

Neskantaga First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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

March 31, 2019

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.

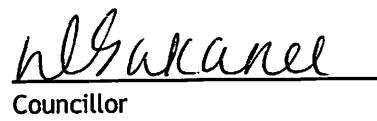
The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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**

Qualified Opinion

We have audited the consolidated financial statements of Neskantaga First Nation and its entities (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and its consolidated results of operations, its changes in consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 11. As a result, we have been unable to determine whether any adjustments to the amounts recorded are necessary for the years ended March 31, 2019 and 2018. 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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, 2018 has been restated. Our opinion is not modified in respect of this matter.

Independent Auditor's Report (cont'd)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
March 6, 2020

**Neskantaga First Nation
Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2019</u>	<u>2018</u>
		Restated (Note 2)
Financial assets		
Cash	\$ 5,836,175	\$ 6,506,071
Accounts receivable (Note 3)	328,468	486,582
Due from government and government organizations (Note 4)	1,844,910	2,253,915
Trust funds held by federal government (Note 5)	9,355	9,143
Portfolio investment (Note 6)	255,000	-
	<u>8,273,908</u>	<u>9,255,711</u>
Liabilities		
Accounts payable and accrued liabilities (Note 7)	3,080,799	5,322,619
Due to government and government organizations (Note 8)	979,739	868,520
Demand and term loans (Note 9)	3,229,909	786,026
Deferred revenue (Note 10)	6,469,182	6,683,148
	<u>13,759,629</u>	<u>13,660,313</u>
Net debt	<u>(5,485,721)</u>	<u>(4,404,602)</u>
Non-financial assets		
Prepaid expenses	12,415	42,903
Tangible capital assets (Note 11)	30,215,058	26,170,801
	<u>30,227,473</u>	<u>26,213,704</u>
Accumulated surplus	<u>\$ 24,741,752</u>	<u>\$ 21,809,102</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>2019 Budget</u>	<u>2019 Actual</u>	<u>2018 Actual</u>
			Restated (Note 2)
Revenue			
Federal government transfers (Note 10)	\$ 8,826,160	\$ 16,011,116	\$ 13,463,176
Provincial government transfers (Note 10)	1,347,480	1,705,040	1,201,025
Hydro One	64,967	76,073	70,221
Kiikenomaga Kikenjigewen Employment			
Training Services	40,040	40,040	40,040
Matawa First Nations Management	602,487	244,209	630,547
Nishnawbe Aski Nation	89,460	176,663	247,450
Ontario First Nations (2008) Limited Partnership	900,000	1,183,929	933,224
Other	535,316	1,429,890	1,186,618
Rent	-	109,880	29,615
	12,405,910	20,976,840	17,801,916
Expenses			
Capital projects	-	2,806,766	2,477,196
Community infrastructure	1,638,015	2,108,513	1,461,897
Economic & employment	1,537,200	2,521,237	1,939,656
Education	3,043,427	2,821,985	2,266,741
Governance & administration	2,044,637	3,992,542	3,209,821
Health	3,419,948	3,260,455	2,098,748
Social services	33,500	532,692	325,844
	11,716,727	18,044,190	13,779,903
Annual surplus	689,183	2,932,650	4,022,013
Accumulated surplus, beginning of year, as previously stated	-	21,809,102	14,150,443
Prior period adjustment (Note 2)	-	-	3,636,646
Accumulated surplus, beginning of year, restated	-	21,809,102	17,787,089
Accumulated surplus, end of year	\$ 689,183	\$ 24,741,752	\$ 21,809,102

**Neskantaga First Nation
Consolidated Statement of Changes in Net Debt**

For the year ended March 31	2019 Budget	2019 Actual	2018 Actual
			Restated (Note 2)
Surplus for the year	\$ 689,183	\$ 2,932,650	\$ 4,022,013
Acquisition of tangible capital assets	(237,554)	(2,140,215)	(451,886)
Acquisition of construction in progress	-	(3,050,718)	(6,787,334)
Amortization of tangible capital assets	-	1,146,676	983,315
Change in prepaid expenses	-	30,488	(16,385)
Net change in net debt	451,629	(1,081,119)	(2,250,277)
Net debt, beginning of year	-	(4,404,602)	(2,154,325)
Net debt, end of year	\$ 451,629	\$ (5,485,721)	\$ (4,404,602)

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

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
		Restated (Note 2)
Cash flows from operating activities		
Surplus for the year	\$ 2,932,650	\$ 4,022,013
Item not involving cash		
Amortization	<u>1,146,676</u>	<u>983,315</u>
	<u>4,079,326</u>	<u>5,005,328</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	158,114	(84,897)
Due from government and government organizations	409,005	(1,462,631)
Prepaid expenses	30,488	(16,385)
Accounts payable and accrued liabilities	(2,241,820)	3,973,195
Due to government and government organizations	111,219	126,454
Deferred revenue	<u>(213,966)</u>	<u>3,534,168</u>
	<u>2,332,366</u>	<u>11,075,232</u>
Cash used in financing activities		
Repayment of long term debt	(100,117)	(124,838)
Advances of long term debt	<u>2,544,000</u>	<u>185,500</u>
	<u>2,443,883</u>	<u>60,662</u>
Cash used in capital activities		
Acquisition of tangible capital assets	(2,140,215)	(451,886)
Acquisition of construction in progress	<u>(3,050,718)</u>	<u>(6,787,334)</u>
	<u>(5,190,933)</u>	<u>(7,239,220)</u>
Cash used in investment activities		
Interest earned on trust assets	(212)	(190)
Purchase of portfolio investment	<u>(255,000)</u>	-
	<u>(5,446,145)</u>	<u>(7,239,410)</u>
Net increase (decrease) in cash during the year	(669,896)	3,896,484
Cash, beginning of year	6,506,071	2,609,587
Cash, end of year	\$ 5,836,175	\$ 6,506,071

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

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
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.
Portfolio Investments	Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a loss in value that is other than a temporary decline.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (cont'd)

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 declining balance basis as follows:

Buildings	4 - 5%
Equipment and furniture	20%
Heavy equipment	20%
Housing	5%
Infrastructure	4 - 20%
Vehicles	20%

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.

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.

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Significant Accounting Policies (cont'd)

Revenue (cont'd)	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.
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 consolidated financial statements are the useful lives of tangible capital assets and amounts due to government and government organizations. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Prior Period Adjustment

A prior period adjustment was made to correct errors related to the calculation of amortization. These errors resulted in the understatement of tangible capital assets by \$4,421,872 and accumulated surplus by \$3,636,646 and amortization expense being overstated by \$785,226.

	Previously Reported	Adjustment	As Restated
Tangible capital assets	21,748,929	4,421,872	26,170,801
Amortization expense	1,768,541	(785,226)	983,315
Annual surplus	3,236,787	785,226	4,022,013
Accumulated surplus, beginning of year	14,150,443	3,636,646	17,787,089
Accumulated surplus, end of year	<u>17,387,230</u>	<u>4,421,872</u>	<u>21,809,102</u>

3. Accounts Receivable

	2019	2018
Trade and other	\$ 169,422	\$ 68,352
Kiikenomaga Kikenjigewen Employment and Training Services	30,030	95,008
Matawa First Nations Management	142,745	219,183
Nishnawbe Aski Nation	-	117,768
	<u>342,197</u>	<u>500,311</u>
Less: allowance for doubtful accounts	<u>(13,729)</u>	<u>(13,729)</u>
	<u>\$ 328,468</u>	<u>\$ 486,582</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Due from Government and Government Organizations

	2019	2018
Federal government		
Indigenous Services Canada	\$ 908,455	\$ 1,701,061
Health Canada	567,152	-
Canada Revenue Agency	160,558	115,628
Provincial government		
Ministry of Indigenous Relations and Reconciliation	9,000	45,000
Ministry of Northern Development and Mines	<u>199,745</u>	<u>392,226</u>
	<hr/>	<hr/>
	\$ 1,844,910	\$ 2,253,915

5. Trust Funds Held by Federal Government

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue Capital	\$ 8,020 1,123	\$ 212 -	\$ - -	\$ 8,232 1,123
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 9,143	\$ 212	\$ -	\$ 9,355

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. Portfolio Investment

On October 4, 2018, the First Nation acquired 2,865 Class C common shares of 2317186 Ontario Limited o/a Happy Time Tours and Travel, a full service travel agency 100% owned by First Nations, for consideration of \$255,000. The shares represent an ownership interest of approximately 15%.

7. Accounts Payable and Accrued Liabilities

	2019	2018
Trade payables and other accrued liabilities	\$ 2,974,803	\$ 5,255,237
Accrued wages and benefits payable	<u>105,996</u>	<u>67,382</u>
	<hr/>	<hr/>
	\$ 3,080,799	\$ 5,322,619

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2019

11. Tangible Capital Assets

	Cost				Accumulated Amortization				2019 Net Book Value	2018 Net Book Value
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance		
Buildings	\$ 17,390,473	\$ -	\$ -	\$ 17,390,473	\$ 9,935,142	\$ 328,873	\$ -	\$ 10,264,015	\$ 7,126,458	\$ 7,455,331
Construction in progress - water treatment plant	4,570,367	3,015,548	-	7,585,915	-	-	-	-	7,585,915	4,570,367
Construction in progress - 6-plex housing	4,072,993	-	(4,072,993)	-	-	-	-	-	-	4,072,993
Construction in progress - section 95 housing	1,650,709	35,170	-	1,685,879	-	-	-	-	1,685,879	1,650,709
Equipment and furniture	479,405	4,107	-	483,512	257,949	44,702	-	302,651	180,861	221,456
Heavy equipment	3,328,581	212,500	-	3,541,081	2,659,510	155,064	-	2,814,574	726,507	669,071
Housing	8,302,781	1,380,040	4,072,993	13,755,814	5,884,561	257,237	-	6,141,798	7,614,016	2,418,220
Infrastructure	8,626,591	-	-	8,626,591	4,029,749	203,280	-	4,233,029	4,393,562	4,596,842
Vehicles	1,566,515	543,568	-	2,110,083	1,050,703	157,520	-	1,208,223	901,860	515,812
	\$ 49,988,415	\$ 5,190,933	\$ -	\$ 55,179,348	\$ 23,817,614	\$ 1,146,676	\$ -	\$ 24,964,290	\$ 30,215,058	\$ 26,170,801

Restated
(Note 2)

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Due to Government and Government Organizations

	2019	2018
Federal government		
Indigenous Services Canada	\$ 380,129	\$ 380,129
Health Canada	178,349	24,583
Receiver General for Canada	300,413	463,808
Canada Mortgage and Housing Corporation	2,267	-
Provincial government		
Ministry of Education	<u>118,581</u>	-
	<u>\$ 979,739</u>	<u>\$ 868,520</u>

9. Demand and Term Loans

	2019	2018
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	\$ 211,276	\$ 223,101
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	321,156	339,125
Bridge financing for Canada Mortgage and Housing Corporation Section 95 construction loan; repayable September 2019 (12 months from drawdown) plus interest at prime plus 2.18% (6.13% at year-end)	1,200,000	-
Canada Mortgage and Housing Corporation		
Mortgage payable, repayment terms to be determined once the full loan has been advanced; total loan is expected to be \$2,688,000	1,344,000	-
Caterpillar Financial Services		
Term loan repayable at \$3,628 monthly including interest at 6.70%, maturing February 2023 and secured by specific piece of heavy equipment	153,477	182,159
Term loan	<u>-</u>	<u>41,641</u>
	<u>\$ 3,229,909</u>	<u>\$ 786,026</u>

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Demand and Term Loans (cont'd)

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

Year	Amount
2020	\$ 1,268,700
2021	72,800
2022	77,100
2023	78,100
2024	41,600
Thereafter	<u>1,691,609</u>
	 <u>\$ 3,229,909</u>

Subsequent to year-end, the RBC bridge financing loan agreement was amended so that the loan was repayable in full on the earlier of (i) the receipt of the CMHC proceeds takeout financing and (ii) June 30, 2020.

10. Deferred Revenue and Government Transfers

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Funding Recoveries	Balance March 31, 2019
Federal					
Indigenous Services Canada	\$ 6,177,446	\$ 11,898,942	\$ 12,167,445	\$ 35,854	\$ 5,873,089
Canada Mortgage and Housing Corporation	-	212,915	212,915	-	-
Department of Canadian Heritage	-	1,702	1,702	-	-
Health Canada	381,797	3,997,116	3,629,054	153,766	596,093
Total Federal	6,559,243	16,110,675	16,011,116	189,620	6,469,182
Provincial					
MCCSS	-	390,007	390,007	-	-
MEDU	-	214,920	96,339	118,581	-
MENDM	123,905	1,063,424	1,105,657	81,672	-
MIRR	-	90,000	113,037	(23,037)	-
Total Provincial	123,905	1,758,351	1,705,040	177,216	-
	\$ 6,683,148	\$ 17,869,026	\$ 17,716,156	\$ 366,836	\$ 6,469,182

MCCSS = Ministry of Children, Community and Social Services

MENDM = Ministry of Energy, Northern Development and Mines

MIRR = Ministry of Indigenous Relations and Reconciliation

MEDU = Ministry of Education

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

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

Deferred revenue is broken down by program as follows:

	2019	2018
Indigenous Services Canada		
Band Operated Schools	\$ 226,387	\$ 296,450
Community Buildings	-	11,052
Economic Development	-	12,547
Improving School Effectiveness	15,035	12,771
Instructional Services	46,422	79,204
Language and Culture	15,103	10,427
National Child Benefit	373,870	152,320
New Water Treatment Plant	463,658	3,546,560
Parental & Community Engagement	-	5,010
Planning, Design & Construction	527,242	495,025
Remediation	3,511,375	424,648
Roads & Bridges	-	49,854
School O&M	-	40,922
Skills Link	-	1,417
Strategic Partnership Initiative	471,357	740,279
Student Accommodation	158,526	95,752
Student Transportation	64,114	71,376
Summer Work	-	5,097
Wastewater & Solid Waste	-	52,645
Water	-	54,053
Winter Road	-	20,037
Health Canada		
Aboriginal Diabetes Initiative	50,359	11,178
Brighter Futures	48,593	53,592
Early Childhood Education	45,339	14,757
Health Facility Security	-	65,204
Health Facility - O&M	172,545	-
NNADAP	41,287	10,411
Suicide Prevention	219,933	217,346
Youth Solvent Abuse Program	18,037	9,309
Ministry of Energy, Northern Development and Mines		
Memorandum of Understanding	-	123,905
	\$ 6,469,182	\$ 6,683,148

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2019

11. Tangible Capital Assets

	Cost				Accumulated Amortization				2019 Net Book Value	2018 Net Book Value
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance		
Restated (Note 2)										
Buildings	\$ 17,390,473	\$ -	\$ -	\$ 17,390,473	\$ 9,935,142	\$ 328,873	\$ -	\$ 10,264,015	\$ 7,126,458	\$ 7,455,331
Construction in progress - water treatment plant	4,570,367	3,015,548	-	7,585,915	-	-	-	-	7,585,915	4,570,367
Construction in progress - 6-plex housing	4,072,993	-	(4,072,993)	-	-	-	-	-	-	4,072,993
Construction in progress - section 95 housing	1,650,709	35,170	-	1,685,879	-	-	-	-	1,685,879	1,650,709
Equipment and furniture	479,405	4,107	-	483,512	257,949	44,702	-	302,651	180,861	221,456
Heavy equipment	3,328,581	212,500	-	3,541,081	2,659,510	155,064	-	2,814,574	726,507	669,071
Housing	8,302,781	1,380,040	4,072,993	13,755,814	5,884,561	257,237	-	6,141,798	7,614,016	2,418,220
Infrastructure	8,626,591	-	-	8,626,591	4,029,749	203,280	-	4,233,029	4,393,562	4,596,842
Vehicles	1,566,515	543,568	-	2,110,083	1,050,703	157,520	-	1,208,223	901,860	515,812
	\$ 49,988,415	\$ 5,190,933	\$ -	\$ 55,179,348	\$ 23,817,614	\$ 1,146,676	\$ -	\$ 24,964,290	\$ 30,215,058	\$ 26,170,801

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

12. 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:

	2019
Budget surplus for the year	\$ 451,629
Add:	
Acquisition of tangible capital assets	<u>237,554</u>
Budget surplus per statement of operations	<u>\$ 689,183</u>

13. Contingency

A contractor filed a claim against the First Nation in regards to the water treatment plant project. Management has indicated that the contractor did not fulfil its requirements under the contract and has counter sued. No liability has been recorded in these financial statements or expected to be incurred by the First Nation.

14. Comparative Figures

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

Neskantaga First Nation Notes to Consolidated Financial Statements

March 31, 2019

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 the activity related to the delivery of all government services.

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.

Community Infrastructure

Community Infrastructure 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 Projects

Capital Projects includes capital construction projects and activities for the First Nation, as well as remediation projects.

Economic & Employment

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

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, 2019

15. Segmented Information (cont'd)

For the year ended March 31, 2019	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2019 Total
Revenue								
Federal government transfers	\$ 607,367	\$ 217,830	\$ 3,065,550	\$ 1,680,640	\$ 3,170,535	\$ 6,587,724	\$ 681,470	\$ 16,011,116
Provincial government transfers		390,007		339,900	96,339		878,794	1,705,040
Hydro One	76,073							76,073
Kiikenomaga Kikenjigewen Employment & Training Services							40,040	40,040
Matawa First Nations Management			33,370		92,487		118,352	244,209
Nishnawbe Aski Nation			37,676		138,987			176,663
Ontario First Nations Limited Partnership	1,183,929							1,183,929
Other	373,925		100,000		7,850	163,477	32,622	752,016
Rent	109,880							109,880
	2,351,174	607,837	3,236,596	2,028,390	3,661,825	6,620,346	2,470,672	20,976,840
Expenses								
Amortization	754,487		36,898	125,781	39,209	136,326	53,975	1,146,676
Community projects	437,511		17,663					455,174
Contracts							1,075,035	1,075,035
Dues, fees and licenses	50,706							50,706
Equipment	46,201			88,929			6,250	141,380
Graduation expense	3,500							3,500
Honoraria	93,128		25,200		114,061		12,228	244,617
Insurance	93,712						20,171	113,883
Interest and bank charges	48,874	614	2,400	1,069	2,614	27	18,023	73,621
Interest on long term debt	25,916							25,916
Meals and entertainment	31,004		4,595		2,592		15,195	53,386
Miscellaneous	4,050			47,947	1,316		35,006	88,319
Office	47,659	2,427		10,826	2,795		40,510	104,217
Professional services	214,042	12,700	452,976	5,285	47,412	32,970	585,394	1,350,779
Program expense	163,972	156,750	221,749	195,369	642,345	1,410,963	134,393	2,925,541
Repairs and maintenance	49,061		73,339	197,455	49,791	4,861	68,929	443,436
Social assistance		265,576						265,576
Student board, lodging and tuition			360,427					360,427
Supplies	152,198		139,649	106,426	474,590	102,341	108,120	1,083,324
Training	27,971		56,149	13,992	15,653		10,177	123,942
Travel	616,155	55,697	274,810	56,309	304,298	30,368	338,291	1,675,928
Utilities and telephone	197,838	12,207	327,872	352,317	63,588		51,786	1,005,608
Vehicle	59,496		12,765	4,168	41,666	13,875	248,558	380,528
Wages and benefits	875,061	26,721	815,493	902,640	1,458,525		774,231	4,852,671
	3,992,542	532,692	2,821,985	2,108,513	3,260,455	2,806,766	2,521,237	18,044,190
Surplus (deficit) for the year	\$ (1,641,368)	\$ 75,145	\$ 414,611	\$ (80,123)	\$ 401,370	\$ 3,813,580	\$ (50,565)	\$ 2,932,650

Neskantaga First Nation
Notes to Consolidated Financial Statements

March 31, 2019

15. Segmented Information (cont'd)

For the year ended March 31, 2018	Governance & Administration	Social Services	Education	Community Infrastructure	Health	Capital Projects	Economic & Employment	2018 Total Restated
Revenue								
Federal government transfers	\$ 669,691	\$ 36,494	\$ 2,096,195	\$ 1,203,855	\$ 1,718,538	\$ 7,524,471	\$ 213,932	\$ 13,463,176
Provincial government transfers	-	287,339	-	339,900	-	-	573,786	1,201,025
Hydro One	70,221	-	-	-	-	-	-	70,221
Kiikenomaga Kikenjigewen Employment & Training Services	-	-	-	-	-	-	40,040	40,040
Matawa First Nations Management	-	-	5,340	-	83,951	-	541,256	630,547
Nishnawbe Aski Nation	-	-	-	-	247,450	-	-	247,450
Ontario First Nations Limited Partnership	933,224	-	-	-	-	-	-	933,224
Other	313,136	-	39,057	94,032	54,489	-	685,904	1,186,618
Rent	29,615	-	-	-	-	-	-	29,615
	2,015,887	323,833	2,140,592	1,637,787	2,104,428	7,524,471	2,054,918	17,801,916
Expenses								
Amortization	775,630	-	52,488	128,791	4,487	-	21,919	983,315
Bad debts	4,165	-	-	-	-	-	-	4,165
Community projects	449,712	-	2,750	-	-	-	9,441	461,903
Contracts	-	-	-	-	-	1,310,813	-	1,310,813
Dues, fees and licenses	385	-	-	-	-	-	-	385
Equipment	28,292	-	-	179,251	-	-	77,945	285,488
Graduation expense	4,640	-	18,228	-	-	-	-	22,868
Honoraria	78,197	-	21,800	-	21,735	-	5,826	127,558
Insurance	78,972	-	-	-	-	-	-	78,972
Interest and bank charges	8,524	497	2,467	992	1,808	31	2,157	16,476
Interest on long term debt	32,528	-	-	-	-	-	-	32,528
Meals and entertainment	29,402	-	22,062	-	8,592	12,700	16,499	89,255
Miscellaneous	4,600	-	5,000	24,249	13,472	-	11,530	58,851
Office	10,401	800	-	9,037	17,144	-	33,604	70,986
Professional services	21,848	32,543	129,060	40,995	17,312	45,326	323,089	610,173
Program expense	91,245	30,121	226,402	231,921	386,288	324,702	63,284	1,353,963
Repairs and Maintenance	19,353	-	40,929	69,351	167,192	292,937	8,473	598,235
Social assistance	-	187,313	-	-	-	-	-	187,313
Student board, lodging and tuition	-	-	393,121	-	-	-	-	393,121
Supplies	93,721	-	174,590	31,645	25,657	293,001	146,088	764,702
Training	11,046	-	32,019	15,285	16,648	3,516	19,561	98,075
Travel	294,614	23,653	118,256	28,716	255,987	19,908	323,526	1,064,660
Utilities and telephone	171,485	8,248	284,325	262,794	43,888	118,690	44,442	933,872
Vehicle	40,845	-	12,196	11,171	47,856	17,393	32,883	162,344
Wages and benefits	960,216	42,669	731,048	427,699	1,070,682	38,179	799,389	4,069,882
	3,209,821	325,844	2,266,741	1,461,897	2,098,748	2,477,196	1,939,656	13,779,903
Surplus (deficit) for the year	\$ (1,193,934)	\$ (2,011)	\$ (126,149)	\$ 175,890	\$ 5,680	\$ 5,047,275	\$ 115,262	\$ 4,022,013