

Consolidated Financial Statements

Aroland First Nation

March 31, 2016

Management's Responsibility

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Aroland First Nations are the responsibility of management and have been approved by the Chief and Council.

The 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 of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is 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 Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Aroland First Nations and meet when required.

On behalf of Aroland First Nations:



Financial Administrator

March 29, 2017

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Independent Auditor's Report

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To the Chief and Council and Members of
Aroland First Nation

We have audited the accompanying consolidated financial statements of Aroland First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 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 financial statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Basis for qualified opinion

We were unable to obtain sufficient appropriate audit evidence relating to the amounts recorded in miscellaneous revenue of \$371,931 for the year ended March 31, 2016 because we were not able to access certain financial records required to verify these amounts. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

We were unable to obtain sufficient appropriate audit evidence relating to the amounts recorded and classified in expenditures of \$68,323 for the year ended March 31, 2016 because we were not able to access certain financial records required to verify these amounts. Additionally, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and conversely payables at year-end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

We were unable to obtain sufficient appropriate audit evidence relating to the amounts recorded in Ontario Works expenditures of \$1,542,947 for the year ended March 31, 2016 because we were not able to access certain financial records required to verify these amounts. Additionally, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and conversely payables at year-end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

During our audit engagement, we were unable to obtain sufficient audit evidence supporting expenses being distributed accurately for the year ended March 31, 2016. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

The First Nation did not prepare budgets, which is not in compliance with Canadian public sector accounting standards.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Aroland First Nation as at March 31, 2016, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters paragraph

The supplementary information contained in Schedules 2 and 3 are presented for the purposes of additional analysis and is not a part of the basic audited consolidated financial statements. The supplementary information in these Schedules has been subjected to auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.



Thunder Bay, Canada
March 29, 2017

Chartered Professional Accountants
Licensed Public Accountants

Aroland First Nation

Consolidated Statement of Financial Position

As at March 31

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 2]</i>	281,766	351,615
Accounts receivable <i>[note 3]</i>	407,441	432,136
Due from government and other government organizations <i>[note 4]</i>	345,708	256,800
Trust funds held by federal government <i>[note 5]</i>	117,124	115,908
Total financial assets	1,152,039	1,156,459
LIABILITIES		
Accounts payable and accruals <i>[note 6]</i>	1,693,762	2,098,760
Deferred revenue <i>[note 7]</i>	10,000	10,000
Due to government and other government organizations <i>[note 8]</i>	76,334	10,348
Employee benefit obligations <i>[note 9]</i>	2,246	16,939
Long-term debt <i>[note 10]</i>	2,955,643	3,330,883
Total liabilities	4,737,985	5,466,930
NET DEBT	(3,585,946)	(4,310,471)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 11]</i> <i>[schedule 1]</i>	15,152,367	15,844,366
Prepaid expenses <i>[note 12]</i>	18,230	11,072
	15,170,597	15,855,438
Accumulated surplus	11,584,651	11,544,967

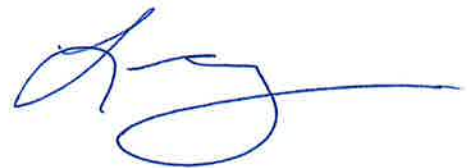
See accompanying notes to the consolidated financial statements.

Approved on behalf of the Chief and Council

Chief



Councilor



Aroland First Nation

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31	2016	2015
	\$	\$
REVENUE [Schedules 2 and 3]		
Aboriginal Affairs and Northern Development		
Canada	3,266,418	3,276,261
Canada Mortgage and Housing Corporation	130,483	162,363
Health Canada	757,290	760,980
Ontario First Nations Limited Partnership	575,152	571,405
Administration fees	-	16,931
Greenstone Mine	295,660	54,442
Ministry of Natural Resources	118,167	139,544
TransCanada	27,238	87,025
Klikenomaga Kikenjigewen Employment & Training Services	67,539	75,436
Matawa First Nations Management	415,580	390,121
Ministry of Aboriginal Affairs	90,000	90,000
Ministry of Community and Social Services	1,652,290	1,697,505
Ministry of Health and Long-Term Care	35,929	61,589
Ministry of Northern Development and Mines	96,725	108,300
Miscellaneous	447,701	520,883
Nishnawbe Aski First Nation	96,781	90,001
Noront Resources	50,546	214,874
Ministry of Youth Services	13,303	-
	8,136,802	8,317,660
EXPENSES [Schedules 2 and 3]		
Band administration	853,774	1,200,885
Education programs	1,777,121	1,721,940
Economic development	662,105	969,999
Other programs	431,089	524,537
Social services	1,590,756	1,457,905
Operations and maintenance	819,947	891,992
Health programs	784,900	817,241
Capital programs	479,247	401,408
Ontario First Nations Limited Partnership	698,179	473,899
	8,097,118	8,459,806
Operating surplus (deficit)	39,684	(142,146)
Accumulated surplus, beginning of year	11,544,967	11,687,113
Accumulated surplus, end of year	11,584,651	11,544,967

See accompanying notes to the consolidated financial statements.

Aroland First Nation

Consolidated Statement of Changes in Net Debt

Year ended March 31	2016	2015
	\$	\$
Operating surplus (deficit)	39,684	(142,146)
Acquisition of tangible capital assets	(117,251)	(389,728)
Amortization of tangible capital assets	809,250	874,179
Acquisition of prepaid expenses	(18,230)	(11,072)
Use of prepaid expenses	11,072	11,377
Increase in net financial assets	724,525	342,610
Net debt, beginning of year	(4,310,471)	(4,653,081)
Net debt, end of year	(3,585,946)	(4,310,471)

See accompanying notes to the consolidated financial statements.

Aroland First Nation

Consolidated Statement of Cash Flows

Year ended March 31	2016	2015
	\$	\$
OPERATIONS		
Operating surplus (deficit)	39,684	(142,146)
Non-cash charges		
Amortization of tangible capital assets	809,250	874,179
	848,934	732,033
Net change in non-cash working capital balances		
Accounts receivable	24,695	(252,202)
Prepaid expenses	(7,158)	305
Due from government and other government organizations	(88,908)	66,066
Trust funds held by federal government	(1,216)	(3,507)
Accounts payable and accruals	(404,998)	(69,492)
Deferred revenue	-	6,180
Due to government and other government organizations	65,986	(4,375)
Employee benefit obligations	(14,693)	(36,306)
Cash provided by operating transactions	422,642	438,702
CAPITAL		
Acquisition of tangible capital assets	(117,251)	(389,728)
Cash used in capital transactions	(117,251)	(389,728)
FINANCING		
Advances of long-term debt	-	408,900
Repayment of long-term debt	(375,240)	(322,560)
Cash provided by (used in) financing transactions	(375,240)	86,340
Increase (decrease) in cash and cash equivalents during year	(69,849)	135,314
Opening cash and cash equivalents	351,615	216,301
Closing cash and cash equivalents	281,766	351,615

See accompanying notes to the consolidated financial statements.

Aroland First Nation

Notes to the Consolidated Financial Statements

March 31, 2016

GENERAL

Aroland First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Aroland First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Aroland First Nation are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- AroFor Forestry Inc. (inactive)
- Aroland Community Economic Development Corporation (inactive)
- Aro-Air LP (inactive)
- Aroland Forestry Management LP (inactive)
- Aroland General Contracting LP (inactive)
- Aroland Tree Nursery LP (inactive)
- Aroland Economic Development Corporation (inactive)
- 1648973 Ontario Inc. (inactive)
- 1670719 Ontario Inc. (inactive)
- 1796651 Ontario Inc. (inactive)
- Aroland Education Authority (inactive)
- Aroland Industrial Inc. (active)

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Aroland First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

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Notes to the Consolidated Financial Statements

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[b] Basis of accounting

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the accumulated surplus, provides the changes in net debt for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization of tangible capital assets is recognized as an expense in the Consolidated Statement of Operations and Accumulated Surplus. Tangible capital assets are amortized over their expected useful lives using the declining balance method at the following rates:

Automotive	30%
Administration building	4%
Buses	30%
CMHC Housing	4%
Computer equipment	45 to 50%
Four-Plex building	4%
Furniture and equipment	20%
Heavy equipment	20%
Housing	4%
Housing renovation	4%
Infrastructure	4%
Office equipment	20%

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Rink/storage building	4%
Roads	4%
Sewer system equipment	4%
Small tools	100%
Temporary classrooms	4%
Tikinagan building	4%
Water system	4%
Water system and fire protection upgrade	4%
Water system equipment	20%
Works garage	4%
Youth centre	4%

Tangible capital assets are written-down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations and Accumulated Surplus.

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 tangible 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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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 Consolidated Statement of Operations and Accumulated Surplus as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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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.

Measurement uncertainty

In preparing the consolidated financial statements for Aroland First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenditures during the period. The main estimates used in preparing these consolidated financial statements include allowance for doubtful accounts and asset amortization rates. Actual results could differ from these estimates.

2. CASH AND CASH EQUIVALENTS

The First Nation has available to it the following credit facilities:

An operating line facility to a maximum of \$50,000 which bears interest at the Royal Bank's prime interest rate plus 3.0% per annum [6.2% at year-end]. The balance outstanding at March 31, 2016 is \$nil [2015 - \$50,000].

A bank overdraft facility on the Ontario Works account to maximum of \$50,000 which bears interest at the Royal Bank's prime interest rate plus 5.0% per annum [7.7% at year-end]. The balance outstanding at March 31, 2016 is \$14,083 [2015 - \$45,618].

Both facilities are secured by a general security agreement as well as a specific security interest on certain heavy equipment owned by the First Nation.

	2016 \$	2015 \$
General (Co-Manager)	143,030	426,747
General (First Nation)	(26,997)	(25,082)
Projects (Co-Manager)	-	(2,594)
Line of Credit	-	(50,000)
Tikinagan	6,964	3,492
Rent Servicing	9	9
Health Authority	81	229
Recreation	799	12
Aroland Industrial	-	235
Ontario Works	(14,083)	(45,618)
Ontario First Nations Limited Partnership	272	11
Housing Authority #1	89,096	19,415
Housing Authority #2	761	15,752
Housing Authority #3	46,875	9,007
Housing Authority - Operating	34,959	-
	281,766	351,615

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Notes to the Consolidated Financial Statements

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3. ACCOUNTS RECEIVABLE

	2016 \$	2015 \$
Due from members:		
Advances	5,200	13,067
Other	249,985	223,634
	255,185	236,701
Due from others:		
Premier Gold Mines Limited	14,972	44,914
Nishnawbe Aski First Nation	18,966	12,839
Matawa First Nations Management	145,918	47,206
Klikenomaga Kikenjigewen Employment and Training Services	11,000	11,694
Noront Resources Ltd.	91,600	91,600
Other receivables	107,490	197,093
	389,946	405,346
Less: Allowance for doubtful accounts	(237,690)	(209,911)
	407,441	432,136

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2016 \$	2015 \$
Federal government		
Aboriginal Affairs and Northern Development Canada	103,292	38,368
Canada Mortgage and Housing Corporation	10,874	76,115
Provincial government		
Ministry of Northern Development Mines	130,116	89,743
Ministry of Natural Resources	1,000	28,884
Ministry of Community and Social Services	100,426	-
Other government organizations	-	23,690
HST receivable	-	-
	345,708	256,800

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Notes to the Consolidated Financial Statements

March 31, 2016

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2016 \$	2015 \$
Capital Trust		
Balance, beginning of year	11,955	11,955
Balance, end of year	11,955	11,955
Revenue Trust		
Balance, beginning of year	103,953	99,578
Interest	1,216	4,375
Balance, end of year	105,169	103,953
	117,124	115,908

6. ACCOUNTS PAYABLE AND ACCRUALS

	2016 \$	2015 \$
Trade payables	1,600,607	1,919,002
Other accrued liabilities	85,712	100,044
Accrued wages and benefits payable	7,443	79,714
	1,693,762	2,098,760

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Notes to the Consolidated Financial Statements

March 31, 2016

7. DEFERRED REVENUE

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	Balance, beginning of year \$	Contributions received \$	Contributions recognized \$	Balance, end of year \$
Aboriginal Affairs and Northern Development Canada	10,000	-	-	10,000

8. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2016 \$	2015 \$
Federal government		
Receiver General	44,049	10,348
HST payable	32,285	-
	76,334	10,348

9. EMPLOYEE BENEFIT OBLIGATIONS

	2016 \$	2015 \$
Vacation and overtime	2,246	16,939

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime entitlement that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Pension Plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The First Nation contributes 5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation contributed during the year \$14,958 [2015 - \$32,744] for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2016.

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Notes to the Consolidated Financial Statements

March 31, 2016

10. LONG-TERM DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2016 \$	2015 \$
Royal Bank of Canada		
Demand term loan repayable in variable annual instalments ranging from \$123,100 to \$213,800 plus interest at 6.25%, maturing May 15, 2017 and secured by a general security agreement as well as a specific security interest on certain heavy equipment of the First Nation. Also secured by an assignment of not less than \$223,000 from Minor Capital funding each year and an assignment of not less than \$30,000 from rental revenue on the First Nation each year.	336,900	534,700
Demand term loan repayable in monthly instalments of \$3,800 including principal and interest at 6.15%, maturing April 3, 2017 and secured by a general security agreement as well as a specific security interest on certain heavy equipment of the First Nation. Also secured by a first ranking assignment of all rents from the lands and improvements leased to Tikinagan Child and Family Services.	207,823	239,516
Nishnawbe Aski Development Fund Demand term loan repayable in monthly instalments of \$1,085 plus interest at 12%, maturing June 1, 2018, and secured by a general security agreement as well as a specific security interest on certain vehicles of the First Nation with a net book value of \$50,790.	22,329	30,616
Carried forward	567,052	804,832

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	2016 \$	2015 \$
Brought forward	567,052	804,832
Royal Bank of Canada		
Demand term loan repayable in monthly instalments of \$4,510 plus interest at 12%, maturing August 11, 2018 and secured by a general security agreement as well as a specific security interest on certain vehicles of the First Nation with a net book value of \$50,790.	92,797	127,238
Canada Mortgage and Housing Corporation		
Housing Loan #1, repayable in monthly instalments of \$4,429 including principal and interest at 1.68%, maturing April 1, 2038 and secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 7-housing units with a net book value of \$1,119,804.	980,476	1,016,835
Housing Loan #2, repayable in monthly instalments of \$5,898 including principal and interest at 1.98%, maturing May 1, 2039 and secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on 8-housing units with a net book value of \$1,360,634.	1,315,318	1,359,619
Snap Financial		
Repaid during the year.	-	22,359
	2,955,643	3,330,883

[b] Principal payments due within the next five years, assuming renewal at the current terms, are as follows:

	\$
2017	376,669
2018	294,266
2019	139,824
2020	127,350
2021	131,533
Thereafter	1,886,001
	2,955,643

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[c] Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$102,503 [2015 - \$107,187].

11. TANGIBLE CAPITAL ASSETS

The Consolidated Schedule of Tangible Capital Assets (Schedule 1) presents all balances and changes in the year relating to the tangible capital assets owned by the First Nation. Tangible capital assets acquired after March 31, 1997 are recorded at acquisition cost less amortization on the Consolidated Statement of Financial Position. Tangible capital assets acquired prior to April 1, 1997 are deemed to have been fully amortized and are recorded at a nominal value.

12. PREPAID EXPENSES

	2016 \$	2015 \$
Insurance	18,230	11,072

13. CONTINGENCIES

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements.

Claims are currently outstanding against the First Nation. The outcome of the claims is not yet determinable, and accordingly, no provision has been made in these consolidated financial statements with respect to these matters. Any loss with respect to the claims will be recorded as an expense of the period in which the loss becomes likely and the amount is measurable.

14. ECONOMIC DEPENDENCE

Aroland First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

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Notes to the Consolidated Financial Statements

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15. INTERFUND TRANSFERS

During the year, an amount of \$615,857 [2015 - \$nil] was transferred from the Casino Rama Fund to the Operating Fund in order to fund disbursements for operating activities.

16. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2016 consolidated financial statements.

17. BUDGET INFORMATION

Canadian public sector accounting (PSAS) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue, expenses, and surplus (deficit), omission of this information is considered a departure from PSA standards.

18. GOVERNMENT TRANSFERS

	Operating \$	Capital \$	2016 \$	2015 \$
Federal government transfers				
Aboriginal Affairs and Northern Development Canada	3,266,418	-	3,266,418	3,276,261
Health Canada	757,290	-	757,290	760,980
Canada Mortgage and Housing Corporation	130,483	-	130,483	162,363
Total Federal	4,154,191	-	4,154,191	4,199,604
Provincial government transfers				
Ministry of Aboriginal Affairs	90,000	-	90,000	90,000
Ministry of Community and Social Services	1,652,290	-	1,652,290	1,697,505
Ministry of Health and Long-Term Care	35,929	-	35,929	61,589
Ministry of Northern Development and Mines	96,725	-	96,725	452,414
Ministry of Youth Services	13,303	-	13,303	-
Total Provincial	1,888,247	-	1,888,247	2,301,508
	6,042,438	-	6,042,438	6,501,112

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Notes to the Consolidated Financial Statements

March 31, 2016

19. SEGMENTS

The First Nation has ten reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Administration - includes administration governance activities and band operations.

Education - includes the operations of education programs.

Economic Development - includes activities for the maintenance of the community and its infrastructure.

Capital Programs - includes the operations of capital programs.

Social Services - activities include delivering social programs.

Operations and Maintenance - activities include delivering community service programs.

Ministry of Aboriginal Affairs - activities include reports on the Ministry or Aboriginal Affairs funding.

Health Programs - activities include delivering health programs.

Other Projects - includes the activities of all other programs.

Casino Rama Fund - reports on the First Nation's Ontario First Nations Limited Partnership funding.

Inter-segment transfers are recorded at their exchange amount. The accounting policies are the same as those described in Note 1.

Aroland First Nation Consolidated Schedule of Tangible Capital Assets

Year ended March 31, 2016

Schedule 1

Cost	Housing	CWHC Housing	Four-Plex building	Water system	Water system equipment	Sewer system	Roads	Works garage	Office equipment	Heavy equipment	Youth centre	Furniture and equipment	Computer equipment	Temporary classrooms
Balance, beginning of year	6,889,365	2,784,382	300,737	1,356,100	3,657	1,577,064	537,504	289,196	76,487	556,008	134,126	388,334	105,366	944,309
Acquisition of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	53,709	-	-
Balance, end of year	6,889,365	2,784,382	300,737	1,356,100	3,657	1,577,064	537,504	289,196	76,487	556,008	134,126	442,043	105,366	944,309
Accumulated amortization														
Balance, beginning of year	3,549,583	200,593	125,789	689,654	3,281	894,489	258,795	164,023	67,166	487,917	54,243	296,746	99,003	391,997
Annual amortization	133,591	103,352	9,998	26,658	75	27,304	5,548	5,007	1,864	13,618	3,195	28,088	3,811	22,496
Balance, end of year	3,683,174	303,945	132,787	716,312	3,356	921,793	308,343	169,030	69,030	501,535	57,438	324,834	101,814	404,393
Net book value of tangible capital assets	3,206,191	2,480,437	167,950	639,788	301	655,301	229,161	120,166	7,457	54,473	76,688	117,209	3,552	539,916

Aroland First Nation Consolidated Schedule of Tangible Capital Assets

Year ended March 31, 2016

Schedule 1 (cont'd)

Cost	Infrastructure	Automotive	Housing renovation	Administration building	Tikinagan building	Rink/storage building	Buses	Water system and fire Protection upgrade	School	Other fully amortized assets	2016	2015
Balance, beginning of year	203,644	716,120	608,385	309,055	302,136	88,736	380,670	748,939	7,257,413	1	26,557,734	26,168,006
Acquisition of tangible capital assets	-	63,542	-	-	-	-	-	-	-	-	117,251	389,728
Balance, end of year	203,644	779,662	608,385	309,055	302,136	88,736	380,670	748,939	7,257,413	1	26,674,985	26,557,734
Accumulated amortization												
Balance, beginning of year	87,011	422,371	245,381	158,887	103,358	45,719	228,165	197,407	1,912,920	-	10,713,368	9,839,189
Annual amortization	4,665	107,188	14,520	6,007	7,951	1,721	45,751	22,061	213,780	1	809,250	874,179
Balance, end of year	91,676	529,559	259,901	164,894	111,309	47,440	273,916	219,468	2,126,700	1	11,522,618	10,713,368
Net book value of tangible capital assets	111,968	250,103	348,484	144,161	190,827	41,296	106,754	529,471	5,130,713	-	15,152,367	15,844,366

Aroland First Nation**Schedule 2****Consolidated Schedule of Expenses by Object**

Year ended March 31

2016

2015

	\$	\$
Consolidated expenses by object		
Advertising	5,536	5,181
Amortization	809,250	874,179
Bad debts	27,780	125,911
Bank charges and interest	43,806	36,494
Community events	246,217	242,918
Contracted services	436,548	491,149
Donations	5,092	20,957
Education component	31,026	30,610
Funeral and burials	39,104	38,580
Health component	52,402	51,700
Honoraria	52,034	257,318
Insurance	107,227	109,397
Interest on long-term debt	102,503	107,187
Materials and supplies	279,854	359,587
Miscellaneous	36,743	21,657
Office	89,325	226,703
Professional fees	281,450	295,025
Professional fees - co-management	374,244	369,230
Rent	186,259	164,606
Repairs and maintenance	150,370	247,102
Social assistance	637,077	628,541
Student lunch program	-	3,324
Telephone and utilities	394,980	401,659
Travel	747,684	577,854
Tuition	561,977	536,231
Wages and benefits	2,398,630	2,236,706
	8,097,118	8,459,806

Aroland First Nation Consolidated Schedule of Segmented Information Year ended March 31, 2016

Schedule 3

	Administration		Social Services		Health Services		Education & School Services Fund	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Aboriginal Affairs and Northern Development Canada	318,304	348,992	260,900	301,097	-	-	1,894,238	1,729,638
Health Canada	-	21,834	-	-	757,290	739,146	-	-
Matawa First Nations Management	693	30,121	-	-	54,887	-	-	-
Ministry of Community and Social Services	-	-	1,652,290	1,697,505	-	-	-	-
Ministry of Health and Long-Term Care	-	-	-	-	35,929	61,589	-	-
Miscellaneous	45,857	97,333	-	3,720	857	-	2,000	3,437
Nishnawbe Aski First Nation	-	-	-	-	82,116	76,748	-	-
Ontario First Nations Limited Partnership	575,152	571,405	-	-	-	-	-	-
Rental	21,750	36,000	10,760	36,133	-	-	-	-
	961,756	1,105,685	1,923,950	2,038,455	931,079	877,483	1,896,238	1,733,075
EXPENDITURES								
Administration	-	-	153,678	21,657	-	-	-	-
Advertising	524	-	-	-	-	-	2,458	-
Amortization	147,798	160,521	1,230	1,230	-	-	45,751	65,359
Bad debts	27,780	125,911	-	-	-	-	-	-
Bank charges and interest	59,182	128,039	4,235	3,835	389	648	23,471	11,100
Basic needs	-	-	450,339	496,967	-	-	-	-
Community development	-	-	354	10,226	-	-	-	-
Contract services	47,232	47,195	99,725	62,904	108,785	93,756	8,495	16,395
Donations	131	20,407	-	500	4,961	50	2,854	3,751
Dues, fees and licences	3,330	63,553	55	2,000	5,809	-	-	-
Education component	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Freight	1,248	-	-	-	189	-	15,956	19,650
Fuel and oil	3,243	-	-	-	-	-	-	-
Funeral and burials	-	16,220	-	4,000	-	-	-	-
Honoraria	2,295	112,303	6,250	-	2,200	800	8,050	5,950
Insurance	13,088	39,797	-	-	16,351	9,193	22,112	16,054
Internet	2,215	2,170	-	-	-	-	-	-
Materials and supplies	32,636	50,645	51,998	41,115	42,302	75,257	45,995	48,130
Meals and entertainment	-	3,324	-	-	-	-	-	-
Medical expenses	-	-	-	-	-	-	-	-
Miscellaneous	609	1,924	2,244	20,459	11,965	2,762	13,544	13,648
Office	9	-	1,263	1,001	3,683	5,066	48,648	36,018
Professional fees	207,150	180,170	69,628	168,080	-	72,000	150	-
Program fees	657,280	345,280	-	-	-	-	-	-
Rent	3,780	4,280	15,637	159,926	-	-	-	-
Repairs and maintenance	2,358	22,554	2,391	255	34,653	28,027	19,891	37,866
Special assistance	-	-	-	24,014	-	-	-	-
Telephone and utilities	34,046	14,105	228,167	100,788	-	-	-	-
Training	595	3,504	200,000	193,429	26,369	36,680	2,250	3,683
Travel	94,032	100,756	177,708	13,244	330	748	15,085	13,793
Tuition	-	-	26,891	12,993	85,709	125,467	33,454	21,958
Wages and benefits	211,391	232,124	98,963	95,312	441,205	366,387	561,976	536,231
	1,551,952	1,674,782	1,590,756	1,457,905	784,900	817,241	1,777,122	1,721,940
Surplus (deficit) for the year	(590,196)	(569,097)	333,194	580,550	146,179	60,242	119,116	11,135
Program transfers	615,857	-	(439,200)	-	(84,401)	-	-	-
Surplus (deficit), end of year	25,661	(569,097)	(106,006)	580,550	61,778	60,242	119,116	11,135

Schedule 3 (continued)

Aroland First Nation Consolidated Schedule of Segmented Information Year ended March 31, 2016

	Carried Forward		Other Programs		Economic Development		O&M Programs		Capital Fund and		Total
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
REVENUE											
Aboriginal Affairs and Northern Development Canada	2,473,442	2,375,727	-	-	43,000	153,928	749,976	742,606	3,266,418	3,276,261	
Health Canada	757,290	760,980	-	-	-	-	-	-	757,290	760,980	
Matawa First Nations Management	55,580	30,121	-	-	360,000	360,000	-	-	415,580	390,121	
Ministry of Community and Social Services	1,652,290	1,697,505	-	-	-	-	-	-	1,652,290	1,697,505	
Ministry of Health and Long-Term Care	35,929	61,589	-	-	-	-	-	-	35,929	61,589	
Miscellaneous	48,714	104,490	52,239	3,495	48,000	52,750	18,000	54,000	166,953	214,735	
Nisnawbe Aski First Nation	82,116	76,748	-	-	14,665	13,253	-	-	96,781	90,001	
Ontario First Nations Limited Partnership	575,152	571,405	-	-	-	-	248,238	250,946	575,152	571,405	
Rental	32,510	72,133	13,303	-	-	-	-	-	13,303	323,079	
Ministry of Youth Services	-	-	-	15,886	96,725	92,414	-	-	96,725	108,300	
Ministry of Northern Development and Mines	-	-	118,167	139,544	-	-	-	-	118,167	139,544	
Ministry of Natural Resources	-	-	50,546	214,874	-	-	-	-	50,546	214,874	
Noront	-	-	295,660	54,442	-	-	-	-	295,660	54,442	
Greenstone Gold Mine	-	-	27,238	87,025	-	-	-	-	27,238	87,025	
Trans-Canada	-	-	-	-	-	-	-	-	-	-	
Kikienomaga Kikenjigewen Employment and Training Services	-	-	-	-	67,539	75,436	130,483	-	67,539	75,436	
Canadian Mortgage and Housing Corporation	-	-	-	-	90,000	90,000	-	-	90,000	162,363	
Ministry of Aboriginal Affairs	5,713,023	5,754,698	557,153	515,266	719,929	837,781	1,146,697	1,209,915	8,136,802	8,317,660	
EXPENDITURES											
Administration	153,678	21,657	-	-	-	-	-	-	153,678	21,657	
Advertising	2,982	-	2,550	-	3,195	3,328	598,578	627,869	805,250	874,179	
Amortization	194,779	227,110	12,698	15,872	-	-	-	-	27,780	125,911	
Bad debts	87,277	125,911	-	-	-	15	928	75	88,564	143,712	
Bank charges and interest	450,339	496,967	359	-	-	-	-	-	450,339	496,967	
Basic needs	354	10,226	-	-	-	-	-	-	354	10,226	
Community development	264,237	220,250	6,200	120,039	166,111	173,376	-	13,002	436,548	526,667	
Contract services	5,092	20,957	1,015	789	4,349	2,210	630	33	5,092	20,957	
Donations	12,048	67,304	6,502	-	-	-	-	-	18,042	70,336	
Dues, fees and licences	-	2,000	-	-	-	-	-	-	-	2,000	
Education component	-	2,590	-	-	660	1,382	201	357	6,502	3,930	
Equipment	-	-	-	-	-	-	-	-	2,109	1,739	
Freight	1,248	19,650	-	-	-	-	-	-	19,388	19,650	
Fuel and oil	19,388	16,220	-	-	-	-	-	-	-	16,220	
Funeral and burials	18,795	123,053	8,579	9,900	21,360	27,000	3,300	19,900	52,034	179,853	
Honoraria	51,551	65,044	-	-	-	-	55,676	44,354	107,227	109,398	
Insurance	-	-	-	-	-	-	57,746	-	57,746	-	
Interest on long-term debt	2,215	2,170	-	-	-	-	-	-	2,215	2,170	
Internet	172,931	215,147	3,149	5,824	13,751	21,016	70,635	20,498	260,466	262,485	
Materials and supplies	-	3,324	-	-	-	-	-	-	-	3,324	
Meals and entertainment	-	20,459	-	-	-	-	-	-	-	20,459	
Medical expenses	28,362	19,335	5,186	149,599	-	23,556	3,199	51,317	36,747	243,807	
Miscellaneous	53,603	65,054	510	1,850	4,151	9,931	4,408	2,628	62,672	79,463	
Office	276,928	420,250	1,904	-	118	114,404	2,500	-	281,450	534,654	
Professional fees	657,280	345,280	57,094	-	-	-	-	-	714,374	345,280	
Program fees	19,417	164,606	-	-	-	-	-	-	19,417	164,606	
Rent	59,293	88,702	149	1,682	-	-	90,928	151,336	150,370	241,720	
Repairs and maintenance	228,167	100,788	-	-	-	-	-	-	228,167	24,014	
Social assistance	262,665	247,897	2,452	3,235	10,973	4,997	116,675	130,836	392,765	100,788	
Special assistance	193,718	31,289	595	1,578	18,090	110,734	-	-	327,565	386,965	
Telephone and utilities	240,086	261,174	184,142	85,632	101,850	148,601	9,203	11,445	535,281	145,876	
Training	561,976	536,231	-	-	-	-	-	-	561,976	506,852	
Travel	1,658,541	1,563,587	138,005	128,539	317,497	329,449	284,587	215,135	2,398,630	536,231	
Tuition	-	-	-	-	-	-	-	-	-	-	
Wages and benefits	5,704,730	5,671,868	431,089	524,539	662,105	969,999	1,299,194	1,293,400	8,097,118	8,459,806	
Surplus (deficit) for the year	8,293	82,830	126,064	(9,273)	57,824	(132,218)	(152,497)	(83,485)	39,684	(142,146)	
Program transfers	-	-	-	-	(48,912)	-	(43,344)	-	-	-	
Surplus (deficit), end of year	8,293	82,830	126,064	(9,273)	8,912	(132,218)	(195,841)	(83,485)	39,684	(142,146)	