

**Aroland First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2017

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## Aroland First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2017

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

On behalf of Aroland First Nation:

  
Chief

  
Councillor

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## Independent Auditor's Report

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### To the 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, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

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

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## Independent Auditor's Report (cont'd)

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### Basis for Disclaimer of Opinion

The First Nation was not able to provide satisfactory audit evidence with respect to the completeness or existence of expenses due to a lack of supporting documentation. Accordingly, we were unable to confirm or verify by alternate means that all expenses of the First Nation have been properly recorded, nor whether the classification of expenses is appropriate. As a result, we were unable to determine whether any adjustments might be necessary to expenses, accounts payable and accumulated surplus.

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

### Disclaimer of Opinion

Due to the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

### Other Matter

The financial statements of Aroland First Nation for the year ended March 31, 2016 were audited by another auditor who expressed a qualified opinion on those statements on March 29, 2017.

A handwritten signature in black ink that reads "BDO Canada LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Licensed Public Accountants


Thunder Bay, Ontario  
December 12, 2017

## Aroland First Nation Consolidated Statement of Financial Position

March 31	2017	2016
<b>Financial assets</b>		
Cash (Note 2)	\$ 964,015	\$ 281,766
Accounts receivable (Note 3)	1,043,687	407,441
Due from government and other government organizations (Note 4)	1,341,801	345,708
Trust funds held by federal government (Note 5)	119,295	117,124
Portfolio investments	10	-
	<u>3,468,808</u>	<u>1,152,039</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	2,338,374	1,696,008
Due to government and other government organizations (Note 7)	35,827	76,334
Deferred revenue (Note 8)	1,269,049	10,000
Other loans	52,250	-
Long term debt (Note 9)	2,579,392	2,955,643
	<u>6,274,892</u>	<u>4,737,985</u>
<b>Net debt</b>	<u>(2,806,084)</u>	<u>(3,585,946)</u>
<b>Non-financial assets</b>		
Prepaid expenses	35,679	18,230
Tangible capital assets (Note 10)	14,576,978	15,152,367
	<u>14,612,657</u>	<u>15,170,597</u>
<b>Accumulated surplus</b>	<u>\$ 11,806,573</u>	<u>\$ 11,584,651</u>

On behalf of the Band:

 Chief

 Councillor

## Aroland First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2017	2016
<b>Revenue</b>		
Federal government transfers (Note 13)	\$ 5,709,449	\$ 4,154,191
Provincial government transfers (Note 13)	1,864,225	2,006,414
Other	2,316,010	1,706,209
Rent	237,687	269,988
Deferred revenue, end of year	(1,269,049)	-
	<u>8,858,322</u>	<u>8,136,802</u>
<b>Expenses</b>		
Administration	1,226,219	1,551,952
Social services	1,689,451	1,590,756
Health services	958,541	784,900
Education	2,082,496	1,777,122
Economic development	740,887	662,105
Capital and operations and maintenance programs	1,467,218	1,299,194
Other programs	471,588	431,089
	<u>8,636,400</u>	<u>8,097,118</u>
<b>Annual surplus</b>	221,922	39,684
<b>Accumulated surplus, beginning of year</b>	<u>11,584,651</u>	<u>11,544,967</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 11,806,573</u>	<u>\$ 11,584,651</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Aroland First Nation Consolidated Statement of Changes in Net Debt

For the year ended March 31	2017	2016
Annual surplus	\$ 221,922	\$ 39,684
Acquisition of tangible capital assets	(191,288)	(117,251)
Amortization of tangible capital assets	766,677	809,250
Loss on disposal of tangible capital assets	-	(18,230)
Prepaid expenses	(17,449)	11,072
Net change in net financial debt	779,862	724,525
Net debt, beginning of year	(3,585,946)	(4,310,471)
Net debt, end of year	\$ (2,806,084)	\$ (3,585,946)

The accompanying notes are an integral part of these consolidated financial statements.

## Aroland First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 221,922	\$ 39,684
Items not involving cash:		
Amortization	766,677	809,250
	<b>988,599</b>	<b>848,934</b>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	(636,246)	24,695
Due from government and other government organizations	(996,093)	(88,908)
Prepaid expenses	(17,449)	(7,158)
Accounts payable and accrued liabilities	642,366	(404,998)
Due to government and other government organizations	(40,507)	65,986
Deferred revenue	1,259,049	(14,693)
Other loans	52,250	-
	<b>1,251,969</b>	<b>423,858</b>
<b>Cash used in financing activities</b>		
Repayment of long term debt	(376,251)	(375,240)
<b>Cash used in capital activities</b>		
Purchase of tangible capital assets	(191,288)	(117,251)
<b>Cash used in investment activities</b>		
Increase in trust assets	(2,171)	(1,216)
Increase in portfolio investments	(10)	-
<b>Net increase (decrease) in cash during the year</b>	<b>682,249</b>	<b>(69,849)</b>
Cash, beginning of year	281,766	351,615
<b>Cash, end of year</b>	<b>\$ 964,015</b>	<b>\$ 281,766</b>

The accompanying notes are an integral part of these consolidated financial statements.



## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2017

### 1. Significant Accounting Policies

<b>Basis of Accounting</b>	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.
<b>Reporting Entity</b>	The Aroland First Nation reporting entity includes the Aroland First Nation government and all related entities that are controlled by the First Nation.
<b>Basis of Consolidation</b>	<p>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.</p> <p>Under the modified equity method of accounting, only Aroland 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 Aroland First Nation and inter-organizational balances and transactions are not eliminated.</p>

Organizations consolidated in Aroland First Nation's financial statements include:

- 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. (inactive)

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 1. Significant Accounting Policies (cont'd)

<b>Portfolio Investments</b>	Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.														
<b>Asset Classification</b>	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 operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.														
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.														
<b>Tangible Capital Assets</b>	<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> <tr> <td>Automotive and vehicles</td><td>- 30%</td></tr> <tr> <td>Buildings and housing</td><td>- 4%</td></tr> <tr> <td>Computer equipment</td><td>- 45-50%</td></tr> <tr> <td>General and heavy equipment</td><td>- 20%</td></tr> <tr> <td>Infrastructure and fire protection</td><td>- 4%</td></tr> <tr> <td>Sewer system equipment</td><td>- 4%</td></tr> <tr> <td>Small tools</td><td>- 100%</td></tr> </table> <p>Tangible capital assets are written down when conditions indicate that they no longer contribute to Aroland 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.</p>	Automotive and vehicles	- 30%	Buildings and housing	- 4%	Computer equipment	- 45-50%	General and heavy equipment	- 20%	Infrastructure and fire protection	- 4%	Sewer system equipment	- 4%	Small tools	- 100%
Automotive and vehicles	- 30%														
Buildings and housing	- 4%														
Computer equipment	- 45-50%														
General and heavy equipment	- 20%														
Infrastructure and fire protection	- 4%														
Sewer system equipment	- 4%														
Small tools	- 100%														

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 1. Significant Accounting Policies (cont'd)

##### **Tangible Capital Assets (cont'd)**

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.

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 financial statements are the useful lives of tangible capital assets, deferred revenue and accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 2. Cash

	2017	2016
Petty cash	\$ 1,008	\$ -
General (Co-Manager)	589,061	143,030
General (First Nation)	38,238	(26,997)
Tikinagan	9,161	6,964
Rent Servicing	9	9
Health Authority	137,442	81
Recreation	641	799
Ontario Works	92,653	(14,083)
Ontario First Nation Limited Partnership	144	272
Housing Authority - Main	16,347	89,096
Housing Authority - Operating	34,899	34,959
Housing Authority - Reserve	43,926	46,875
Housing Authority - Staff	469	761
Special Events	17	-
	<u>\$ 964,015</u>	<u>\$ 281,766</u>

The First Nation has available an operating line of credit of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 3.5% (6.2% per annum at year end). At March 31, 2017, the First Nation had utilized \$NIL (2016 - \$NIL) on this line of credit.

There is a bank overdraft facility available on the Ontario Works account of \$50,000 with the Royal Bank of Canada, incurring interest at the bank's prime lending rate plus 5.0% (7.7% per annum at year end). At March 31, 2017, the balance outstanding is \$NIL (2016 - \$14,083).

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.

Included in the total cash balance are externally restricted and unrestricted balances as follows:

	2017	2016
CMHC replacement reserve	\$ 17	\$ -
Unrestricted	963,998	281,766
	<u>\$ 964,015</u>	<u>\$ 281,766</u>

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 3. Accounts Receivable

	2017	2016
Due from members:		
Advances	\$ 5,200	\$ 5,200
Other	251,935	249,985
	257,135	255,185
General receivables	1,026,192	389,946
	1,283,327	645,131
Less: allowance for doubtful accounts	(239,640)	(237,690)
	<u>\$ 1,043,687</u>	<u>\$ 407,441</u>

#### 4. Due from Government and Other Government Organizations

	2017	2016
Federal government		
Indigenous and Northern Affairs Canada	\$ 1,070,152	\$ 103,292
Canadian Environmental Assessment Agency	14,000	-
Canada Mortgage and Housing Corporation	110,274	10,874
Health Canada	16,986	-
Provincial government		
Ministry of Community and Social Services	61,649	100,426
Ministry of Natural Resources	34,988	1,000
Ministry of Northern Development and Mines	18,752	130,116
Ontario Trillium Foundation	15,000	-
	<u>\$ 1,341,801</u>	<u>\$ 345,708</u>

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 5. Trust Funds Held by Federal Government

	March 31, 2016	Additions 2017	Withdrawals 2017	March 31, 2017
Revenue	\$ 105,169	\$ 2,171	\$ -	\$ 107,340
Capital	11,955	-	-	11,955
	<u>\$ 117,124</u>	<u>\$ 2,171</u>	<u>\$ -</u>	<u>\$ 119,295</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

	2017	2016
Trade payables and other accrued liabilities	\$ 2,288,330	\$ 1,686,319
Accrued wages and benefits payable	40,593	7,443
Vacation and overtime payable	9,451	2,246
	<u>\$ 2,338,374</u>	<u>\$ 1,696,008</u>

#### 7. Due to Government and Other Government Organizations

	2017	2016
Receiver General	\$ 25,949	\$ 76,334
WSIB	9,878	-
	<u>\$ 35,827</u>	<u>\$ 76,334</u>

#### 8. Deferred Revenue

	2017	2016
Indigineous and Northern Affairs Canada	\$ 1,259,216	\$ 10,000
Ministry of Natural Resources	9,833	-
	<u>\$ 1,269,049</u>	<u>\$ 10,000</u>

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2017

### 9. Long Term Debt

	2017	2016
<b>Royal Bank of Canada</b>		
Demand term loan repayable in variable annual installments 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.	\$ 123,100	\$ 336,900
Demand term loan repayable at \$3,800 monthly including interest at 6.15%, maturing April 3, 2017, 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 first ranking assignment of all rents from the lands and improvements leased to Tikinagan Child and Family Services.	174,076	207,823
<b>Nishnawbe Aski Development Fund</b>		
Demand term loan repayable at \$1,085 monthly plus interest at 12%, maturing June 1, 2018, 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 \$70,452.	13,338	22,329
Demand term loan repayable at \$4,510 monthly plus interest at 12%, maturing August 11, 2018, 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 \$70,452.	55,433	92,797
<b>Canada Mortgage and Housing Corporation</b>		
Housing Loan #1, repayable at \$4,429 monthly including interest at 1.68%, maturing April 1, 2038, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on 7-housing units with a net book value of \$1,075,012.	943,429	980,476
Housing Loan #2, repayable at \$5,898 monthly including interest at 1.98%, maturing May 1, 2039, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on 8-housing units with a net book value of \$1,306,208.	1,270,016	1,315,318
Balance forward	2,579,392	2,955,643

## Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2017

### 9. Long Term Debt (cont'd)

	2017	2016
Balance forward	2,579,392	2,955,643
Less current portion	432,000	376,669
	<u>\$ 2,147,392</u>	<u>\$ 2,578,974</u>

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

Year	Amount
2018	\$ 432,000
2019	102,000
2020	87,000
2021	88,000
2022	90,000
Thereafter	<u>1,780,392</u>
	<u>\$ 2,579,392</u>



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

For the year ended March 31, 2017

**10. Tangible Capital Assets**

	Cost				Accumulated Amortization				2017	2016
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	Net Book Value
Housing	\$ 6,889,365	\$ -	\$ -	\$ 6,889,365	\$ 3,683,174	\$ 128,245	\$ -	\$ 3,811,419	\$ 3,077,946	\$ 3,206,191
CMHC Housing	2,784,382	-	-	2,784,382	303,945	99,217	-	403,162	2,381,220	2,480,437
Four-Plex building	300,737	-	-	300,737	132,787	6,719	-	139,506	161,231	167,950
Water systems	1,356,100	-	-	1,356,100	716,312	25,591	-	741,903	614,197	639,788
Water system equipment	3,657	-	-	3,657	3,356	60	-	3,416	241	301
Sewer system	1,577,064	-	-	1,577,064	921,763	26,213	-	947,976	629,088	655,301
Roads	537,504	-	-	537,504	308,343	9,168	-	317,511	219,993	229,161
Works garage	289,196	-	-	289,196	169,030	4,806	-	173,836	115,360	120,166
Office equipment	76,487	-	-	76,487	69,030	1,492	-	70,522	5,965	7,457
Heavy equipment	556,008	-	-	556,008	501,535	10,894	-	512,429	43,579	54,473
Youth centre	134,126	-	-	134,126	57,438	3,068	-	60,506	73,620	76,688
Furniture and equipment	442,043	191,288	-	633,331	324,834	61,026	-	385,860	247,471	117,209
Computer equipment	105,366	-	-	105,366	101,814	1,647	-	103,461	1,905	3,552
Temporary classrooms	944,309	-	-	944,309	404,393	21,598	-	425,991	518,318	539,916
Infrastructure	203,644	-	-	203,644	91,676	4,479	-	96,155	107,489	111,968
Automotive	779,662	-	-	779,662	529,559	75,030	-	604,589	175,073	250,103
Housing renovation	608,385	-	-	608,385	259,901	13,940	-	273,841	334,544	348,484
Administration building	309,055	-	-	309,055	164,894	5,766	-	170,660	138,395	144,161
Tikinagan building	302,136	-	-	302,136	111,309	7,634	-	118,943	183,193	190,827
Rink/storage building	88,736	-	-	88,736	47,440	1,651	-	49,091	39,645	41,296
Buses	380,670	-	-	380,670	273,916	32,027	-	305,943	74,727	106,754
Water system and fire protection upgrade	748,939	-	-	748,939	219,468	21,178	-	240,646	508,293	529,471
School	7,257,413	-	-	7,257,413	2,126,700	205,228	-	2,331,928	4,925,485	5,130,713
Balance forward	\$ 26,674,984	\$ 191,288	\$ -	\$ 26,866,272	\$ 11,522,617	\$ 766,677	\$ -	\$ 12,289,294	\$ 14,576,978	\$ 15,152,367

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## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

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#### 11. 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.

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#### 12. 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. It is not possible at this time to determine the amount, if any, that is subject to repayment.

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 are 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.

## Aroland First Nation

### Notes to Consolidated Financial Statements

March 31, 2017

#### 13. Government Transfers

	Operating	Capital	2017 Total	Operating	Capital	2016 Total
<b>Federal</b>						
Indigenous and Northern Affairs Canada	\$ 4,697,070	\$ -	\$ 4,697,070	\$ 3,266,418	\$ -	\$ 3,266,418
Canada Mortgage and Housing Corporation	203,552	-	203,552	130,483	-	130,483
Canadian Environmental Assessment Agency	14,000	-	14,000	-	-	-
Health Canada	794,827	-	794,827	757,290	-	757,290
	5,709,449	-	5,709,449	4,154,191	-	4,154,191
<b>Provincial</b>						
Ministry of Children and Youth Services	24,000	-	24,000	13,303	-	13,303
Ministry of Community and Social Services	1,402,718	-	1,402,718	1,652,290	-	1,652,290
Ministry of Health and Long- Term Care	-	-	-	35,929	-	35,929
Ministry of Indigenous Relations and Reconciliation	90,000	-	90,000	90,000	-	90,000
Ministry of Natural Resources and Forestry	103,749	-	103,749	118,167	-	118,167
Ministry of Northern Development and Mines	93,758	-	93,758	96,725	-	96,725
Other	-	150,000	150,000	-	-	-
	1,714,225	150,000	1,864,225	2,006,414	-	2,006,414
	\$ 7,423,674	\$ 150,000	\$ 7,573,674	\$ 6,160,605	\$ -	\$ 6,160,605

#### 14. Pension Plan

The First Nation has a defined contribution plan for eligible employees. The First Nation matches employee contributions of 5% of the employee's salary. As a defined contribution plan, the First Nation has no further liability or obligation for future contributions to fund future benefits to plan members. The First Nation contributed \$52,205 during the year (2016 - \$14,958).

#### 15. Segmented Information

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

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## Aroland First Nation Notes to Consolidated Financial Statements

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### 15. Segmented Information

#### **Administration**

Administration contains activities that are needed to run the Aroland 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.

#### **Health Services**

Health Services contains activities that provide medical services to band members.

#### **Education**

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

#### **Economic Development**

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

#### **Capital and Operations and Maintenance Programs**

Capital and Operations and Maintenance Programs contains activities in delivering capital and community service programs.

#### **Other Programs**

Other Programs 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:

# Aroland First Nation Notes to Consolidated Financial Statements

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## 15. Segmented Information (cont'd)

For the year ended March 31	Administration	Social Services	Health Services	Education	Economic Development	Capital and OBW Programs	Other Programs	2017 Total
<b>Revenue</b>								
Federal government transfers	\$ 331,538	\$ 212,616	\$ 794,827	\$ 2,158,364	\$ 103,150	\$ 2,076,204	\$ 32,750	\$ 5,709,449
Provincial government transfers	-	1,402,718	-	-	183,758	150,000	127,749	1,864,225
Miscellaneous	1,083,821	-	231,380	-	525,667	25,000	450,142	2,316,010
Rental	-	-	-	-	-	237,687	-	237,687
Deferred revenue, end of year	-	-	-	(135,721)	(60,150)	(1,063,345)	(9,833)	(1,269,049)
	1,415,359	1,615,334	1,026,207	2,022,643	752,425	1,425,546	600,808	8,858,322
<b>Expenses</b>								
Advertising	6,167	-	-	3,347	-	-	-	9,514
Amortization	115,554	-	-	32,026	3,068	605,868	10,158	766,674
Bad debt expense (recovery)	81,280	-	-	-	-	-	-	81,280
Bank charges and interest	12,282	2,273	775	9,522	-	1,422	-	26,274
Contract services	38,041	47,926	110,828	39,642	238,690	224,551	160,238	859,916
Donations	1,429	-	-	-	-	-	-	1,429
Dues, fees and licenses	9,059	3,090	240	3,074	46	1,800	-	17,309
Equipment	-	-	-	4,081	-	1,134	-	5,215
Freight	859	-	-	-	-	-	-	859
Fuel and oil	5,070	1,211	66,203	18,857	340	20,015	2,082	113,778
Honoraria	1,700	-	33,140	2,200	36,950	-	32,490	106,480
Insurance	22,916	-	9,868	12,896	-	54,073	-	99,753
Interest on long term debt	7,736	-	-	11,276	-	53,423	-	72,435
Materials and supplies	8,802	123,929	131,122	136,565	39,136	29,537	33,739	502,830
Office	-	22,854	-	-	-	-	-	22,854
Professional fees	194,399	-	-	-	21,518	-	16,113	232,030
Program fees	507,766	33,237	47,046	-	-	-	-	588,049
Repairs and maintenance	2,219	-	25,666	25,354	-	96,000	-	149,239
Social assistance	-	1,138,451	-	-	-	-	-	1,138,451
Telephone and utilities	31,938	427	23,871	-	5,629	135,184	380	197,429
Training	-	19,450	1,265	17,076	3,255	-	-	41,046
Travel	18,215	77,135	35,102	17,473	56,946	12,279	77,346	294,496
Tuition	-	-	-	754,104	-	-	-	754,104
Wages and benefits	160,787	219,468	473,415	995,003	335,309	231,932	139,042	2,554,956
	1,226,219	1,689,451	958,541	2,082,496	740,887	1,467,218	471,588	8,636,400
<b>Surplus (deficit) for the year</b>	\$ 189,140	\$ (74,117)	\$ 67,666	\$ (59,853)	\$ 11,538	\$ (41,672)	\$ 129,220	\$ 221,922

# Aroland First Nation

## Notes to Consolidated Financial Statements

March 31, 2017

### 15. Segmented Information (cont'd)

For the year ended March 31	Administration	Social Services	Health Services	Education	Economic Development	Capital and O&M Programs	Other Programs	2016 Total
<b>Revenue</b>								
Deferred revenue, beginning of year	\$ 318,304	\$ 260,900	\$ 757,290	\$ 1,894,238	\$ 43,000	\$ 880,459	\$ -	-
Federal government transfers	-	1,652,290	35,929	-	186,725	-	131,470	4,154,191
Provincial government transfers	-	-	-	-	-	-	-	2,006,414
Matawa First Nations Management	-	-	-	-	-	-	-	-
Nishnawbe Aski First Nation	-	-	-	-	-	-	-	-
Ontario First Nations Limited	-	-	-	-	-	-	-	-
Partnership	621,702	10,760	137,860	2,000	490,204	18,000	425,683	1,706,209
Other	21,750	-	-	-	-	248,238	-	269,988
Rental	-	-	-	-	-	-	-	-
Deferred revenue, end of year	961,756	1,923,950	931,079	1,896,238	719,929	1,146,697	557,153	8,136,802
<b>Expenses</b>								
Administration	-	153,678	-	-	-	-	-	153,678
Advertising	524	-	-	2,458	-	-	2,550	5,532
Amortization	147,798	1,230	-	45,751	3,195	598,578	12,698	809,250
Bad debt expense	27,780	-	-	-	-	-	-	27,780
Bank charges and interest	59,182	4,235	389	23,471	-	928	359	88,564
Community development	-	354	-	-	-	-	-	354
Contract services	47,232	99,725	108,785	8,495	166,111	-	6,200	436,548
Donations	131	-	4,961	-	-	-	-	5,092
Dues, fees and licenses	3,330	55	5,809	2,854	4,349	630	1,015	18,042
Equipment	-	-	-	-	660	201	6,502	6,502
Freight	1,248	-	-	-	-	-	-	2,109
Fuel and oil	3,243	-	189	15,956	-	-	-	19,388
Honoraria	2,295	6,250	2,200	8,050	21,360	3,300	8,579	52,034
Insurance	13,088	-	16,351	22,112	-	55,676	-	107,227
Interest on long term debt	-	-	-	-	-	57,746	-	57,746
Internet	2,215	-	-	-	-	-	-	2,215
Materials and supplies	32,636	51,998	42,302	45,995	13,751	70,635	3,149	260,466
Miscellaneous	609	2,244	11,965	13,544	-	3,199	5,186	36,747
Office	9	1,263	3,683	48,648	4,151	4,408	510	62,672
Professional fees	207,150	69,628	-	150	118	2,500	1,904	281,450
Program fees	657,280	-	-	-	-	-	57,094	714,374
Rent	3,780	15,637	-	-	-	-	-	19,417
Repairs and maintenance	2,358	2,391	34,653	19,891	-	90,928	149	150,370
Social assistance	-	678,506	-	-	-	-	-	678,506
Telephone and utilities	-	200,000	-	-	-	-	-	-
Training	34,046	-	26,369	2,250	10,973	116,675	2,452	392,765
Travel	595	177,708	330	15,085	18,090	-	595	212,403
Tuition	94,032	26,891	85,709	33,454	101,850	9,203	184,142	535,281
Wages and benefits	-	-	-	561,976	-	-	-	561,976
	211,391	98,963	441,205	906,982	317,497	284,587	138,005	2,398,630
	1,551,952	1,590,756	784,900	1,777,122	662,105	1,299,194	431,089	8,097,118
Surplus (deficit)	(590,196)	333,194	146,179	119,116	57,824	(152,497)	126,064	39,684
Program transfers	615,857	(439,200)	(84,401)	-	(48,912)	(43,344)	-	-
Surplus (deficit) for the year	\$ 25,661	\$ (106,006)	\$ 61,778	\$ 119,116	\$ 8,912	\$ (195,841)	\$ 126,064	\$ 39,684