

---

YORK FACTORY FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018

---

DEC 21 '18 AM 8:10

# YORK FACTORY FIRST NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

---

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS .....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS .....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of York Factory 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 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.

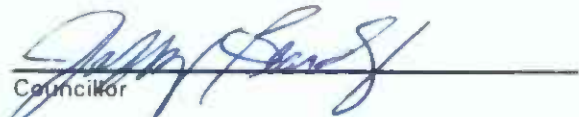
Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review 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 York Factory First Nation and meet when required.

  
Chief

  
Councillor

  
Councillor

  
Councillor

\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor

## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
York Factory First Nation

We have audited the accompanying consolidated financial statements of York Factory First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### 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 audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of York Factory First Nation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
December 12, 2018

*Collins Barrow HMA LLP*  
Chartered Professional Accountants



# YORK FACTORY FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2018 2017

### FINANCIAL ASSETS

Cash	\$ 4,064,447	\$ 315,488
Restricted cash (Note 2)	497,275	399,287
Short term investments	14,249	14,228
Accounts receivable (Note 3)	1,001,475	949,614
Inventory	8,220	6,136
Investments (Note 4)	<u>450,001</u>	<u>450,002</u>
Total financial assets	<u>6,035,667</u>	<u>2,134,755</u>

### LIABILITIES


Accounts payable and accrued liabilities (Note 5)	5,335,681	5,050,679
Deferred revenue (Note 6)	3,550,564	1,705,537
Long-term debt (Note 7)	4,751,911	2,413,313
Obligations under capital lease (Note 8)	483,932	200,567
Advance on future profits of joint venture (Note 9)	<u>757,156</u>	<u>898,466</u>
Total liabilities	<u>14,879,244</u>	<u>10,268,562</u>
Net debt	<u>( 8,843,577)</u>	<u>( 8,133,807)</u>

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	18,552,042	17,984,708
Construction in progress (Note 11)	1,885,082	1,383,777
Prepaid expenses	<u>53,187</u>	<u>51,186</u>
Total non-financial assets	<u>20,490,311</u>	<u>19,419,671</u>
Accumulated surplus	<u>\$ 11,646,734</u>	<u>\$ 11,285,864</u>

Contingent liabilities (Note 12)

Approved on behalf of Council

Chief  
  
 Councillor

Councillor

Councillor  
  
 Councillor

Councillor

# YORK FACTORY FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
REVENUE			
Indigenous Services Canada	\$ 2,411,578	\$ 6,769,172	\$ 3,861,661
First Nations and Inuit Health	1,463,753	1,404,171	1,097,176
Canada Mortgage and Housing Corporation	203,406	295,195	248,768
Province of Manitoba		290,586	385,388
Manitoba Hydro		2,578,021	2,074,508
Kitche-Waskahigan Trust		727,686	507,817
Apit Seepee Trust		1,004,101	490,084
Keewatin Tribal Council		187,079	156,669
Band generated revenue	3,332,000	6,504,847	5,706,391
Rental and user fees	159,127	442,021	337,961
Other	-	427,383	291,658
	<u>7,569,864</u>	<u>20,630,262</u>	<u>15,158,081</u>
EXPENDITURES			
Governance and administration	1,298,183	2,571,074	2,230,002
Housing	787,375	822,560	779,816
Community services	853,129	1,240,733	1,043,898
Capital and projects	332,500	3,948,650	531,170
Social services	1,073,110	1,052,382	948,962
Child care	298,374	323,087	328,663
Health	849,754	983,245	824,450
Economic development	74,238	138,795	115,144
Education	474,125	811,821	1,747,968
Band entities	627,797	8,377,045	7,577,952
	<u>6,668,585</u>	<u>20,269,392</u>	<u>16,128,025</u>
ANNUAL SURPLUS (DEFICIT)	901,279	360,870	( 969,944)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>11,285,864</u>	<u>11,285,864</u>	<u>12,255,808</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 12,187,143</u>	<u>\$ 11,646,734</u>	<u>\$ 11,285,864</u>

# YORK FACTORY FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 8	2 0 1 7
Annual surplus (deficit)	\$ <u>901,279</u>	\$ <u>360,870</u>	\$ ( <u>969,944</u> )
Acquisition of tangible capital assets		( <u>1,856,018</u> )	( <u>840,828</u> )
Addition in construction in progress		( <u>501,305</u> )	( <u>979,412</u> )
Amortization of tangible capital assets	<u>-</u>	<u>1,288,684</u>	<u>1,211,186</u>
	<u>-</u>	( <u>1,068,639</u> )	( <u>609,054</u> )
Acquisition of prepaid expenses		( <u>53,187</u> )	( <u>51,186</u> )
Use of prepaid assets	<u>-</u>	<u>51,186</u>	<u>-</u>
	<u>-</u>	( <u>2,001</u> )	( <u>51,186</u> )
CHANGE IN NET DEBT FOR YEAR	901,279	( <u>709,770</u> )	( <u>1,630,184</u> )
NET DEBT, <i>beginning of year</i>	( <u>8,133,807</u> )	( <u>8,133,807</u> )	( <u>6,503,623</u> )
NET DEBT, <i>end of year</i>	\$ ( <u>7,232,528</u> )	\$ ( <u>8,843,577</u> )	\$ ( <u>8,133,807</u> )

# YORK FACTORY FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2018	2017
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from I.S.C.	\$ 7,968,199	\$ 4,145,847
Cash received from other sources	12,610,202	11,559,187
Cash paid to suppliers and employees	(16,627,598)	(13,183,192)
	<u>3,950,803</u>	<u>2,521,842</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	( 2,357,323)	( 1,820,240)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	2,560,469	175,228
Repayment of long term debt	( 221,871)	( 229,680)
Repayment of obligations under capital lease	( 85,131)	( 61,978)
	<u>2,253,467</u>	<u>( 116,430)</u>
NET INCREASE IN CASH DURING YEAR	3,846,947	585,172
CASH, <i>beginning of year</i>	<u>714,775</u>	<u>129,603</u>
CASH, <i>end of year</i>	<u>\$ 4,561,722</u>	<u>\$ 714,775</u>
CASH COMPRISED OF		
Cash	\$ 4,064,447	\$ 315,488
Restricted cash	<u>497,275</u>	<u>399,287</u>
	<u>\$ 4,561,722</u>	<u>\$ 714,775</u>



# YORK FACTORY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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 of the Chartered Professional Accountants of Canada.

#### *REPORTING ENTITY*

The York Factory First Nation ("First Nation") reporting entity includes the York Factory First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination;

York Factory First Nation Programs:

- York Factory First Nation Operating Fund
- York Factory First Nation Housing Authority
- York Landing Construction Group LP
- York Factory Keeyask Implementation (formerly York Factory Future Development)
- York Factory Smoke Shop

Incorporated and unincorporated business entities which are owned and controlled by the First Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method. These include:

- Silver Goose Lodge Ltd.
- 5687439 Manitoba Ltd.
- York Factory First Nation Limited Partnership

#### *ASSET CLASSIFICATION*

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

#### *SHORT TERM INVESTMENTS*

Short term investments are recorded at lower of cost and market value.

#### *INVENTORY*

Inventories of goods available for resale are recorded at the lower of cost and net realizable value. Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**INVESTMENTS*

Portfolio investments are recorded at cost, less an allowance to reflect any decline in value. The First Nation's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends.

*NET DEBT*

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

*TANGIBLE CAPITAL ASSETS*

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

Tangible capital assets acquired are stated at cost. Social housing assets acquired under Canada Mortgage and Housing Corporation ("C.M.H.C.") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

Computer equipment	45%
Facilities	1.67% to 10%
Gravity main	2%
Pressurized main	2%
Roads	5%
Sewer systems	3.33% to 5%
Vehicles	10%
Water systems	2.5%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

*SEGMENTS*

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

*REVENUE RECOGNITION*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**FINANCIAL INSTRUMENTS*

Financial instruments include cash, short term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities 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 the financial instruments. Unless otherwise stated, the carrying value of First Nation's financial assets and liabilities approximates their fair value.

*FAIR VALUE*

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying values as presented in the financial statements are reasonable estimates of fair value. 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 period in which it becomes known. For long term investments 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 financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. The First Nation estimates the net book value of tangible capital assets based upon the amortization period and the estimated useful lives of the tangible capital assets. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

## 2. RESTRICTED CASH

*REPLACEMENT RESERVE*

Under the terms of the operating agreements with C.M.H.C., the Replacement Reserve is to be credited with an annual allocation of \$36,640. 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 C.M.H.C. from time to time. The funds in the account may only be used as approved by C.M.H.C. Expenditures are charged to accumulated interest first and then to principal. As at March 31, 2018, the replacement reserve bank account had a balance of \$456,398 (2017 - \$358,964) and was unfunded by \$176,308 (2017 - \$140,978).

*I.S.C. TRUST*

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other band tangible capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation 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 by the bands under the provisions of the Indian Act.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 2. RESTRICTED CASH (continued)

At the end of the year, the restricted cash consisted of the following balances:

	2018	2017
<b>I.S.C. Trust</b>		
BALANCE, beginning of year	\$ 40,323	\$ 37,656
Add: Income earned	<u>554</u>	<u>2,667</u>
BALANCE, end of year	<u>40,877</u>	<u>40,323</u>
<b>C.M.H.C. Replacement Reserve</b>		
BALANCE, beginning of year	358,964	36,047
Add: Deposits	<u>97,434</u>	<u>322,917</u>
BALANCE, end of year	<u>456,398</u>	<u>358,964</u>
<b>TOTAL</b>	<b>\$ <u>497,275</u></b>	<b>\$ <u>399,287</u></b>

## 3. ACCOUNTS RECEIVABLE

	2018	2017
Indigenous Services Canada		
Fisheries & Oceans	\$	\$ 6,000
Transport Canada		6,000
Band Employee Benefits - Administration	500	
Economic Development		6,390
Band Employee Benefits - Administration - Pension Plans	6,256	
Fuel assistance	30,000	30,000
Water Treatment Plant Expansion Project	302,869	
Keewatin Tribal Council	50,737	81,173
Province of Manitoba	5,770	26,652
Sodexo Canada Inc.	102,029	219,688
Trade and other	<u>660,284</u>	<u>658,263</u>
	1,158,445	1,034,166
Less: Allowance for doubtful accounts	( 156,970)	( 84,552)
	<b>\$ <u>1,001,475</u></b>	<b>\$ <u>949,614</u></b>

## 4. INVESTMENTS

	2018	2017
Silver Goose Lodge Ltd.	\$ 1	\$ 1
5687439 Manitoba Ltd.		1
York Factory First Nation Limited Partnership	<u>450,000</u>	<u>450,000</u>
	<b>\$ <u>450,001</u></b>	<b>\$ <u>450,002</u></b>

The above investments are accounted for using the modified equity method and are wholly owned and controlled by the First Nation. Under the modified equity method, the cost of the investments are adjusted for the First Nation's share of the commercial enterprises' income or loss less dividends. 5687439 Manitoba Ltd. and York Factory First Nation Limited Partnership are investment entities for the First Nation's partnership in the Keeyask Hydropower Limited Partnership.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Indigenous Services Canada		
Youth Work Experience	\$ 7,645	\$ 13,645
Enhanced Teachers Salary		2,122
Water - O&M	19,947	19,947
Band Operated School Direct Services	153,017	37,796
Management Action Plan	2,067	672,025
Skills Link	228,184	672,025
Social - Basic Needs	727,773	704,514
Social - Special Needs	51,561	50,364
Social - In-Home Care	73,537	73,537
Special Education	15,490	
Accrued liabilities	2,308,091	590,335
Payroll remittances and deductions	30,114	19,779
Trade and other	<u>1,718,255</u>	<u>3,538,640</u>
	<u>\$ 5,335,681</u>	<u>\$ 6,394,729</u>

## 6. DEFERRED REVENUE

	2018	2017
Indigenous Services Canada		
Band Operated Direct Services	\$	\$ 115,221
Capital - Roads and Bridges		30,570
Housing Governance		63,626
Skills Link Program		97,286
Enhanced Teacher Salaries	4,380	
Summer Work Experience	5,520	
Headstart Building Project	674,999	
School Repair Project	926,901	
Water Treatment Plant Repair Project	99,162	
Planning, Design and Construction - 4 New Houses	391,072	
First Nations and Inuit Health		
Nursing Station Project	518,114	232,339
Jordan's Principle - Respite Care	381,951	
Apit Seepee contribution	456,843	895,200
Manitoba Keewatinowi Okimakanak Inc. - Communities at Risk		74,336
YFFN Community Development Operation	<u>91,622</u>	<u>196,959</u>
	<u>\$ 3,550,564</u>	<u>\$ 1,705,537</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 7. LONG TERM DEBT

	2018	2017
First Nations Bank mortgage, 3.79%, repayable in monthly installments of \$3,456 (P & I), due November 2017, secured by Ministerial Guarantee and assignment of all risks insurance.	\$	\$ 25,155
Canadian Imperial Bank of Commerce loan, 2.79%, repayable in monthly installments of \$3,009 (P & I), due December 31, 2018, secured by Ministerial Guarantee and assignment of all risks insurance.	25,550	58,800
C.M.H.C. mortgage, 1.83%, repayable in monthly installments of \$5,120 (P & I), due December 1, 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	385,352	439,225
C.M.H.C. mortgage, 1.71%, repayable in monthly installments of \$1,005 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	104,017	114,154
C.M.H.C. mortgage, 1.71%, repayable in monthly installments of \$3,624 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	375,187	411,748
C.M.H.C. mortgage, 1.92%, repayable in monthly installments of \$912 (P & I), due April 1, 2019, secured by Ministerial Guarantee and assignment of all risks insurance.	109,964	118,714
C.M.H.C. mortgage, 1.71%, repayable in monthly installments of \$2,293 (P & I), due November 1, 2022, secured by Ministerial Guarantee and assignment of all risks insurance.	349,765	370,941
C.M.H.C. mortgage, 2.02%, repayable in monthly installments of \$2,448 (P & I), due August 1, 2018, secured by Ministerial Guarantee and assignment of all risks insurance.	491,334	510,610
C.M.H.C. mortgage, 1.04%, repayable in monthly installments of \$1,450 (P & I), due October 10, 2020, secured by Ministerial Guarantee and assignment of all risks insurance.	350,272	363,966
Royal Bank of Canada, prime + 2.78%, repayable in quarterly installments of \$177,650 (P & I), due April 1, 2020.	1,702,903	
Sodexo Canada Ltd., repayable in quarterly installments of \$107,196 (P & I), due May 31, 2020.	857,567	-
	<u>\$ 4,751,911</u>	<u>\$ 2,413,313</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

7. LONG TERM DEBT *(continued)*

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

The estimated annual principal payments required in each of the next five years to meet retirement provisions are estimated to be as follows:

March 31, 2019	\$ 1,243,055
2020	1,260,313
2021	591,431
2022	175,586
2023	178,672

## 8. OBLIGATIONS UNDER CAPITAL LEASE

	2018	2017
Mercado Capital Corporation lease, 2.80%, repayable in monthly installments of \$3,745, due on March 31, 2018, secured by a 2013 case 1150K LGP loader.	\$	\$ 44,269
Wilson's Business Solution lease, repayable in quarterly installments of \$1,909, due on May 31, 2020.	13,024	18,710
Wilson's Business Solution lease, repayable in quarterly installments of \$1,044, due on May 31, 2020.	7,124	10,234
Brandt Tractor Ltd. lease, repayable in monthly installments of \$3,402, due on October 17, 2020.	95,288	127,354
Mercado Capital Corporation lease, 2.25%, repayable in monthly installments of \$3,133, due on April 6, 2022.	180,438	
Brandt Tractor Ltd. lease, 7.82%, repayable in monthly installments of \$6,719, due on October 1, 2020.	188,058	
	<u>\$ 483,932</u>	<u>\$ 200,567</u>

The estimated annual principal payments required in each of the next five years to meet retirement provisions are estimated to be as follows:

March 31, 2019	\$ 147,212
2020	155,773
2021	104,492
2022	36,251
2023	37,077

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

---

## 9. ADVANCE ON FUTURE PROFITS OF JOINT VENTURE

The First Nation has entered into a joint venture with Sodexo Canada Inc. and Fox Lake Cree Nation. The First Nation received an advance on future profits from Sodexo Canada Inc. The advance is to be repaid from a portion of the First Nation's future profits earned by the joint venture. Repayment is estimated to be over the next 10 years and carries an interest rate of 3.5% per annum.

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2019	\$ 146,337
2020	151,541
2021	156,931
2022	162,513
2023	139,833



# YORK FACTORY FIRST NATION

PAGE 9

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2018	Total 2017
C.M.H.C. Housing	\$ 6,128,591	\$	\$ 6,128,591	\$ 2,320,356	\$ 235,061	\$ 2,555,417	\$ 3,573,174	\$ 3,808,235
Computer equipment	14,832		14,832	14,832		14,832		
Facilities	23,730,525	1,205,741	24,936,266	14,004,141	474,754	14,478,895	10,457,371	9,726,384
Gravity main	688,328		688,328	358,377	13,767	372,144	316,184	329,951
Land	220,000		220,000				220,000	220,000
Pressurized main	1,480,546		1,480,546	660,811	29,611	690,422	790,124	819,735
Roads	2,434,396		2,434,396	1,619,932	67,726	1,687,658	746,738	814,464
Sewer systems	1,525,437		1,525,437	1,306,860	49,152	1,356,012	169,425	218,577
Vehicles	3,967,524	650,278	4,617,802	2,058,836	381,759	2,440,595	2,177,207	1,908,688
Water systems	785,225		785,225	684,812	10,041	694,853	90,372	100,413
Equipments	62,629	-	62,629	24,368	26,814	51,182	11,447	38,261
	<u>\$ 41,038,033</u>	<u>\$ 1,856,019</u>	<u>\$ 42,894,052</u>	<u>\$ 23,053,325</u>	<u>\$ 1,288,685</u>	<u>\$ 24,342,010</u>	<u>\$ 18,552,042</u>	<u>\$ 17,984,708</u>

### 11. CONSTRUCTION IN PROGRESS

	2018	2017
Church Project	\$	\$ 1,023,777
Motel	997,941	
Housing Project - 4 units	387,131	360,000
Water Treatment Plant Expansion Project	500,010	-
	<u>\$ 1,885,082</u>	<u>\$ 1,383,777</u>

The costs for the above project will be recorded as tangible capital assets and amortized accordingly upon completion.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 12. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses 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 agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. If any amounts become repayable, they will be accounted for in the year of determination.

## 13. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2018	2017
Agreement:	\$ 8,259,434	\$ 4,241,204
Less: Indigenous Services Canada recoveries		
Fuel Assistance		( 30,000)
Social - Basic Needs		( 32,490)
Social - Special Needs		( 8,228)
Enhanced Teachers Salary		( 2,122)
Less: Deferred to subsequent year		
Roads and Bridges		( 30,570)
Skills Link Program		( 97,286)
Enhanced Teacher Salaries	( 4,380)	-
Summer Work Experience	( 5,520)	-
Housing Governance		( 63,626)
Planning, Design and Construction - 4 New Houses	( 391,072)	
Band Operated Direct Services		( 115,221)
School Repair Project	( 926,902)	
Water Treatment Plant Repair Project	( 99,162)	
Recoveries		
Band Operated Direct Services	( 115,221)	
Skills Link Program	( 228,184)	
Social - Basic Needs	( 23,259)	
Social - Special Needs	( 1,197)	
Water Treatment Plant Repair Project	( 2,067)	
Add: Deferred from prior year		
Roads and Bridges	30,570	
Skills Link Program	97,285	
Housing Governance	63,626	
Band Operated School Direct Services	115,221	-
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS	\$ <u>6,769,172</u>	\$ <u>3,861,661</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

## 14. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2018	2017
Amortization	\$ 1,288,684	\$ 1,211,186
Band support	2,910	4,800
Casual labour	1,188,980	984,744
Community initiatives and contributions	1,756,619	1,476,688
Cost of sales	1,835,875	1,792,628
Equipment	275,249	197,430
Fuel	172,364	127,954
Insurance	167,778	153,988
Interest	223,014	479,753
Other	936,075	857,945
Professional fees	1,823,161	1,463,096
Rent	286,457	276,000
Repairs and maintenance	4,555,312	1,010,277
Salaries and benefits	3,119,560	3,603,134
Social assistance	918,959	813,325
Supplies	614,098	525,554
Telephone	130,228	124,703
Travel	756,219	761,461
Utilities	<u>217,850</u>	<u>263,359</u>
	<u>\$ 20,269,392</u>	<u>\$ 16,128,025</u>

## 15. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada and First Nations and Inuit Health.

## 16. 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.

# YORK FACTORY FIRST NATION

PAGE 12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 17. SEGMENT DISCLOSURE

York Factory First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. 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 year are as follows:

	Governance and Administration		Housing		Community Services		Capital and Projects	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues								
Federal Government								
I.S.C.	\$ 545,896	\$ 421,904	\$	\$	\$ 295,686	\$ 294,465	\$ 4,476,584	\$ 689,930
F.N.I.H.							114,228	67,660
C.M.H.C.			295,195	248,768				
Subtotal	545,896	421,904	295,195	248,768	295,686	294,465	4,590,812	757,590
Other revenue	1,286,218	788,139	244,433	254,629	52,500	35,000		
Total revenue	1,832,114	1,210,043	539,628	503,397	348,186	329,465	4,590,812	757,590
Expenses								
Amortization	1,335	400	236,111	230,055	443,508	454,672	29,228	10,864
Debt servicing	173,833	415,067	40,768	46,135			282	
Other	1,298,653	1,409,198	365,293	401,762	497,749	281,607	3,915,891	520,306
Salaries and benefits	1,097,253	405,337	180,388	101,864	299,476	307,619	3,249	
Total expenses	2,571,074	2,230,002	822,560	779,816	1,240,733	1,043,898	3,948,650	531,170
Surplus (Deficit)	\$ ( 738,960)	\$ ( 1,019,959)	\$ ( 282,932)	\$ ( 276,419)	\$ ( 892,547)	\$ ( 714,433)	\$ 642,162	\$ 226,420



# YORK FACTORY FIRST NATION

PAGE 13

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 17. SEGMENT DISCLOSURE (continued)

	Social Services		Child Care		Health		Economic Development	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues								
Federal Government								
I.S.C.	\$ 1,077,359	\$ 902,089	\$ -	\$ -	\$ 14,000	\$ 14,000	\$ 73,501	\$ 73,501
F.N.I.H.			245,340	240,918	1,044,603	788,598		
C.M.H.C.	-	-	-	-	-	-	-	-
Subtotal	1,077,359	902,089	245,340	240,918	1,058,603	802,598	73,501	73,501
Other revenue	-	-	80,445	40,926	2,144	-	-	-
Total revenue	<u>1,077,359</u>	<u>902,089</u>	<u>325,785</u>	<u>281,844</u>	<u>1,060,747</u>	<u>802,598</u>	<u>73,501</u>	<u>73,501</u>
Expenses								
Amortization			29,243	29,243	7,153	2,185		
Debt servicing				474				
Other	955,168	846,524	87,742	88,820	369,267	291,599	98,900	13,450
Salaries and benefits	<u>97,214</u>	<u>102,438</u>	<u>206,102</u>	<u>210,126</u>	<u>606,825</u>	<u>530,666</u>	<u>39,895</u>	<u>101,694</u>
Total expenses	<u>1,052,382</u>	<u>948,962</u>	<u>323,087</u>	<u>328,663</u>	<u>983,245</u>	<u>824,450</u>	<u>138,795</u>	<u>115,144</u>
Surplus (Deficit)	<u>\$ 24,977</u>	<u>\$ (46,873)</u>	<u>\$ 2,698</u>	<u>\$ (46,819)</u>	<u>\$ 77,502</u>	<u>\$ (21,852)</u>	<u>\$ (65,294)</u>	<u>\$ (41,643)</u>

# YORK FACTORY FIRST NATION

PAGE 14

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

### 17. SEGMENT DISCLOSURE (continued)

	Education		Band Entities		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Federal Government						
I.S.C.	\$ 286,146	\$ 1,465,772	\$ -	\$ -	\$ 6,769,172	\$ 3,861,661
F.N.I.H.					1,404,171	1,097,176
C.M.H.C.					295,195	248,768
Subtotal	286,146	1,465,772	-	-	8,468,538	5,207,605
Other revenue	267,778	196,514	10,228,206	8,635,268	12,161,724	9,950,476
Total revenue	553,924	1,662,286	10,228,206	8,635,268	20,630,262	15,158,081
Expenses						
Amortization	138,736	130,810	403,370	352,957	1,288,684	1,211,186
Debt servicing	3,206	8,103	23,862		241,951	469,779
Other	210,345	494,313	6,631,485	5,817,425	14,430,493	10,165,004
Salaries and benefits	459,534	1,114,742	1,318,328	1,407,570	4,308,264	4,282,056
Total expenses	811,821	1,747,968	8,377,045	7,577,952	20,269,392	16,128,025
Surplus (Deficit)	\$ ( 257,897)	\$ ( 85,682)	\$ 1,851,161	\$ 1,057,316	\$ 360,870	\$ ( 969,944)