	-	897,701	279,761	-	-	104,400	-	-	1,356,416
Casino	-	-	-	-	-	-	-	1,067,798	-	-	1,067,798
Other	(91,660)	-	118,521	-	(3,327)	4,000	13,599	3,011,225	17,625	45,083	3,115,066
	608,202	96,000	1,422,082	950,801	4,739,529	2,356,811	439,499	4,401,697	59,017	993,934	16,067,572
Expenses											
Administration	(287,415)	5,100	141,741	-	65,200	66,531	-	-	-	-	(8,843)
Amortization	-	-	-	-	-	-	-	1,549,541	-	-	1,549,541
Bad debts	123,468	-	-	-	-	-	-	-	10,750	-	134,218
Bank charges and interest (recovery)	(5,572)	-	152	-	-	510	-	1,174	370	346	(3,020)
Contracted services	29,930	45,000	133,215	550	729,778	296,214	317,120	292,559	-	-	1,844,366
Donations	6,210	-	-	-	-	14,547	-	100,181	-	-	120,938
Events	43,473	-	70	-	-	-	-	24,860	-	-	68,403
Freight	26,878	-	-	-	-	25,034	17,846	10,948	-	-	80,706
Funerals	-	-	-	13,763	-	-	-	-	-	-	13,763
Honoraria	109,248	-	1,220	-	-	1,000	-	28,448	-	-	139,916
Insurance	17,469	-	-	-	1,325	15,955	-	46,483	5,834	19,650	106,716
Interest on long term debt	-	-	-	-	-	-	-	19,576	14	7,666	27,256
Materials and supplies	135,815	-	155,237	5,140	179,391	150,531	503,929	811,651	-	-	1,941,694
Miscellaneous	51,419	-	150	-	15,267	109,236	-	521,694	-	-	697,766
Professional fees	39,929	-	-	-	-	26,493	210	-	-	-	66,632
Rent	6,530	-	-	-	26,199	10,733	5,655	3,267	-	-	52,384
Repairs and maintenance	28,971	-	11,223	-	2,155	2,211	122,932	50,091	663	86,103	304,349
Replacement reserve expenses	-	-	-	-	-	-	-	-	126,771	9,060	135,831
Retrofit initiative	-	-	-	-	-	-	-	-	-	-	-
Social assistance	-	-	-	745,324	-	-	-	-	-	-	745,324
Training	11,454	-	830	-	-	2,000	-	-	-	-	14,284
Travel	124,054	4,566	103,980	8,678	1,035	246,459	96,511	291,655	-	-	876,938
Utilities	29,529	-	18,852	-	488,991	258,847	18,919	397,340	43,955	-	1,256,433
Vehicle	195,147	330	19,493	-	102,865	17,768	-	28,214	-	-	363,817
Wages and benefits	481,285	41,739	720,373	178,219	1,067,660	1,591,864	516,743	1,218,006	-	-	5,815,889
	1,167,822	96,735	1,306,536	951,674	2,679,866	2,835,933	1,599,865	5,395,688	188,357	122,825	16,345,301
Surplus (deficit)	\$ (559,620)	\$ (735)	\$ 115,546	\$ (873)	\$ 2,059,663	\$ (479,122)	\$ (1,160,366)	\$ (993,991)	\$ (129,340)	\$ 871,109	\$ (277,729)

Kingfisher Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2018

17. Segmented Information (cont'd)

For the year ended March 31, 2017	Band Management	Economic Development	Education	Social Services	Municipal Services	Health	Capital	Other Programs	Senior Citizens Complex	Housing Authority	2017 Total
Revenue											
Federal	\$ 537,344	\$ 76,000	1,318,323	56,900	3,347,686	2,480,391	1,731,708	1,446,199	45,929	(526,995)	10,513,485
Provincial	19,513	-	-	738,556	271,617	-	-	70,487	-	-	1,100,173
Casino	-	-	-	-	-	-	-	961,383	-	-	961,383
Other	-	-	110,544	-	95,225	79,180	-	1,447,501	99,650	81,600	1,913,700
	556,857	76,000	1,428,867	795,456	3,714,528	2,559,571	1,731,708	3,925,570	145,579	(445,395)	14,488,741
Expenses											
Administration	(316,864)	5,100	163,351	-	71,801	84,712	-	20,326	-	-	28,426
Amortization	-	-	-	-	-	-	-	1,283,203	84,095	53,083	1,420,381
Bad debts	315,164	-	-	-	-	-	-	-	4,110	1,375	320,649
Bank charges and interest (recovery)	18,428	-	(5,473)	-	-	226	-	35,412	232	625	49,450
Contracted services	21,280	25,000	94,252	2,398	532,899	328,043	56,097	174,352	-	-	1,234,321
Donations	281	-	-	-	-	4,616	-	160,721	-	-	165,618
Events	3,308	-	21,904	-	-	-	-	36,863	-	-	62,075
Freight	5,303	74	-	-	-	20,221	-	1,153	-	-	26,751
Funerals	-	-	-	7,675	-	-	-	-	-	-	7,675
Honoraria	103,053	-	17,903	-	-	8,040	-	6,400	-	-	135,396
Insurance	14,996	-	-	-	4,288	15,173	-	5,948	5,987	19,275	65,667
Interest on long term debt	-	-	-	-	-	-	-	238,511	463	9,402	248,376
Materials and supplies	35,943	-	203,108	25,286	248,101	102,236	301,354	636,204	-	-	1,552,232
Miscellaneous	137,639	416	500	-	(200)	40,473	-	608,484	-	-	787,312
Professional fees	59,384	-	-	-	-	27,388	-	-	-	-	86,772
Rent	1,700	-	-	-	26,199	24,865	-	14,867	-	-	67,631
Repairs and maintenance	617	-	43,437	-	69,683	70,226	4,282	169,207	2,618	2,657	362,727
Replacement reserve expenses	-	-	-	-	-	-	-	-	1,800	7,423	9,223
Retrofit initiative	(150,861)	-	-	-	-	-	-	-	11,888	90,448	(48,525)
Social assistance	-	-	-	723,812	-	-	-	-	-	-	723,812
Training	5,175	-	8,850	-	-	-	-	-	-	-	14,025
Travel	37,197	-	74,195	9,165	17,462	171,108	9,843	155,669	-	-	474,639
Utilities	21,051	-	12,826	-	499,719	175,790	2,432	180,125	35,872	-	927,815
Vehicle	6,899	-	10,040	-	67,416	11,275	-	39,605	-	-	135,235
Wages and benefits	507,535	45,410	784,078	36,827	931,465	1,409,403	444,894	1,102,288	-	-	5,261,900
	827,228	76,000	1,428,971	805,163	2,468,833	2,493,795	818,902	4,869,338	147,065	184,288	14,119,583
Surplus (deficit)	\$ (270,371)	\$ -	\$ (104)	\$ (9,707)	\$ 1,245,695	\$ 65,776	\$ 912,806	\$ (943,768)	\$ (1,486)	\$ (629,683)	\$ 369,158