

Lubicon Lake Band No. 453
Consolidated Financial Statements
March 31, 2018

Lubicon Lake Band No. 453

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Lubicon Lake Band No. 453

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the **Lubicon Lake Band No. 453** are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Lubicon Lake Band No. 453 maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

_____ *Original signed by* _____ Chief

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Lubicon Lake Band No. 453**, which comprise the statement of financial position as at March 31, 2018 and the statements of activities, change in net financial assets and cash flows, change in accumulated surplus, tangible capital assets, financial activities by program and expenditures by object 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

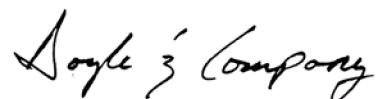
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 preparations 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 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Lubicon Lake Band No. 453 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.



July 23, 2018

Edmonton, Alberta

Chartered Professional Accountants

Lubicon Lake Band No. 453
Consolidated Statement of Financial Position
As at March 31, 2018

| | 2018 | 2017 (Restated) |
|---|--------------------|--------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 384,193 | 54,840 |
| Restricted cash (Note 3) | 153,061 | 256,363 |
| Investments (Note 2) | 1,512,675 | 150,000 |
| Accounts receivable (Note 4) | 4,216,527 | 927,337 |
| Investment in First Nation controlled entities (Note 5) | 334,753 | 83,321 |
| | 6,601,209 | 1,471,861 |
| LIABILITIES | | |
| Accounts payable (Note 6) | 672,739 | 99,250 |
| Deferred contributions (Note 7) | 5,949,835 | 1,434,347 |
| Promissory note (Note 8) | 1,962,491 | 1,228,697 |
| | 8,585,065 | 2,762,294 |
| NET FINANCIAL DEBT | (1,983,856) | (1,290,433) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 10,178,941 | 8,532,743 |
| Prepaid expenses | 52,925 | 35,328 |
| | 10,231,866 | 8,568,071 |
| ACCUMULATED SURPLUS (Schedule 1 and Note 12) | 8,248,010 | 7,277,638 |

Approved by the First Nation:

_____ *Original signed by* _____ Chief

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

_____ *Original signed by* _____ Councilor

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453
Consolidated Statement of Financial Activities
For the year ended March 31, 2018

| | 2018 Budget | 2018 Actual | 2017 Actual (Restated) |
|--|------------------------|------------------------|---------------------------------------|
| | \$ | \$ | \$ |
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | 2,630,659 | 6,209,550 | 2,555,581 |
| Trust Funds - Revenue | - | - | 500,000 |
| Alberta Government Grant | 2,135,000 | 2,694,425 | 549,500 |
| First Nations Development Fund | - | 405,005 | 466,373 |
| Health Canada | 722,438 | 722,438 | 655,911 |
| Aboriginal Skills and Employment Training Strategy | - | 138,281 | 90,735 |
| Other revenue | 481,439 | 659,343 | 785,014 |
| Revenue deferred from previous period | 330,735 | 1,434,347 | 510,902 |
| Revenue deferred to subsequent period | - | (5,949,835) | (1,434,347) |
| | 6,300,271 | 6,313,554 | 4,679,669 |
| EXPENDITURES | | | |
| Administration and Governance | 1,497,806 | 1,985,683 | 1,083,480 |
| Alberta Government Programs | 172,104 | 178,955 | 385,806 |
| Aboriginal Skills Employment & Training | - | 142,839 | 90,739 |
| Consultation | 165,000 | 180,697 | 150,896 |
| Economic Development | 55,434 | 139,956 | 79,519 |
| Education | 138,042 | 184,778 | 238,398 |
| First Nations Development Fund | - | 533,659 | 467,922 |
| Health | 762,119 | 770,560 | 694,443 |
| Housing | 472,542 | 874,282 | 375,100 |
| Integrated Employment Training Program | 734,552 | 609,743 | 505,587 |
| Public Works | 891,687 | 549,114 | 439,167 |
| Social Services | 890,233 | 863,681 | 946,084 |
| | 5,779,519 | 7,013,947 | 5,457,141 |
| Excess of Revenue Over Expenditures | | | |
| - Before Other Revenue (Expenditures) | 520,752 | (700,393) | (777,472) |
| Other Revenue (Expenditures) | | | |
| Capital funding | | | |
| Indigenous and Northern Affairs Canada | - | 2,031,998 | - |
| Amortization | - | (433,300) | (546,719) |
| | - | 1,598,698 | (546,719) |
| EXCESS OF REVENUE OVER EXPENDITURES | 520,752 | 898,305 | (1,324,191) |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2018

| | 2018 | 2017 (Restated) |
|---|--------------------|--------------------|
| | \$ | \$ |
| EXCESS OF REVENUE OVER EXPENDITURES | 970,372 | (1,822,028) |
| Acquisition of tangible capital assets | (2,079,498) | (32,898) |
| Amortization of tangible capital assets | 433,300 | 546,719 |
| Decrease of trust funds | - | (500,000) |
| | (1,646,198) | 13,821 |
| Acquisition of prepaid assets | (52,925) | (35,328) |
| Use of prepaid assets | 35,328 | 45,345 |
| | (17,597) | 10,017 |
| INCREASE IN NET FINANCIAL DEBT | (693,423) | (1,798,190) |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | (1,290,433) | 507,757 |
| NET FINANCIAL DEBT, END OF YEAR | (1,983,856) | (1,290,433) |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

| | 2018 | 2017 (Restated) |
|---|-------------|--------------------|
| | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from funding agencies and other income | 9,571,850 | 4,599,984 |
| Cash paid to suppliers and employees | (6,385,988) | (5,080,096) |
| | 3,185,862 | (480,112) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in long-term liabilities | 733,794 | 728,697 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in investments | (1,362,675) | (150,000) |
| Decrease (increase) in investment in First Nation controlled entities | (251,432) | 188,253 |
| Tangible capital assets acquired | (2,079,498) | (32,898) |
| | (3,693,605) | 5,355 |
| INCREASE IN CASH DURING THE YEAR | 226,051 | 253,940 |
| CASH, BEGINNING OF YEAR | 311,203 | 57,263 |
| CASH, END OF YEAR | 537,254 | 311,203 |
| Cash if comprised of: | | |
| Cash | 384,193 | 54,840 |
| Restricted cash | 153,061 | 256,363 |
| | 537,254 | 311,203 |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2018

| | Unrestricted Surplus \$ | Equity in Tangible Capital Assets \$ | Equity in Enterprise Fund \$ | Equity in Trust Funds \$ | 2018 \$ | 2017 (Restated) \$ |
|---|-------------------------------|--|------------------------------------|--------------------------------|------------------|--------------------------|
| Balance, Beginning of Year, as originally stated | (1,278,446) | 8,532,743 | 83,321 | 145,608 | 7,483,226 | 9,599,667 |
| Prior period adjustment (Note 14) | (205,588) | - | - | - | (205,588) | - |
| Balance, Beginning of Year, as restated | (1,484,034) | 8,532,743 | 83,321 | 145,608 | 7,277,638 | 9,599,667 |
| Excess of revenue over expenditures | 898,305 | - | 64,614 | 7,453 | 970,372 | (1,822,029) |
| Restricted funds used for operations | - | - | - | - | - | (500,000) |
| Current years funds used for subsidiaries advances | (186,818) | - | 186,818 | - | - | - |
| Current years funds used for tangible capital assets | (2,079,498) | 2,079,498 | - | - | - | - |
| Annual amortization expense | 433,300 | (433,300) | - | - | - | - |
| Change in accumulated surplus | (934,711) | 1,646,198 | 251,432 | 7,453 | 970,372 | (2,322,029) |
| Balance, End of Year | (2,418,745) | 10,178,941 | 334,753 | 153,061 | 8,248,010 | 7,277,638 |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2018

| | Automotive | Buildings & Infrastructure | Housing | Furniture & Equipment | 2018 | 2017 |
|--|----------------|-------------------------------|------------------|--------------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| COST: | | | | | | |
| Balance, Beginning of Year | 659,627 | 1,711,967 | 7,476,329 | 47,727 | 9,895,650 | 9,862,752 |
| Acquisition of tangible capital assets | 47,500 | 355,337 | 1,676,661 | - | 2,079,498 | 32,898 |
| Balance, End of Year | 707,127 | 2,067,304 | 9,152,990 | 47,727 | 11,975,148 | 9,895,650 |
| ACCUMULATED AMORTIZATION: | | | | | | |
| Balance, Beginning of Year | 501,802 | 230,865 | 615,470 | 14,770 | 1,362,907 | 816,188 |
| Annual amortization | 52,390 | 66,351 | 307,968 | 6,591 | 433,300 | 546,719 |
| Balance, End of Year | 554,192 | 297,216 | 923,438 | 21,361 | 1,796,207 | 1,362,907 |
| NET BOOK VALUE | 152,935 | 1,770,088 | 8,229,552 | 26,366 | 10,178,941 | 8,532,743 |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2018

| | 2018 | | | 2017 | |
|--|-----------------------|------------------------|------------------------|-----------------------------|----------------------------|
| | INAC Revenue \$ | Other Revenue \$ | Total Revenue \$ | Total Expenditures \$ | Surplus (Deficit) \$ |
| Administration and Governance | 847,315 | 196,863 | 1,044,178 | 1,985,683 | (941,505) |
| Alberta Government Programs | - | 178,955 | 178,955 | 178,955 | - |
| Aboriginal Skills Employment & Training Services | - | 138,281 | 138,281 | 142,839 | (4,558) |
| Consultation | - | 163,500 | 163,500 | 180,697 | (17,197) |
| Economic Development | 55,434 | - | 55,434 | 139,956 | (84,522) |
| Education | 183,070 | - | 183,070 | 184,778 | (1,708) |
| First Nation Development Fund | - | 561,460 | 561,460 | 533,659 | 27,801 |
| Health Services | - | 762,119 | 762,119 | 770,560 | (8,441) |
| Housing | 3,795,100 | (1,244,157) | 2,550,943 | 874,282 | 1,676,661 |
| Integrated Employment Training Program | - | 1,238,354 | 1,238,354 | 609,743 | 628,611 |
| Public Works | 2,400,362 | (1,891,371) | 508,991 | 549,114 | (40,123) |
| Social Services | 960,267 | - | 960,267 | 863,681 | 96,586 |
| | 8,241,548 | 104,004 | 8,345,552 | 7,013,947 | 1,331,605 |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453

Consolidated Statement of Expenditures by Object - Schedule 4

For the year ended March 31, 2018

| | 2018 | 2017 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| EXPENDITURES | | |
| Advertising | 368 | 10,567 |
| Bank charges | 9,992 | 8,271 |
| Contractors | 546,954 | 432,364 |
| Community special events | 246,321 | 182,165 |
| Equipment | 107,233 | 143,354 |
| Honorarium | 8,550 | 3,200 |
| Insurance | 77,449 | 50,532 |
| Material and supplies | 241,757 | 335,447 |
| Meeting costs | 53,789 | 14,255 |
| Office | 70,281 | 40,911 |
| Professional fees | 880,361 | 584,003 |
| Program expense | 1,163,652 | 994,276 |
| Rent | - | 66,785 |
| Repairs and maintenance | 59,525 | 68,512 |
| Training | 76,814 | 144,068 |
| Travel | 441,693 | 382,285 |
| Telephone and utilities | 529,608 | 437,931 |
| Wages and employee benefits | 2,499,600 | 1,558,217 |
| TOTAL EXPENDITURES | 7,013,947 | 5,457,143 |

The accompanying notes form part of these financial statements.

Lubicon Lake Band No. 453
Notes to the Consolidated Financial Statements
March 31, 2018

NATURE OF OPERATIONS

Lubicon Lake Band provides local government, education and social development services to its members and was established under the Indian Act (Canada)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements include the assets, liabilities, and results of operations of Lubicon Lake Band (the "Band") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of Band members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

(a) Fund Accounting

The Lubicon Lake Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Lubicon Lake Band maintains the following funds:

- The Operating Fund which reports the general activities of the Band Administration.
- The Tangible Capital Assets Fund which reports the capital assets of the Band, together with their related financing.
- The Trust Fund which reports on trust funds owned by the Band and held by third parties.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of three months or less.

(c) Investment in Controlled Entities

Investments in wholly-owned incorporated subsidiaries of Lubicon Lake Band are accounted for by the equity method. The equity method initially records the investment at cost and the carrying value thereafter is adjusted for the investor's pro-rata share of post acquisition earnings or losses of the subsidiary. Lubicon Lake Band owns the following subsidiary:

- 1769919 Alberta Ltd.
- Lubicon Lake Forestry

(d) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

Lubicon Lake Band No. 453
Notes to the Consolidated Financial Statements
March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Revenue Recognition

Government transfers and grant revenue are recognized as the Band becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the recourses are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

| | Rate |
|------------------------------|------|
| Automotive | 30% |
| Buildings and infrastructure | 4% |
| Furniture and equipment | 20% |

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(g) Trust Funds

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Band trust funds are included as revenue in these statements only to the extent they have been received from the Band's trust funds. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

(h) Financial Instruments

The Band initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

Lubicon Lake Band No. 453

Notes to the Consolidated Financial Statements

March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Credit Risk

The Band is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the partnership has adopted credit policies which include an analysis of the financial position of its customers and the regular review of their credit limits.

Interest Rate Risk

The Band is exposed to risk that the fair value of financial instruments or future cashflows associated with the instrument will fluctuate due to changes in market interest rates.

(i) Measurement Uncertainty

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. INVESTMENTS

Investments consist of three guaranteed investment certificates, all maturing in May, 2018 and earning annual interest at between 0.64% and 1.05%.

3. RESTRICTED CASH

| | 2018 \$ | 2017 \$ |
|-------------------------------|----------------|----------------|
| Trust Funds | | |
| Band Capital | 29,392 | 29,392 |
| Band Revenue | 123,669 | 116,216 |
| First Nation Development Fund | - | 110,755 |
| | 153,061 | 256,363 |

4. ACCOUNTS RECEIVABLE

| | 2018 \$ | 2017 \$ |
|--|------------------|----------------|
| Kee Tas Kee Now Tribal Council | 3,761,966 | 733,267 |
| First Nation Development Fund | 245,176 | 123,405 |
| Alberta Government grant | 153,236 | 30,250 |
| Aboriginal Skills Employment & Training Services | - | 25,993 |
| GST receivable | 31,920 | - |
| Other | 24,229 | 14,422 |
| | 4,216,527 | 927,337 |

Lubicon Lake Band No. 453
Notes to the Consolidated Financial Statements
March 31, 2018

5. INVESTMENTS IN BAND CONTROLLED ENTITIES

| | 2018 \$ | 2017 \$ |
|---|-----------------|-----------------|
| 1769919 Alberta Ltd. (Venture) - 100% interest | | |
| Shares | 100 | 100 |
| Advances | 784,715 | 597,898 |
| Accumulated surplus in earnings | (425,472) | (499,619) |
| | 359,343 | 98,379 |
| Lubicon Lake Forestry - 100% interest | | |
| Shares | 100 | 100 |
| Accumulated surplus in earnings | (24,690) | (15,158) |
| | (24,590) | (15,058) |
| Total investment in controlled entities | 334,753 | 83,321 |

Unaudited financial information for each of the entities for their respective March 31, 2018 years ended are as follows:

| | Assets \$ | Liabilities \$ | Revenues \$ | Net Earnings (Loss) \$ |
|-----------------------|--------------|-------------------|----------------|------------------------------|
| 1769919 Alberta Ltd. | 904,081 | 1,328,181 | 2,126,311 | 75,417 |
| Lubicon Lake Forestry | - | 24,968 | - | (9,672) |

6. ACCOUNTS PAYABLE

| | 2018 \$ | 2017 \$ |
|---|----------------|---------------|
| Trade | 672,739 | 85,085 |
| GST payable | - | 4,861 |
| Canada Revenue Agency - source deductions | | 9,304 |
| | 672,739 | 99,250 |

Lubicon Lake Band No. 453

Notes to the Consolidated Financial Statements

March 31, 2018

7. DEFERRED CONTRIBUTIONS

| | 2018 | 2017 (Restated) |
|-------------------------------------|------------------|--------------------|
| | \$ | \$ |
| Administration and Governance | | |
| KTC - Planning & skills development | 261,000 | - |
| Cultural camp | 53,273 | - |
| Community prospectus | - | 86,028 |
| Alberta Government - IETP | 1,388,922 | 450,612 |
| Alberta Government - Other | | |
| Climate leadership project | 14,996 | - |
| Green Jobs | 38,800 | - |
| Pre-trades training | 165,203 | - |
| Traditional use study | 16,798 | 66,902 |
| First Nation Development Fund | 139,399 | 236,253 |
| Health Canada | - | 39,681 |
| Housing | | |
| KTC - Housing - Duplexes | 520,509 | - |
| KTC - Little Buffalo lot purchase | 1,080,000 | - |
| KTC - Housing co-coordinator | - | 35,000 |
| MNP Housing | - | 144,871 |
| Public Works | | |
| KTC - New Water share purchase | 1,900,000 | - |
| KTC - 3 - Phase power | 370,935 | 375,000 |
| | 5,949,835 | 1,434,347 |

8. PROMISSORY NOTE

The promissory note due to Indigenous and Northern Affairs Canada is \$1,962,491 (2017 - \$1,228,697) and is repayable on the earlier of March 31, 2019 or the date on which the claim is settled. The promissory note is interest free unless the First Nation defaults or the loan reaches maturity.

9. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2018 | 2017 |
|---------------------------------------|-------------------|------------------|
| | \$ | \$ |
| Tangible capital assets (Schedule 2) | 11,975,148 | 9,895,650 |
| Accumulated amortization (Schedule 2) | (1,796,207) | (1,362,907) |
| | 10,178,941 | 8,532,743 |

Lubicon Lake Band No. 453
Notes to the Consolidated Financial Statements
March 31, 2018

10. EQUITY IN ENTERPRISE FUND

| | 2018 | 2017 |
|---|----------------|-------------|
| | \$ | \$ |
| Balance, beginning of year | 83,321 | 271,574 |
| Surplus (deficit) from subsidiary companies | 64,614 | (509,588) |
| Advances to controlled entities | 186,818 | 321,335 |
| Balance, end of year | 334,753 | 83,321 |

11. EQUITY IN TRUST FUND

| | Capital | Revenue | Total |
|----------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Balance, beginning of year | 29,392 | 116,216 | 145,608 |
| Earnings | - | 7,453 | 7,453 |
| Balance, end of year | 29,392 | 123,669 | 153,061 |

12. ACCUMULATED SURPLUS

| | 2018 | 2017 |
|-----------------------------------|--------------------|-------------|
| | \$ | \$ |
| Unrestricted surplus | (2,418,745) | (1,484,034) |
| Equity in tangible capital assets | 10,178,941 | 8,532,743 |
| Equity in enterprise fund | 334,753 | 83,321 |
| Equity in trust funds | 153,061 | 145,608 |
| | 8,248,010 | 7,277,638 |

13. LEASE COMMITMENTS

(a) The office lease with Williams Scotsman Canada is for five years commencing September 1, 2016 and requires monthly payments \$4,500.

(b) The 5000 gallon water tank lease with Williams Scotsman Canada is for five years commencing September 1, 2016 and requires monthly payments \$3,100.

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was necessary to correct the amount of revenue deferred in 2017.

The result of this prior period adjustment was to reduce the unrestricted surplus and increase the deferred contributions by \$205,588.