

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

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Neskantaga First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2018

The accompanying consolidated financial statements of Neskantaga 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 Neskantaga First Nation and meet when required.

On behalf of Neskantaga First Nation:



Chief



Councillor

Independent Auditor's Report

**To the Members of
Neskantaga First Nation**

We have audited the accompanying consolidated financial statements of Neskantaga 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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 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 overall 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 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 10. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2018 and 2017. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Neskantaga 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.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which explains that certain comparative information for the year ended March 31, 2017 has been restated. Our opinion is not qualified in respect of this matter.

Other Matters

The consolidated financial statements of Neskantaga First Nation for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on October 31, 2017 for the reasons described in the Basis for Qualified Opinion paragraph.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
February 1, 2019

Neskantaga First Nation
Consolidated Statement of Financial Position

<u>March 31</u>	<u>2018</u>	<u>2017</u>
		Restated (Note 2)
Financial assets		
Cash	\$ 6,506,071	\$ 2,609,587
Accounts receivable (Note 3)	486,582	401,685
Due from government and other government organizations (Note 4)	2,253,915	791,284
Trust funds held by federal government (Note 5)	9,143	8,953
	<u>9,255,711</u>	<u>3,811,509</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	5,347,202	1,374,007
Due to government and other government organizations (Note 7)	843,937	717,483
Demand and term loans (Note 8)	786,026	725,364
Deferred revenue (Note 9)	6,683,148	3,148,980
	<u>13,660,313</u>	<u>5,965,834</u>
Net debt	<u>(4,404,602)</u>	<u>(2,154,325)</u>
Non-financial assets		
Prepaid expenses	42,903	26,518
Tangible capital assets (Note 10)	<u>21,748,929</u>	<u>16,278,250</u>
	<u>21,791,832</u>	<u>16,304,768</u>
Accumulated surplus	<u>\$ 17,387,230</u>	<u>\$ 14,150,443</u>

On behalf of the Band:


 _____ Chief


 _____ Councillor

Neskantaga First Nation
Consolidated Statement of Operations and Accumulated Surplus

<u>For the year ended March 31</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Revenue			Restated (Note 2)
Federal government transfers (Note 9)	\$ 5,661,348	\$ 13,463,176	\$ 8,852,221
Provincial government transfers (Note 9)	1,708,713	1,231,994	1,804,675
Ontario First Nations (2008) Limited Partnership	900,000	933,224	919,926
Other	832,270	2,374,237	1,907,404
Rent	-	29,615	87,578
	<u>9,102,331</u>	<u>18,032,246</u>	<u>13,571,804</u>
Expenses (Note 11)			
Band funds	1,080,467	1,617,224	1,596,013
Capital and housing infrastructure	89,750	1,007,185	395,210
Education	2,380,147	2,665,130	1,326,789
Governance and administration	2,730,806	3,842,586	4,181,857
Health	1,280,162	2,239,904	1,770,224
Operations and maintenance	1,192,406	3,097,586	2,302,490
Social services	-	325,844	345,133
	<u>8,753,738</u>	<u>14,795,459</u>	<u>11,917,716</u>
Annual surplus	348,593	3,236,787	1,654,088
Accumulated surplus, beginning of year, as previously stated	-	13,293,636	12,046,563
Prior period adjustment (Note 2)	-	856,807	449,792
Accumulated surplus, beginning of year, restated	-	14,150,443	12,496,355
Accumulated surplus, end of year	\$ 348,593	\$ 17,387,230	\$ 14,150,443

Neskantaga First Nation
Consolidated Statement of Changes in Net Debt

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
			Restated (Note 2)
Surplus for the year	\$ 348,593	\$ 3,236,787	\$ 1,654,088
Acquisition of tangible capital assets	(348,593)	(451,886)	(390,443)
Acquisition of construction in progress	-	(6,787,334)	(3,506,736)
Amortization of tangible capital assets	-	1,768,541	1,969,098
Change in prepaid expenses	-	(16,385)	(24,330)
Net change in net debt	-	(2,250,277)	(298,323)
Net debt, beginning of year, as previously stated	-	(2,529,376)	(2,194,826)
Period period adjustment (Note 2)	-	375,051	338,824
Net debt, beginning of year, restated	-	(2,154,325)	(1,856,002)
Net debt, end of year	\$ -	\$ (4,404,602)	\$ (2,154,325)

**Neskantaga First Nation
Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
		Restated (Note 2)
Cash flows from operating activities		
Surplus for the year	\$ 3,236,787	\$ 1,654,088
Item not involving cash		
Amortization	<u>1,768,541</u>	<u>1,969,098</u>
	<u>5,005,328</u>	<u>3,623,186</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(84,897)	542,299
Due from government and other government organizations	(1,462,631)	-
Prepaid expenses	(16,385)	(24,330)
Accounts payable and accrued liabilities	3,973,195	(71,943)
Due to government and other government organizations	126,454	-
Deferred revenue	<u>3,534,168</u>	<u>2,178,850</u>
	<u>11,075,232</u>	<u>6,248,062</u>
Cash used in financing activities		
Repayment of long term debt	(124,838)	(137,649)
Advances of long term debt	<u>185,500</u>	-
	<u>60,662</u>	<u>(137,649)</u>
Cash used in capital activities		
Acquisition of tangible capital assets	(451,886)	(390,443)
Acquisition of construction in progress	<u>(6,787,334)</u>	<u>(3,506,736)</u>
	<u>(7,239,220)</u>	<u>(3,897,179)</u>
Cash used in investment activities		
Increase in trust assets	<u>(190)</u>	-
Net increase in cash during the year	3,896,484	2,213,234
Cash, beginning of year	<u>2,609,587</u>	<u>396,353</u>
Cash, end of year	\$ 6,506,071	\$ 2,609,587

Neskantaga 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 Neskantaga First Nation reporting entity includes the Neskantaga First Nation government and all related entities that are controlled by the First Nation.												
Basis 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 Neskantaga 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 Neskantaga First Nation and inter-organizational balances and transactions are not eliminated.												
	Organizations consolidated in Neskantaga First Nation's financial statements include:												
	<ul style="list-style-type: none"> • Neskantaga Economic Development Corporation 												
Tangible Capital Assets	<p>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.</p> <p>Amortization is provided for on a declining balance basis as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Buildings</td> <td style="width: 40%; text-align: right;">4 - 5%</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>Heavy equipment</td> <td style="text-align: right;">4 - 20%</td> </tr> <tr> <td>Housing</td> <td style="text-align: right;">5%</td> </tr> <tr> <td>Infrastructure</td> <td style="text-align: right;">4 - 20%</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">20%</td> </tr> </table>	Buildings	4 - 5%	Equipment and furniture	20%	Heavy equipment	4 - 20%	Housing	5%	Infrastructure	4 - 20%	Vehicles	20%
Buildings	4 - 5%												
Equipment and furniture	20%												
Heavy equipment	4 - 20%												
Housing	5%												
Infrastructure	4 - 20%												
Vehicles	20%												

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont'd)

Tangible Capital Assets (cont'd)	<p>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. Transfers of capital assets from related parties are recorded at carrying value.</p> <p>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.</p> <p>Assets under construction are not amortized until the asset is available to be put into service.</p>
Revenue Recognition	<p>Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.</p> <p>Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.</p> <p>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.</p>
Use of Estimates	<p>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 consolidated financial statements are the useful lives of tangible capital assets and amounts due to government and other government organizations. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

2. Prior Period Adjustments

Revenue

A prior period adjustment was made to correct errors found in federal government transfers revenue. This error resulted in due from government and other organizations and accumulated surplus, beginning of year being understated by \$43,530.

A prior period adjustment was made to correct errors found in other revenue. These errors resulted in an understatement of accounts receivable of \$152,473, an overstatement of accounts payable of \$150,556 and an understatement of other revenue of \$303,029.

Tangible Capital Assets

A prior period adjustment was made to correct errors related to construction in progress additions under tangible capital assets. These errors resulted in accounts payable and accrued liabilities and tangible capital assets being understated by \$378,270.

Expenses

A prior period adjustment was made to correct an expense misstatement. These errors resulted in accounts payable and accrued liabilities being overstated by \$61,557, operations and maintenance expenses being understated by \$21,560 and governance and administration expenses being overstated by \$86,717.

Deferred Revenue

A prior period adjustment was made to correct an error found in deferred revenue. This error resulted in an overstatement of deferred revenue of \$138,909, an understatement of Ontario First Nations (2008) Limited Partnership revenue of \$282 and accumulated surplus, beginning of year of \$138,809.

Accounts Payable

A prior period adjustment was made to correct errors found in accounts payable. These errors resulted in an overstatement of accounts payable and accrued liabilities of \$91,699 and due to government and other government organizations of \$110,828, an understatement of federal government transfers revenue of \$62,754 and an understatement of accumulated surplus, beginning of year of \$139,773.

Consolidation

A prior period adjustment was made to consolidate Neskantaga Economic Development Corporation into the financial statements. The non-consolidation resulted in understatements of cash of \$10,437, accounts payable and accrued liabilities of \$6,850, prepaids of \$2,188, tangible capital assets of \$101,298, other revenue of \$285,411, band funds expense of \$306,018 and accumulated surplus, beginning of year of \$127,680.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

2. Prior Period Adjustments (cont'd)

The prior year figures have been retroactively adjusted as follows:

	Previously Reported	Adjustment	As Restated
Cash	\$ 2,599,150	\$ 10,437	\$ 2,609,587
Accounts receivable	249,212	152,473	401,685
Due from government and other government organizations	747,754	43,530	791,284
Accounts payable and accrued liabilities	1,292,699	81,308	1,374,007
Due to government and other government organizations	828,311	(110,828)	717,483
Deferred revenue	3,288,071	(139,091)	3,148,980
Prepaid expenses	24,330	2,188	26,518
Tangible capital assets	15,798,682	479,568	16,278,250
Federal government transfers	8,789,467	62,754	8,852,221
Ontario First Nations (2008) Limited			
Partnership	919,644	282	919,926
Other revenue	1,318,964	588,440	1,907,404
Band funds expense	1,289,995	306,018	1,596,013
Governance and administration expense	4,268,574	(86,717)	4,181,857
Operations and maintenance expense	2,277,330	25,160	2,302,490
Accumulated surplus, beginning of year	12,046,563	449,792	12,496,355
Accumulated surplus, end of year	13,293,636	856,807	14,150,443

3. Accounts Receivable

	2018	2017
	Restated (Note 2)	
Trade and other	\$ 73,692	\$ 311,486
Kiikenomaga Kikenjigewen Employment and Training Services	95,008	44,000
Matawa First Nations Management	213,843	91,757
Nishnawbe Aski Nation	117,768	17,817
Less: allowance for doubtful accounts	500,311 (13,729)	465,060 (63,375)
	\$ 486,582	\$ 401,685

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

4. Due from Government and Other Government Organizations

	2018	2017
	Restated (Note 2)	
Federal government		
Indigenous Services Canada	\$ 1,701,061	\$ 429,509
Canada Economic Action Plan	-	444,780
Canada Revenue Agency	115,628	121,791
Provincial government		
Ministry of Indigenous Relations and Reconciliation	45,000	-
Ministry of Northern Development and Mines	392,226	253,722
Province of Ontario	-	90,099
	<u>2,253,915</u>	<u>1,339,901</u>
Less: allowance for doubtful accounts	-	(548,617)
	<u><u>\$ 2,253,915</u></u>	<u><u>\$ 791,284</u></u>

5. Trust Funds Held by Federal Government

	March 31, 2017	Additions 2018	Withdrawals 2018	March 31, 2018
Revenue	\$ 7,830	\$ 190	\$ -	\$ 8,020
Capital	1,123	-	-	1,123
	<u>\$ 8,953</u>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ 9,143</u>

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*.

6. Accounts Payable and Accrued Liabilities

	2018	2017
	Restated (Note 2)	
Trade payables and other accrued liabilities	\$ 5,279,820	\$ 1,319,983
Accrued wages and benefits payable	67,382	54,024
	<u><u>\$ 5,347,202</u></u>	<u><u>\$ 1,374,007</u></u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Due to Government and Other Government Organizations

	2018	2017	
			Restated (Note 2)
Federal government			
Indigenous Services Canada	\$ 380,129	\$ 411,608	
Receiver General for Canada	<u>463,808</u>	<u>305,875</u>	
	<u><u>\$ 843,937</u></u>	<u><u>\$ 717,483</u></u>	

8. Demand and Term Loans

	2018	2017
Royal Bank of Canada		
Term loan repayable at \$1,966 monthly including interest at 4.91%, maturing March 2030 and secured by an assignment of Tikinagan lease payments	\$ 223,101	\$ 235,404
Term loan repayable at \$2,988 monthly including interest at 4.91%, maturing March 2030 and secured by an assignment of rents and insurance of the Nishnawbe- Aski police Service	339,125	357,822
Demand term loan	-	51,720
Caterpiller Financial Services		
Term loan repayable at \$3,571 monthly including interest at 6.18%, maturing April 2019 and secured by asset purchased	41,641	80,418
Term loan repayable at \$3,628 monthly including interest at 6.70%, maturing February 2023 and secured by specific piece of heavy equipment	<u>182,159</u>	<u>-</u>
	<u><u>\$ 786,026</u></u>	<u><u>\$ 725,364</u></u>

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

Year	Amount
2019	\$ 105,600
2020	68,700
2021	72,800
2022	77,100
2023	78,100
Thereafter	<u>383,726</u>
	<u><u>\$ 786,026</u></u>

Neskantaga 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	Funding Recoveries	Balance March 31, 2018
Federal					
Indigenous Services Canada	\$ 3,148,980	\$ 14,568,042	\$ 11,371,055	\$ 168,521	\$ 6,177,446
Canada Mortgage and Housing Corporation	-	341,271	341,271	-	-
Department of Canadian Heritage	-	32,312	32,312	-	-
Health Canada	-	2,120,074	1,718,538	19,739	381,797
Total Federal	3,148,980	17,061,699	13,463,176	188,260	6,559,243
Provincial					
MCSS	-	287,339	287,339	-	-
MNDM	-	978,560	854,655	-	123,905
MIRR	-	90,000	90,000	-	-
Total Provincial	-	1,355,899	1,231,994	-	123,905
	\$ 3,148,980	\$ 18,417,598	\$ 14,695,170	\$ 188,260	\$ 6,683,148

MCSS = Ministry of Community and Social Services

MNDM = Ministry of Northern Development and Mines

MIRR = Ministry of Indigenous Relations and Reconciliation

**Neskantaga First Nation
Notes to Consolidated Financial Statements**

March 31, 2018

10. Tangible Capital Assets

	Cost				Accumulated Amortization				2018		2017	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	Net Book Value	Net Book Value	Net Book Value
Buildings	\$ 17,390,473	\$ -	\$ -	\$ 17,390,473	\$ 11,048,334	\$ 740,212	\$ -	\$ 11,788,546	\$ 5,601,927	\$ -	\$ 6,342,139	\$ 6,342,139
Construction in progress - water treatment plant	1,444,459	3,125,908	-	4,570,367	-	-	-	-	4,570,367	-	1,444,459	1,444,459
Construction in progress - 6-plex housing	2,062,276	2,010,717	-	4,072,993	-	-	-	-	4,072,993	-	2,062,276	2,062,276
Construction in progress - section 95 housing	-	1,650,709	-	1,650,709	-	-	-	-	1,650,709	-	-	-
Equipment and furniture	457,243	16,593	-	473,836	438,201	13,714	-	451,915	21,921	-	19,042	19,042
Heavy equipment	3,044,150	290,000	-	3,334,150	2,668,962	183,364	-	2,852,326	481,824	-	375,188	375,188
Housing	8,302,781	-	-	8,302,781	6,789,872	415,139	-	7,205,011	1,097,770	-	1,512,909	1,512,909
Infrastructure	8,626,591	-	-	8,626,591	4,371,990	309,556	-	4,681,546	3,945,045	-	4,254,601	4,254,601
Vehicles	1,421,222	145,293	-	1,566,515	1,153,586	106,556	-	1,260,142	306,373	-	267,636	267,636
	\$ 42,749,195	\$ 7,239,220	\$ -	\$ 49,988,415	\$ 26,470,945	\$ 1,768,541	\$ -	\$ 28,239,486	\$ 21,748,929	\$ -	\$ 16,278,250	\$ 16,278,250

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

11. Consolidated Expenses by Object

	2018	2017
	Restated (Note 2)	
Administration	\$ 230,327	\$ 341,481
Amortization	1,768,539	1,969,098
Bad debts	4,165	17,464
Community projects	461,903	679,959
Contracted services	1,310,813	-
Donations	29,892	38,064
Equipment rental	285,488	98,003
Graduation expenses	22,868	-
Honoraria	127,558	63,527
Insurance	78,972	77,260
Interest and bank charges	16,477	17,985
Interest on long term debt	32,528	33,742
Meals and entertainment	89,255	-
Miscellaneous	28,959	43,758
Office	71,371	65,240
Professional services	610,173	664,804
Program expense	1,122,042	746,533
Repairs and maintenance	830,156	228,869
Social assistance	187,313	219,457
Student board, lodging and tuition	393,121	309,679
Supplies and materials	764,705	554,971
Telephone	68,466	47,557
Training	98,075	60,819
Travel	1,064,660	1,127,235
Utilities	865,406	615,293
Vehicle	162,344	196,949
Wages and benefits	4,069,883	3,699,969
	<hr/> \$ 14,795,459	<hr/> \$ 11,917,716

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

12. Subsequent Events

Share Purchase

Subsequent to year-end the First Nation subscribed for 2,865 shares of Happy Time Tours and Travels LP for cash consideration totaling \$255,000.

Credit Facilities

Subsequent to year-end the First Nation was approved by RBC for two non-revolving term loans. The first credit facility was approved for \$2,688,000 relating to bridge financing for the Canadian Mortgage Housing Corporation Section 95 construction project. The second credit facility was approved for \$219,609 to finance a construction project of five new residential units and renovation of five existing residential units.

13. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by Chief and Council.

The Budget was prepared on a modified accrual basis while Public Sector Accounting Standards required a full accrual basis. The budget figures expensed all tangible capital asset expenditures. As a result, the budget figures presented in the statement of operations and accumulated surplus and the statement of changes in net assets (debt) represent the budget adopted by Chief and Council with adjustments as follows:

	<u>2018</u>
Budget surplus for the year	\$ -
Add:	
Acquisition of tangible capital assets	<u>348,593</u>
Budget surplus per statement of operations	<u>\$ 348,593</u>

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.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2018

15. Segmented Information

Neskantaga 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 Neskantaga First Nation. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Governance and Administration

Governance and Administration contains activities that are needed to run the Neskantaga First Nation organization.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Operations and Maintenance

Operations and Maintenance contains all the activities that provide maintenance to the community and its infrastructure including road maintenance, sewer and water, community buildings and public utilities.

Health

Health contains activities that provide medical services to band members. Furthermore, the community wellness department provides a diverse bundle of services directed towards transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Capital and Housing Infrastructure

Capital and Housing Infrastructure contains all activities that relate to the maintenance of the First Nation's buildings and land and the provision of housing and repairs and maintenance to band members' housing.

Band Funds

Band Funds contains activities of all other programs.

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:

**Neskantaga First Nation
Notes to Consolidated Financial Statements**

March 31, 2018

15. Segmented Information (cont'd)

For the year ended March 31, 2018	Governance & Administration	Social Services	Education	Operations & Maintenance	Health	Capital & Housing Infrastructure	Band Funds	2018 Total
Revenue								
Federal	\$ 707,144	\$ 36,494	\$ 2,096,194	\$ 2,409,145	\$ 1,718,538	\$ 6,319,182	\$ 176,479	\$ 13,463,176
Other	1,656,704	287,339	373,582	433,932	385,890		1,431,623	4,569,070
	2,363,848	323,833	2,469,776	2,843,077	2,104,428	6,319,182	1,608,102	18,032,246
Expenses								
Amortization	1,533,377	-	72,352	106,797	4,487	-	51,526	1,768,539
Other	995,413	283,175	1,727,465	2,645,093	1,164,735	887,003	1,254,153	8,957,037
Wages and benefits	1,313,796	42,669	865,313	345,696	1,070,682	120,182	311,545	4,069,883
	3,842,586	325,844	2,665,130	3,097,586	2,239,904	1,007,185	1,617,224	14,795,459
Surplus (deficit) for the year	\$ (1,478,738)	\$ (2,011)	\$ (195,354)	\$ (254,509)	\$ (135,476)	\$ 5,311,997	\$ (9,122)	\$ 3,236,787

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2018

15. Segmented Information (cont'd)

For the year ended March 31, 2017	Governance & Administration	Social Services	Education	Operations & Maintenance	Health	Capital & Housing Infrastructure	Band Funds	2017 Total Restated (Note 2)
Revenue								
Federal government transfers	\$ 462,550	\$ 38,285	\$ 1,556,640	\$ 1,580,115	\$ 1,532,547	\$ 3,434,237	\$ 247,847	\$ 8,852,221
Other	2,333,469	306,837	22,676	419,488	275,722	6,696	1,354,695	4,719,583
	2,796,019	345,122	1,579,316	1,999,603	1,808,269	3,440,933	1,602,542	13,571,804
Expenses								
Amortization	1,638,705	-	21,023	219,873	-	-	89,497	1,969,098
Other	1,497,185	304,818	743,154	1,350,311	790,091	350,072	1,213,018	6,248,649
Wages and benefits	1,045,967	40,315	562,612	732,306	980,133	45,138	293,498	3,699,969
	4,181,857	345,133	1,326,789	2,302,490	1,770,224	395,210	1,596,013	11,917,716
Surplus (deficit) for the year	\$ (1,385,838)	\$ (11)	\$ 252,527	\$ (302,887)	\$ 38,045	\$ 3,045,723	\$ 6,529	\$ 1,654,088