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LITTLE SASKATCHEWAN FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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# LITTLE SASKATCHEWAN FIRST NATION

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MARCH 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Little Saskatchewan First Nation are the responsibility of management and have been approved by 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 Chartered Professional Accountants of Canada, 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.

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

Chief and 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 auditors' report.

The external auditors, Collins Barrow HMA 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 Little Saskatchewan First Nation and meet when required.

  
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Chief

  
\_\_\_\_\_  
Councillor

  
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Councillor

  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor



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## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Little Saskatchewan First Nation

We have audited the accompanying consolidated financial statements of Little Saskatchewan First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets 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.

### Auditors' 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 consolidated financial statements are free of 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 auditors' 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 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.

### Basis for Qualified Opinion

#### Tangible Capital Assets

We have been unable to satisfy ourselves over the existence, completeness, and valuation of tangible capital assets as well as the accuracy of the amounts recorded in accumulated amortization. Management has not determined the cost and accumulated amortization of all assets controlled and owned by the First Nation. As a result, we were unable to determine whether material adjustments were required to tangible capital assets, amortization expense, and accumulated surplus.

*(continued)*

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Little Saskatchewan First Nation as at March 31, 2017 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Collins Barrow HMA LLP*  
Chartered Professional Accountants

Winnipeg, Manitoba  
August 3, 2017

**LITTLE SASKATCHEWAN FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

MARCH 31

2017

2016

**FINANCIAL ASSETS**

Cash (Note 3)	\$ 2,000,313	\$ 6,360,416
Restricted cash (Note 4)	59,353	58,914
Accounts receivable (Note 5)	1,122,419	1,306,513
Investments (Note 6)	<u>5,200,000</u>	<u>—</u>
	<u>8,382,085</u>	<u>7,725,843</u>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 7)	712,571	1,899,020
Deferred revenue (Note 8)	1,787,566	
Due to federal government agencies (Note 9)	379,165	536,669
Long-term debt (Note 10)	<u>1,083,577</u>	<u>1,178,967</u>
	<u>3,982,879</u>	<u>3,414,656</u>
NET FINANCIAL ASSETS	<u>4,419,206</u>	<u>4,311,187</u>

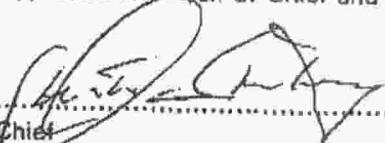
**NON-FINANCIAL ASSETS**

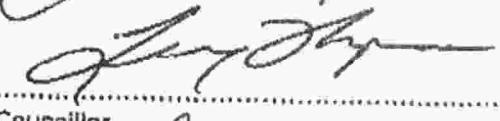
Tangible capital assets (Note 11)	5,180,262	5,456,324
Construction in progress (Note 12)	9,527,916	4,500,000
Prepaid expenses	<u>24,157</u>	<u>19,875</u>
	<u>14,732,335</u>	<u>9,976,199</u>

ACCUMULATED SURPLUS (Note 13)	\$ 19,151,541	\$ 14,287,386
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CONTINGENT LIABILITIES (Note 14)

Approved on behalf of Chief and Council

  
 Chief

  
 Councillor

  
 Councillor

  
 Councillor

  
 Councillor

# LITTLE SASKATCHEWAN FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2017	2016
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada ( <i>Note 15</i> )	\$ 10,849,942	\$ 10,974,250	\$ 13,862,457
Indigenous and Northern Affairs Canada - funding recoveries		(160,165)	
First Nations and Inuit Health Branch	916,958	1,119,859	939,044
Employment and Social Development Canada		376,922	299,143
Canada Mortgage and Housing Corporation	133,000	363,054	68,008
Province of Manitoba - flood assistance	300,309	908,330	379,923
Province of Manitoba - tobacco tax rebate	75,000	41,055	90,444
Other	401,650	1,522,655	1,196,268
Deferred to following year	-	(1,787,566)	-
	<u>12,676,859</u>	<u>13,358,394</u>	<u>16,835,287</u>
<b>SEGMENT EXPENDITURES</b>			
Economic development	516,352	514,791	355,165
Education authority	1,972,649	1,603,130	1,357,329
Employment, training and daycare		376,922	274,207
Governance and administration	662,336	1,057,568	957,130
Health authority	947,361	930,511	1,030,592
Housing authority	208,000	201,647	284,228
Public works	947,300	1,413,831	6,166,263
Smoke shop		289,936	196,078
Social services	1,371,484	1,446,262	1,601,845
Video lotto	-	659,641	460,629
	<u>6,625,482</u>	<u>8,494,239</u>	<u>12,683,466</u>
<b>ANNUAL SURPLUS</b>	<b>6,051,377</b>	<b>4,864,155</b>	<b>4,151,821</b>
<b>ACCUMULATED SURPLUS, <i>beginning of year</i></b>	<b><u>14,287,386</u></b>	<b><u>14,287,386</u></b>	<b><u>10,135,565</u></b>
<b>ACCUMULATED SURPLUS, <i>end of year</i></b>	<b>\$ <u>20,338,763</u></b>	<b>\$ <u>19,151,541</u></b>	<b>\$ <u>14,287,386</u></b>

# LITTLE SASKATCHEWAN FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2017	2016
Annual surplus (deficit)	\$ 6,051,377	\$ 4,864,155	\$ 4,151,821
Acquisition of tangible capital assets		( 117,721)	( 37,714)
Amortization of tangible capital assets		393,783	437,663
Acquisition of construction in progress	( 5,680,137)	( 5,027,916)	( 4,500,000)
	( 5,680,137)	( 4,751,854)	( 4,100,051)
Acquisition of prepaid expenses		( 24,157)	( 19,874)
Use of prepaid expenses	-	19,875	13,749
	-	( 4,282)	( 6,125)
INCREASE IN NET FINANCIAL ASSETS FOR YEAR	371,240	108,019	45,645
NET FINANCIAL ASSETS, <i>beginning of year</i>	4,311,187	4,311,187	4,265,542
NET FINANCIAL ASSETS, <i>end of year</i>	\$ 4,682,427	\$ 4,419,206	\$ 4,311,187

# LITTLE SASKATCHEWAN FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources		
Cash paid to suppliers and employees	\$ 15,172,550	\$ 16,445,208
	<u>( 9,091,187)</u>	<u>( 11,529,010)</u>
	<u>6,081,363</u>	<u>4,916,198</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets	( 117,721)	( 37,714)
Acquisition of construction in progress	<u>( 5,027,916)</u>	<u>( 4,500,000)</u>
	<u>( 5,145,637)</u>	<u>( 4,537,714)</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of guaranteed investment certificates	<u>( 5,200,000)</u>	- - -
<i>FINANCING ACTIVITY</i>		
Repayment of long term debt	<u>( 95,390)</u>	<u>( 121,730)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR		
CASH, <i>beginning of year</i>	<u>6,419,330</u>	<u>6,162,576</u>
CASH, <i>end of year</i>	<u>\$ 2,059,666</u>	<u>\$ 6,419,330</u>

Cash consists of the following:

Cash	\$ 2,000,313	\$ 6,360,416
Restricted cash	<u>59,353</u>	<u>58,914</u>
	<u>\$ 2,059,666</u>	<u>\$ 6,419,330</u>

# LITTLE SASKATCHEWAN FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

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### 1. NATURE OF OPERATIONS

The Little Saskatchewan First Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its community members. The financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompasses the following policies.

Sources of revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

#### *REPORTING ENTITY*

These consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

These consolidated financial statements combine the assets, liabilities, revenue and expenditures of the following entities and departments:

- Little Saskatchewan First Nation Band Administration
- Little Saskatchewan First Nation Education Authority
- Little Saskatchewan Health Authority
- Little Saskatchewan First Nation Housing Authority
- Little Saskatchewan First Nation Video Lotto
- Little Saskatchewan Employment, Training and Day Care
- Little Saskatchewan Smoke Shop

#### *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, construction in progress and prepaid expenses.

#### *RESTRICTED CASH*

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *NET FINANCIAL ASSETS*

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are determined by its financial assets less liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

#### *NON-FINANCIAL ASSETS*

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

##### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets include acquired, built, developed and improved assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services.

Tangible capital assets acquired are reported at net book value.

Houses acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the corresponding mortgage. Amortization of all other tangible capital asset categories is provided for on a straight-line basis, over the expected useful life of the asset as follows:

Buildings	25 years
Housing	25 years
Vehicles	5 years
Computers and furniture	5 years
Equipment	5 years

Amortization is computed at one-half of the annual rate in the year of tangible capital asset acquisition.

#### *CONSTRUCTION IN PROGRESS*

Assets under construction are not amortized until the asset is available to be put into service.

#### *LONG-LIVED ASSETS*

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the consolidated statement of operations and accumulated surplus for the year in which the asset becomes impaired.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *REVENUE RECOGNITION*

Revenue is recognized in the year in which the transactions or events occurred that gave rise to the revenue. All revenue is 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 transfer revenue which includes Indigenous and Northern Affairs Canada, First Nations and Inuit Health Branch, Employment and Social Development Canada and Canada Mortgage and Housing Corporation is recognized as the revenue becomes receivable under the terms of applicable funding agreements. Revenue received under funding agreements that relate to subsequent fiscal periods is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt and is recognized as revenue in the year to which it was designated. Revenue that is restricted for particular purposes is deferred and recognized when the eligible expenditures have been incurred.

The First Nation recognizes video lottery terminal revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to the Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present gaming revenue (net of commissions), as these amounts are fixed as per their agreement with the Manitoba Liquor and Lotteries Corporation.

Sales are recognized when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

Rents are recorded in the year they are earned.

Tobacco and fuel tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

Interest revenue is recognized on an accrual basis in the period that it is earned.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

#### *EMPLOYEE FUTURE BENEFITS*

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

#### *SEGMENTS*

The First Nation conducts its business through ten reportable segments as identified in Note 18. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

#### *FINANCIAL INSTRUMENTS*

Financial instruments include cash, restricted cash, accounts receivable, investments, accounts payable and accrued liabilities, deferred revenue, due to federal government agencies and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments and the carrying values of the First Nation's financial assets and liabilities approximates their fair values.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *FAIR VALUE*

Due to the short term nature of all financial instruments other than investments in guaranteed investment certificates and long term debt, the carrying values as presented in the consolidated financial statements are reasonable estimates of fair values. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the year in which it becomes known. For investments in guaranteed investment certificates and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

#### *USE OF ESTIMATES*

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

#### *PROVISION FOR SITE REHABILITATION*

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site, ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2017 as funding from agencies will offset any cost associated with the closure of landfill sites.

### 3. CASH

Cash consists of the following:

	2 0 1 7	2 0 1 6
Little Saskatchewan First Nation	\$ 1,945,804	\$ 6,347,416
Little Saskatchewan First Nation Smoke Shop	11,373	4,758
Little Saskatchewan First Nation Video Lotto	<u>43,136</u>	<u>8,242</u>
	<u><u>\$ 2,000,313</u></u>	<u><u>\$ 6,360,416</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 4. RESTRICTED CASH

## CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$23,445. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2017, there was an accumulated balance of \$235,162 (March 31, 2016 - \$211,717) for this reserve, \$53,474 (March 31, 2016 - \$53,474) in the replacement reserve bank account and \$181,688 (March 31, 2016 - \$158,243) remains unfunded and due from operating.

## Ottawa Trust Fund

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. Capital trust monies are derived from non-renewable resource transactions on the sale of lands of other First Nation tangible capital assets. Capital trust monies are expended on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended under the provisions of Sections 63 to 69 of the Indian Act.

	2 0 1 7	2 0 1 6
CMHC Replacement Reserve	\$ 53,474	\$ 53,474
Ottawa Trust Fund	<u>5,879</u>	<u>5,440</u>
	<u><b>\$ 59,353</b></u>	<u><b>\$ 58,914</b></u>

## 5. ACCOUNTS RECEIVABLE

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada		
Band support funding - third party manager	\$ 35,927	\$ 35,391
Band support funding	9,000	
Capital planning and project infrastructure		1,050,001
Community buildings	225,000	
Community economic development	5,133	
Planning design and construction	110	
Replacement housing project	520,000	
Response	38,136	
Special purpose allotment	679	679
Tuition agreements	39,185	14,106
Tuition - extra	3,763	3,494
Province of Manitoba	172,422	186,882
First Nations and Inuit Health Branch	54,086	
Goods and services tax		1,986
Trade and other	<u>18,978</u>	<u>13,974</u>
	<u><b>\$ 1,122,419</b></u>	<u><b>\$ 1,306,513</b></u>

# LITTLE SASKATCHEWAN FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 6. INVESTMENTS

	2 0 1 7	2 0 1 6
Guaranteed investment certificate, First Nations Bank of Canada, matures July 29, 2017	\$ 2,600,000	\$
Guaranteed investment certificate, First Nations Bank of Canada, matures January 29, 2018	<u>2,600,000</u>	-
	<u>\$ 5,200,000</u>	\$ <u>-</u>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
Accrued interest	\$ 681	\$ 1,177
Due to First Peoples Development Inc.	44,056	44,056
Payroll liabilities	27,071	40,577
Trade payables	<u>640,763</u>	<u>1,613,210</u>
	<u>\$ 712,571</u>	<u>\$ 1,699,020</u>

### 8. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada		
Band support funding - third party manager	\$ 35,927	\$
Band support funding	9,000	
Capacity development	26,844	
Community buildings	225,000	
Flood negotiations	10,169	
Planning design and construction	110	
Replacement housing	967,221	
Response	1,266	
First Nations and Inuit Health Branch	235,500	
Province of Manitoba	<u>276,529</u>	-
	<u>\$ 1,787,566</u>	<u>\$ -</u>

### 9. DUE TO FEDERAL GOVERNMENT AGENCIES

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada		
Flood protection	\$ 91,893	
Other funding	65,611	
Social services	<u>379,165</u>	<u>379,165</u>
	<u>\$ 379,165</u>	<u>\$ 536,669</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 10. LONG TERM DEBT

2017

2016

Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$2,519 including interest at the rate of 4.79% per annum, renews April 1, 2021, matures October 1, 2023.

\$ 170,667 \$ 192,111

Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$3,512 including interest at the rate of 1.53% per annum, renews December 1, 2017, matures September 1, 2027.

408,639 444,269

Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$2,073 including interest at the rate of 1.62% per annum, renews March 1, 2018, matures March 1, 2028.

250,577 271,236

Canada Mortgage and Housing Corporation, mortgage repayable in monthly installments of \$1,871 including interest at the rate of 1.83% per annum, renews December 1, 2019, matures November 1, 2029.

253,694 271,351

\$ 1,083,577 \$ 1,178,967

All mortgages are secured by a ministerial guarantee from the Minister of Indigenous and Northern Affairs Canada and an assignment of fire insurance and are insured by CMHC.

The scheduled principal payments within the next five years to meet retirement provisions are estimated to be as follows:

2018	\$ 97,697
2019	100,025
2020	102,425
2021	104,902
2022	107,459
Thereafter	<u>571,069</u>
	<u>\$ 1,083,577</u>

# LITTLE SASKATCHEWAN FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2017**

### 11. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals,	Write-offs & Adjustments	Opening Balance	Amortization	Disposals,	Write-offs & Adjustments	Total	Total
Land	\$ 1,439,333	\$	\$	\$ 1,439,333	\$	\$	\$	\$	\$ 1,439,333	\$ 1,439,333
Buildings	5,651,990			5,651,990	3,531,028	226,080			1,894,882	2,120,962
Housing	4,644,981			4,644,981	2,829,628	109,730			1,705,623	1,815,353
Vehicles	390,148	82,721		472,869	390,148	8,272			398,420	74,449
Computers	165,386			165,386	165,386				165,386	
Equipment	345,834	35,000	-	380,834	265,158	49,701	-	314,859	65,975	80,676
	<u>\$ 12,637,672</u>	<u>\$ 117,721</u>	<u>\$ -</u>	<u>\$ 12,755,393</u>	<u>\$ 7,181,348</u>	<u>\$ 393,783</u>	<u>\$ -</u>	<u>\$ 7,575,131</u>	<u>\$ 5,180,262</u>	<u>\$ 5,456,324</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 12. CONSTRUCTION IN PROGRESS

	2 0 1 7	2 0 1 6
New and replacement community housing project	\$ 8,136,918	\$ 4,500,000
Water and sewage truck garage	<u>1,390,998</u>	-
	<u><b>\$ 9,527,916</b></u>	<u><b>\$ 4,500,000</b></u>

The costs of construction in progress for these two projects will be transferred to tangible capital assets upon completion and subsequently amortized accordingly.

## 13. ACCUMULATED SURPLUS

	2 0 1 7	2 0 1 6
Accumulated surplus consists of the following:		
Accumulated surplus from operations	\$ 5,285,899	\$ 5,292,872
Equity in tangible capital assets and construction in progress	<u>13,624,601</u>	8,777,357
Equity in funds held in trust	<u>5,879</u>	5,440
Replacement reserve	<u>235,162</u>	<u>211,717</u>
	<u><b>\$ 19,151,541</b></u>	<u><b>\$ 14,287,386</b></u>

## 14. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenditures to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements. At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2017 might be recovered.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

## 15. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 7	2 0 1 6
Agreement: #1617-MB-000042	\$ 10,949,929	\$ 14,303,699
Plus: Accounts receivable for prior years		
Instructional services (2014-2015)	( 178,872)	
Negotiations - flood (2014)	( 174,643)	
Tuition above agreement	24,321	3,494
Education - special allotment (2015-2016)	679	
Less: Funding received from prior years		
Other protection funding (2011, 2005/2006)	- ( 91,900)	
Total INAC revenue per financial statements	<u><b>\$ 10,974,250</b></u>	<u><b>\$ 13,862,457</b></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 16. ECONOMIC DEPENDENCE

Little Saskatchewan First Nation receives the majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations and Inuit Health Branch (FNIHB) pursuant to funding arrangements with the Government of Canada. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

### 17. RELATED PARTY TRANSACTIONS

In the normal course of business the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and related parties, aggregate revenue and expenditures derived from related parties is not determinable.

### 18. 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:

**Economic Development** - benefits include better access to more and larger businesses and business opportunities both within and beyond the community and a better economic environment.

**Education Authority** - activities include overseeing many aspects of educational opportunities for community members at all levels of learning both within the community and externally.

**Employment, Training and Daycare** - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

**Governance and Administration** - includes the governance and administration function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

**Health Authority** - activities include the delivery of programs to promote community health and to address environmental issues and non-insured health benefits.

**Housing Authority** - activities include the development and sustainment of residential housing opportunities for community members.

**Public Works** - activities include the maintenance of the community and its infrastructure.

**Smoke Shop** - includes activities related to tobacco product sales which are not funded by either Indigenous and Northern Affairs Canada or First Nations and Inuit Health Branch.

**Social Services** - activities include satisfying the economic, social, or health related needs of community members who require assistance.

**Video Lotto** - activities include providing a form of gaming entertainment for community members which generates revenue for the discretionary needs of community members.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 19. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

### 20. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Little Saskatchewan First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

### 21. EXPENSES BY OBJECT

	2 0 1 7	2 0 1 6
Administration	\$ 231,747	\$ 240,624
Amortization	393,783	437,663
Bank charges and interest	17,043	14,797
Contracts and fees	110,468	112,010
Cost of sales - Smoke Shop	282,794	188,875
Cultural and community events	33,890	35,647
Employment and training - Child Care	197,110	128,793
Employment and training - Consolidated Revenue Fund	45,668	37,947
Employment and training - Employment Insurance	134,144	107,467
Flood costs	403,537	349,760
Insurance	82,158	116,177
Material and supplies	376,808	351,673
MLLC administration fees	119,006	79,477
Mortgage interest	24,962	30,210
New community access road		4,881,975
Other	358,930	254,800
Professional fees	315,325	345,226
Rental	2,793	5,156
Repairs and maintenance	394,184	326,339
Salaries, wages and benefits	2,408,967	2,203,930
Social assistance	1,228,901	1,297,467
Staff development	111,188	95,014
Student support	404,472	378,085
Telephone	27,979	35,433
Travel	498,974	349,853
Utilities	<u>289,408</u>	<u>279,068</u>
	<u>\$ 8,494,239</u>	<u>\$ 12,683,466</u>

# LITTLE SASKATCHEWAN FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 22. SEGMENT DISCLOSURE

Little Saskatchewan First Nation provides a range of services to its community members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenditures 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 Basis of Presentation and Summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	Governance and Administration		Education		Social Services		Economic Development		Public Works	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>										
Federal Government										
INAC	\$ 714,837	\$ 489,243	\$ 1,654,002	\$ 1,433,738	\$ 1,324,748	\$ 1,584,844	\$ 246,362	\$ 392,090	\$ 7,034,301	\$ 9,962,542
FNIHB							238,050		27,176	
CMHC										
ESDC	—	—	—	—	—	—	—	—	—	—
Subtotal	714,837	489,243	1,654,002	1,433,738	1,324,748	1,584,844	484,412	392,090	7,061,477	9,962,542
INAC funding recoveries	(39,039)		(9,601)		(56,451)		(55,074)			
Deferred to following year	(71,770)								(1,480,296)	
Other	333,646	279,024	—	—	—	26,000	—	—	908,330	432,686
<b>Total revenue</b>	<b>937,674</b>	<b>768,267</b>	<b>1,644,401</b>	<b>1,433,738</b>	<b>1,268,297</b>	<b>1,610,844</b>	<b>429,338</b>	<b>392,090</b>	<b>6,489,511</b>	<b>10,395,228</b>
<b>Expenditures:</b>										
Amortization	252,536	283,603					1,509	754	14,500	11,000
Mortgage interest										
Other	536,224	561,385	939,758	532,091	1,345,786	1,475,663	444,710	235,515	775,771	5,818,200
Salaries and benefits	268,808	112,142	663,372	825,238	100,476	126,182	68,572	118,896	623,560	337,063
Total expenditures	1,057,568	957,130	1,603,130	1,357,329	1,446,262	1,601,845	514,791	355,165	1,413,831	6,166,263
Transfers to/from other segments	(41,055)	(100,585)	—	—	—	—	—	—	—	—
<b>Annual surplus (deficit)</b>	<b>\$ (160,949)</b>	<b>\$ (289,448)</b>	<b>\$ 41,271</b>	<b>\$ 76,409</b>	<b>\$ (177,965)</b>	<b>\$ 8,999</b>	<b>\$ (85,453)</b>	<b>\$ 36,925</b>	<b>\$ 5,075,680</b>	<b>\$ 4,228,965</b>

# LITTLE SASKATCHEWAN FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 22. SEGMENT DISCLOSURE *(continued)*

	Health Authority		Housing Authority		Video Lotto (VLT)		Employment, Training and Daycare		Smoke Shop	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>										
Federal Government										
INAC	\$ 1,119,859	\$ 939,044								
FNIHB			97,828	68,008						
CMHC										
ESDC	—	—	—	—	—	—	376,922	299,143	—	—
<b>Subtotal</b>	<b>1,119,859</b>	<b>939,044</b>	<b>97,828</b>	<b>68,008</b>	<b>—</b>	<b>—</b>	<b>376,922</b>	<b>299,143</b>	<b>—</b>	<b>—</b>
INAC funding recoveries										
Deferred to following year	(235,500)									
Other	99,181	76,629	125,761	217,187	710,571	435,863	—	—	294,551	199,246
<b>Total revenue</b>	<b>983,540</b>	<b>1,015,673</b>	<b>223,589</b>	<b>285,195</b>	<b>710,571</b>	<b>435,863</b>	<b>376,922</b>	<b>299,143</b>	<b>294,551</b>	<b>199,246</b>
<b>Expenditures:</b>										
Amortization	29,848	21,576	95,390	120,730						
Mortgage interest			24,962	30,210						
Other	464,777	537,722	81,295	133,288	411,348	247,514	376,922	274,207	289,936	196,078
Salaries and benefits	435,886	471,294	—	—	248,293	213,115	—	—	—	—
<b>Total expenditures</b>	<b>930,511</b>	<b>1,030,592</b>	<b>201,647</b>	<b>284,228</b>	<b>659,641</b>	<b>460,629</b>	<b>376,922</b>	<b>274,207</b>	<b>289,936</b>	<b>196,078</b>
Transfers to/from other programs	—	—	41,055	100,585	—	—	—	—	—	—
<b>Annual surplus (deficit)</b>	<b>\$ 53,029</b>	<b>\$( 14,919)</b>	<b>\$ 62,997</b>	<b>\$ 101,552</b>	<b>\$ 50,930</b>	<b>\$( 24,766)</b>	<b>\$ —</b>	<b>\$ 24,936</b>	<b>\$ 4,615</b>	<b>\$ 3,168</b>

# LITTLE SASKATCHEWAN FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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MARCH 31, 2017

### 22. SEGMENT DISCLOSURE *(continued)*

	TOTAL	
	<u>2017</u>	<u>2016</u>
Revenue:		
Federal Government		
INAC	\$ 10,974,250	\$ 13,862,457
FNIHB	1,119,859	939,044
CMHC	363,054	68,008
ESDC	<u>376,922</u>	<u>299,143</u>
Subtotal	12,834,085	15,168,652
INAC funding recoveries	(160,165)	
Deferred to following year	(1,787,566)	
Other	<u>2,472,040</u>	<u>1,666,635</u>
Total revenue	<u>13,358,394</u>	<u>16,835,287</u>
Expenditures:		
Amortization	393,783	437,663
Mortgage interest	24,962	30,210
Other	5,666,527	10,011,663
Salaries and benefits	<u>2,408,967</u>	<u>2,203,930</u>
Total expenditures	<u>8,494,239</u>	<u>12,683,466</u>
Transfers to/from other programs	-	-
Annual surplus (deficit)	\$ <u>4,864,155</u>	\$ <u>4,151,821</u>