

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

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

March 31, 2018


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

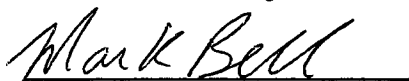
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary 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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BDO Canada LLP
1095 Barton Street
Thunder Bay ON P7B 5N3 Canada

Independent Auditor's Report

To the Members 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, 2018, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (cont'd)

Basis for Qualified Opinion

For the year ended March 31, 2017, the First Nation was unable to provide satisfactory audit evidence with respect to the existence of expenses due to a lack of supporting documentation. Accordingly we were unable to confirm or verify by alternative means that all the expenses of the First Nation have been properly recorded, nor whether the classification of expenses is appropriate. Since expenses affect the determination of the results of operations, net financial assets and cash flows, we were unable to determine whether adjustments to the results of operations, net financial assets and cash flows might be necessary for 2018. Our audit opinion on the financial statements for the year ended March 31, 2017 was disclaimed accordingly. Our opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

In addition, the First Nation was unable to obtain information about investments in various entities. Accordingly, verification of investments held by the First Nation was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to income from investments, annual surplus and cash flows from investing transactions for the years ended March 31, 2018 and 2017, financial assets as at March 31, 2018 and 2017 and accumulated surplus as at April 1 and March 31 for both the 2018 and 2017 years.

Section 1200, Financial Statement Presentation, of the Public Sector Accounting Board Handbook requires the disclosure of budgeted information. The First Nation has not prepared or approved consolidated budgets. As a result, we are unable to present budgeted information on the consolidated financial statements for the years ended March 31, 2018 and 2017. The audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

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



Chartered Professional Accountants, Licensed Public Accountants


Thunder Bay, Ontario
December 7, 2018

Aroland First Nation Consolidated Statement of Financial Position

March 31	2018	2017
		Restated (Note 2)
Financial assets		
Cash (Note 3)	\$ 1,171,313	\$ 984,598
Accounts receivable (Note 4)	565,335	1,043,687
Due from government (Note 5)	1,252,349	1,341,801
Trust funds held by federal government (Note 6)	121,826	119,295
Portfolio investments (Note 7)	159,836	159,836
	<u>3,270,659</u>	<u>3,649,217</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	2,131,619	2,093,960
Due to government organizations (Note 9)	299,897	280,241
Deferred revenue (Note 10)	267,233	1,269,049
Other loans	37,050	52,250
Long term debt (Note 11)	2,284,922	2,579,392
	<u>5,020,721</u>	<u>6,274,892</u>
Net debt	<u>(1,750,062)</u>	<u>(2,625,675)</u>
Non-financial assets		
Prepaid expenses	-	35,679
Tangible capital assets (Note 12)	15,406,776	14,576,978
	<u>15,406,776</u>	<u>14,612,657</u>
Accumulated surplus	<u>\$ 13,656,714</u>	<u>\$ 11,986,982</u>

On behalf of the Band:

 Chief

 Councillor

Aroland First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2018	2017
		Restated (Note 2)
Revenue		
Federal government transfers (Note 15)	\$ 6,882,352	\$ 4,527,045
Provincial government transfers (Note 15)	1,578,588	1,854,392
Other	1,881,565	2,230,198
Rent	201,330	237,687
Investment income	9,000	12,333
	<u>10,552,835</u>	<u>8,861,655</u>
Expenses		
Administration	1,537,160	1,226,219
Social services	1,322,858	1,689,451
Health services	1,399,865	958,541
Education	2,023,851	2,082,496
Economic development	728,856	740,887
Capital and operations and maintenance programs	1,578,384	1,467,218
Other programs	292,129	471,588
	<u>8,883,103</u>	<u>8,636,400</u>
Annual surplus	<u>1,669,732</u>	<u>225,255</u>
Accumulated surplus, beginning of year, as previously stated	11,986,982	11,584,651
Prior period adjustment (Note 2)	-	177,076
Accumulated surplus, beginning of year, restated	<u>11,986,982</u>	<u>11,761,727</u>
Accumulated surplus, end of year	<u>\$ 13,656,714</u>	<u>\$ 11,986,982</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	2018	2017
		Restated (Note 2)
Annual surplus	\$ 1,669,732	\$ 225,255
Acquisition of tangible capital assets	(1,585,320)	(191,288)
Amortization of tangible capital assets	755,522	766,677
Prepaid expenses	35,679	(17,449)
Net change in net financial debt	875,613	783,195
Net debt, beginning of year, as previously stated	(2,625,675)	(3,585,946)
Prior period adjustment (Note 2)	-	177,076
Net debt, beginning of year, restated	(2,625,675)	(3,408,870)
Net debt, end of year	\$ (1,750,062)	\$ (2,625,675)

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	2018	2017
		Restated (Note 2)
Cash flows from operating activities		
Annual surplus	\$ 1,669,732	\$ 225,255
Item not involving cash:		
Amortization	755,522	766,677
	<u>2,425,254</u>	<u>991,932</u>
Increase (decrease) in non-cash working capital items:		
Accounts receivable	478,352	(636,246)
Due from government	89,452	(996,093)
Prepaid expenses	35,679	(17,449)
Accounts payable and accrued liabilities	37,659	642,366
Due to government	19,656	(40,507)
Deferred revenue	(1,001,816)	1,259,049
Other loans	(15,200)	52,250
	<u>2,069,036</u>	<u>1,255,302</u>
Cash used in financing activities		
Repayment of long term debt	(294,470)	(376,251)
Cash used in capital activities		
Purchase of tangible capital assets	(1,585,320)	(191,288)
Cash used in investment activities		
Increase in trust assets	(2,531)	(2,171)
Increase in portfolio investments	-	(3,343)
	<u>(2,531)</u>	<u>(5,514)</u>
Net increase in cash during the year	<u>186,715</u>	<u>682,249</u>
Cash, beginning of year	<u>984,598</u>	<u>302,349</u>
Cash, end of year	<u>\$ 1,171,313</u>	<u>\$ 984,598</u>

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

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies

Basis of Accounting	These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
Reporting Entity	The Aroland First Nation reporting entity includes the Aroland First Nation government and all related entities that are controlled by the First Nation.
Basis of Consolidation	<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> <p>Organizations consolidated in Aroland First Nation's financial statements include:</p> <ul style="list-style-type: none"> • 1648973 Ontario Inc. (inactive) • 1670719 Ontario Inc. (inactive) • 1796651 Ontario Inc. (inactive) • Aroland Education Authority (inactive) • Aroland Industrial LP (inactive)

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

1. Significant Accounting Policies (cont'd)

Portfolio Investments	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.														
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 operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.														
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and term deposits having a maturity of three months or less, and bank overdrafts.														
Tangible Capital Assets	<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, roads 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, roads 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, roads and fire protection	- 4%														
Sewer system equipment	- 4%														
Small tools	- 100%														

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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, 2018

2. Prior Period Adjustment

Prior period adjustments as outlined in the table below have been made and comparative amounts have been restated to correct an understatement of assets, revenue and accumulated surplus. The adjustments are required to recognize portfolio investments and a government organization not previously identified. The restatement resulted in the following changes to the March 31, 2017 comparative amounts presented in the consolidated financial statements:

	2017 as Previously Reported	Increase (Decrease)	2017 as Restated
Cash	\$ 964,015	\$ 20,583	\$ 984,598
Portfolio investments	\$ 10	\$ 159,826	\$ 159,836
Investment income	\$ -	\$ 12,333	\$ 12,333
Other revenue	\$ 2,239,198	\$ (9,000)	\$ 2,230,198
Accumulated surplus, beginning of year	\$11,584,651	\$ 177,076	\$11,761,727
Net debt, beginning of year	\$ 3,585,946	\$ (177,076)	\$ 3,408,870

3. Cash

	2018	2017
		Restated (Note 2)
Petty cash	\$ 1,008	\$ 1,008
General (Co-Manager)	461,744	589,061
General (First Nation)	(67,322)	38,238
Tikinagan	11,423	9,161
Rent Servicing	9	9
Health Authority	267,013	137,442
Recreation	533	641
Ontario Works	73,792	92,653
Ontario First Nation Limited Partnership	335,860	144
Housing Authority - Main	1,401	16,347
Housing Authority - Operating	34,839	34,899
Housing Authority - Reserve	30,193	43,926
Housing Authority - Staff	409	469
Special Events	8	17
1796651 Ontario Inc.	20,403	20,583
	<u>\$ 1,171,313</u>	<u>\$ 984,598</u>

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

3. Cash (cont'd)

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% (6.95% per annum at year end). At March 31, 2018, the First Nation had utilized \$NIL (2017 - \$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% (8.45% per annum at year end). At March 31, 2018, the balance outstanding is \$50,000 (2017 - \$NIL).

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:

	2018	2017
CMHC replacement reserve	\$ 30,193	\$ 43,926
Unrestricted	1,141,120	940,672
	<u>\$ 1,171,313</u>	<u>\$ 984,598</u>

4. Accounts Receivable

	2018	2017
Due from members:		
Advances	\$ 5,200	\$ 5,200
Other	287,183	251,935
	<u>292,383</u>	<u>257,135</u>
General receivables	669,488	1,026,192
	<u>961,871</u>	<u>1,283,327</u>
Less: allowance for doubtful accounts	(396,536)	(239,640)
	<u>\$ 565,335</u>	<u>\$ 1,043,687</u>

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

5. Due from Government

	2018	2017
Federal government		
Indigenous Services Affairs Canada	\$ 942,781	\$ 1,070,152
Canadian Environmental Assessment Agency	42,800	14,000
Canada Mortgage and Housing Corporation	76,115	110,274
Department of Fisheries and Oceans	6,377	-
Health Canada	4,939	16,986
Receiver General	47,437	-
Provincial government		
Ministry of Community and Social Services	61,649	61,649
Ministry of Indigenous Relations and Reconciliation	9,000	-
Ministry of Infrastructure	24,199	-
Ministry of Natural Resources	2,521	34,988
Ministry of Northern Development and Mines	8,869	18,752
Ontario Trillium Foundation	-	15,000
Ministry of Health and Long-Term Care	25,662	-
	<u>\$ 1,252,349</u>	<u>\$ 1,341,801</u>

6. Trust Funds Held by Federal Government

	March 31, 2017	Additions 2018	Withdrawals 2018	March 31, 2018
Revenue	\$ 107,340	\$ 2,531	\$ -	\$ 109,871
Capital	11,955	-	-	11,955
	<u>\$ 119,295</u>	<u>\$ 2,531</u>	<u>\$ -</u>	<u>\$ 121,826</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*.

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2018

7. Portfolio Investments

	Ownership Percentage	2018	2017
			Restated (Note 2)
Landmark Inn Limited Partnership	11%	\$ 147,000	\$ 147,000
Landmark Inn General Partner Limited	11%	3,000	3,000
Landmark Inn Leasing Corporation	11%	3	3
Ne-Daa-Kii-Me-Naan Inc.	14%	10	10
Agoke Development, LP	33%	3,333	3,333
Loan to Landmark Inn Limited Partnership		6,490	6,490
		<u>\$ 159,836</u>	<u>\$ 159,836</u>

8. Accounts Payable and Accrued Liabilities

	2018	2017
Trade payables and other accrued liabilities	\$ 2,041,783	\$ 2,043,916
Accrued wages and benefits payable	42,632	40,593
Vacation and overtime payable	47,204	9,451
	<u>\$ 2,131,619</u>	<u>\$ 2,093,960</u>

9. Due to Government

	2018	2017
Indigenous Services Canada	\$ 299,897	\$ 244,414
Receiver General	-	25,949
WSIB	-	9,878
	<u>\$ 299,897</u>	<u>\$ 280,241</u>

10. Deferred Revenue

	2018	2017
Indigenous Services Canada	\$ 246,500	\$ 1,269,049
Ministry of Natural Resources	9,833	-
Matawa - Reach Ahead	10,900	-
	<u>\$ 267,233</u>	<u>\$ 1,269,049</u>

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2018

11. Long Term Debt

	2018	2017
Royal Bank of Canada		
Demand term loan repayable at \$3,800 monthly including interest at 3.86%, maturing April 3, 2019, 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.	\$ 134,891	\$ 174,076
Demand term loan	-	123,100
Nishnawbe Aski Development Fund		
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 \$49,317.	3,194	13,338
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 \$49,317.	13,276	55,433
Canada Mortgage and Housing Corporation		
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 Services Canada and a first mortgage on 7-housing units with a net book value of \$1,032,011.	907,639	943,429
Housing Loan #2, repayable at \$5,898 monthly including interest at 1.98%, maturing May 1, 2039, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on 8-housing units with a net book value of \$1,253,960.	1,225,922	1,270,016
Balance forward	\$ 2,284,922	\$ 2,579,392

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2018

11. Long Term Debt (cont'd)

	2018	2017
Balance forward	\$ 2,284,922	\$ 2,579,392
Less current portion	237,000	432,000
	<u>\$ 2,047,922</u>	<u>\$ 2,147,392</u>

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

Year	Amount
2019	237,000
2020	87,000
2021	88,000
2022	90,000
2023	92,000
Thereafter	<u>1,690,922</u>
	<u>\$ 2,284,922</u>

Aroland First Nation

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

12. Tangible Capital Assets

	Cost			Accumulated Amortization			2018		2017	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Adjustments	Closing Balance	Net Book Value	Net Book Value
Housing	\$ 6,889,365	\$ 100,000	\$ -	\$ 6,989,365	\$ 3,811,419	\$ 127,118	\$ -	\$ 3,938,537	\$ 3,050,828	\$ 3,077,946
CMHC Housing	2,784,382	-	-	2,784,382	403,162	95,249	-	498,411	2,285,971	2,381,220
Four-Plex building	300,737	-	-	300,737	139,506	6,449	-	145,955	154,782	161,231
Water systems	1,356,100	-	-	1,356,100	741,903	24,568	-	766,471	589,629	614,197
Water system equipment	3,657	-	-	3,657	3,416	48	-	3,464	193	241
Sewer system	1,577,064	-	-	1,577,064	947,976	25,163	-	973,139	603,925	629,088
Roads	537,504	-	-	537,504	317,511	8,800	-	326,311	211,193	219,993
Works garage	289,196	-	-	289,196	173,836	4,615	-	178,451	110,745	115,360
Office equipment	76,487	-	-	76,487	70,522	1,193	-	71,715	4,772	5,965
Heavy equipment	556,008	-	-	556,008	512,429	8,716	-	521,145	34,863	43,579
Youth centre	134,126	-	-	134,126	60,506	2,945	-	63,451	70,675	73,620
Furniture and equipment	633,331	48,670	-	682,001	385,860	58,381	-	444,241	237,760	247,471
Computer equipment	105,366	-	-	105,366	103,461	952	-	104,413	953	1,905
Temporary classrooms	944,309	-	-	944,309	425,991	20,732	-	446,723	497,586	518,318
Infrastructure	203,644	-	-	203,644	96,155	4,299	-	100,454	103,190	107,489
Automotive	779,662	92,218	-	871,880	604,589	80,187	-	684,776	187,104	175,073
Housing renovation	608,385	430,000	-	1,038,385	273,841	30,582	-	304,423	733,962	334,544
Administration building	309,055	-	-	309,055	170,660	5,536	-	176,196	132,859	138,395
Tikinagan building	302,136	-	-	302,136	118,943	7,327	-	126,270	175,866	183,193
Rink/storage building	88,736	-	-	88,736	49,091	1,586	-	50,677	38,059	39,645
Buses	380,670	-	-	380,670	305,943	22,418	-	328,361	52,309	74,727
Water system and fire protection upgrade	748,939	-	-	748,939	240,646	20,332	-	260,978	487,961	508,293
School	7,257,413	32,659	-	7,290,072	2,331,928	198,326	-	2,530,254	4,759,818	4,925,485
Construction in progress	-	881,773	-	881,773	-	-	-	-	881,773	-
Balance forward	\$ 26,866,272	\$ 1,585,320	\$ -	\$ 28,451,592	\$ 12,289,294	\$ 755,522	\$ -	\$ 13,044,816	\$ 15,406,776	\$ 14,576,978

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

13. 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.

14. Contingencies

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, 2018

15. Government Transfers

	Operating	Capital	2018 Total	Operating	Capital	2017 Total
Federal						
Indigenous Services Canada	\$ 5,435,776	\$ -	\$ 5,435,776	\$ 3,437,854	\$ -	\$ 3,437,854
Canada Mortgage and Housing Corporation	204,368	-	204,368	203,552	-	203,552
Canadian Environmental Assessment Agency	42,800	-	42,800	14,000	-	14,000
Department of Fisheries and Oceans	56,312	-	56,312	76,812	-	76,812
Health Canada	1,143,096	-	1,143,096	794,827	-	794,827
	<u>6,882,352</u>	<u>-</u>	<u>6,882,352</u>	<u>4,527,045</u>	<u>-</u>	<u>4,527,045</u>
Provincial						
Ministry of Children and Youth Services	24,000	-	24,000	24,000	-	24,000
Ministry of Community and Social Services	1,141,530	-	1,141,530	1,402,718	-	1,402,718
Ministry of Health and Long- Term Care	116,889	-	116,889	-	-	-
Ministry of Indigenous Relations and Reconciliation	87,373	-	87,373	90,000	-	90,000
Ministry of Natural Resources and Forestry	93,725	-	93,725	93,916	-	93,916
Ministry of Northern Development and Mines	90,872	-	90,872	93,758	-	93,758
Other	-	24,199	24,199	-	150,000	150,000
	<u>1,554,389</u>	<u>24,199</u>	<u>1,578,588</u>	<u>1,704,392</u>	<u>150,000</u>	<u>1,854,392</u>
	<u>\$ 8,436,741</u>	<u>\$ 24,199</u>	<u>\$ 8,460,940</u>	<u>\$ 6,231,437</u>	<u>\$ 150,000</u>	<u>\$ 6,381,437</u>

Indigenous Services Canada funding is net of current year calculated repayable amounts of \$108,509 due to unspent funding.

16. 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 \$36,336 during the year (2017 - \$52,205).

Aroland First Nation Notes to Consolidated Financial Statements

March 31, 2018

17. 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.

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

March 31, 2018

17. 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	2018 Total
Revenue								
Federal government transfers	\$ 502,387	\$ 164,400	\$ 1,177,301	\$ 2,410,801	\$ 67,750	\$ 2,452,351	\$ 107,362	\$ 6,882,352
Provincial government transfers	-	1,141,530	116,889	-	178,245	24,199	117,725	1,578,588
Miscellaneous	857,266	-	412,346	4,100	499,200	1,753	106,900	1,881,565
Rental	3,000	-	-	-	-	198,330	-	201,330
Investment income	9,000	-	-	-	-	-	-	-
	<u>1,371,653</u>	<u>1,305,930</u>	<u>1,706,536</u>	<u>2,414,901</u>	<u>745,195</u>	<u>2,676,633</u>	<u>331,987</u>	<u>10,552,835</u>
Expenses								
Advertising	635	-	5,202	5,876	-	-	-	11,713
Amortization	118,973	-	2,562	22,418	2,945	600,498	8,126	755,522
Bad debt expense (recovery)	130,147	-	-	-	-	-	-	130,147
Bank charges and interest	12,613	1,973	1,135	(97,987)	-	521	-	(81,745)
Contract services	96,166	116,868	286,683	300,467	116,592	147,740	41,937	1,106,453
Donations	118,282	-	5,723	-	-	-	-	124,005
Dues, fees and licenses	20,640	9,851	2,152	5,014	10	-	-	37,667
Equipment	-	-	-	-	-	1,163	-	1,163
Freight	800	-	1,993	-	-	-	-	2,793
Fuel and oil	24,262	(2,530)	45,761	14,260	-	19,623	1,717	103,093
Honoraria	73,300	-	23,630	8,400	71,050	14,500	26,450	217,330
Insurance	4,675	-	10,701	15,161	-	66,809	-	97,346
Interest on long term debt	1,054	-	-	4,671	-	50,450	-	56,175
Materials and supplies	93,635	20,844	300,970	61,339	31,054	124,129	14,545	646,516
Miscellaneous	630	-	310	-	-	-	-	940
Office	622	16,349	-	6,066	-	-	-	23,037
Professional fees	276,544	-	-	1,523	33,666	-	-	311,733
Program fees	124,352	-	4,672	-	-	-	-	129,024
Rent	544	-	3,530	-	-	-	-	4,074
Repairs and maintenance	4,840	-	15,849	44,429	450	58,361	-	123,929
Social assistance	-	890,995	-	-	-	-	-	890,995
Telephone and utilities	25,710	804	27,950	-	3,863	121,074	908	180,309
Training	-	-	2,298	13,581	8,238	3,107	-	27,224
Travel	46,695	52,273	83,499	12,971	92,278	3,362	54,845	345,923
Tuition	-	-	-	613,491	-	-	-	613,491
Wages and benefits	362,041	215,431	575,245	992,171	368,710	367,047	143,601	3,024,246
	<u>1,537,160</u>	<u>1,322,858</u>	<u>1,399,865</u>	<u>2,023,851</u>	<u>728,856</u>	<u>1,578,384</u>	<u>292,129</u>	<u>8,883,103</u>
Surplus (deficit) for the year	\$ (165,507)	\$ (16,928)	\$ 306,671	\$ 391,050	\$ 16,339	\$ 1,098,249	\$ 39,858	\$ 1,669,732

Aroland First Nation

Notes to Consolidated Financial Statements

March 31, 2018

17. 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	2017 Total Restated (Note 2)
Revenue								
Federal government transfers	\$ 331,538	\$ 212,616	\$ 794,827	\$ 2,022,643	\$ 43,000	\$ 1,012,859	\$ 109,562	\$ 4,527,045
Provincial government transfers	-	1,402,718	-	-	183,758	150,000	117,916	1,854,392
Other	1,074,821	-	231,380	-	525,667	25,000	373,330	2,230,198
Rental	-	-	-	-	-	237,687	-	237,687
Income from investments	12,333	-	-	-	-	-	-	12,333
	1,418,692	1,615,334	1,026,207	2,022,643	752,425	1,425,546	600,808	8,861,655
Expenses								
Advertising	6,167	-	-	3,347	-	-	-	9,514
Amortization	115,554	-	-	32,026	3,068	605,868	10,158	766,674
Bad debt expense	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
	192,473	(74,117)	67,666	(59,853)	11,538	(41,672)	129,220	225,255
Surplus (deficit) for the year								