
Consolidated financial statements of
Wolf Lake First Nation

March 31, 2018



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Management's Statement of Responsibility

The consolidated financial statements of Wolf Lake First Nation as of March 31, 2018 are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared in conformity with Canadian accounting standards for public sector Accounting Handbook of the Canadian Institute of Chartered Accountants Handbook and, where appropriate, include amounts that are based on management's best estimates and judgments. Management has been established internal control systems to ensure that the financial information is objective and reliable and that band assets are safeguarded.

The consolidated financial statements have been audited by the independent auditors, Deloitte LLP, whose report outlines the scope of their audit and their opinion on the financial statements.

The Chief and Council carries out its responsibility for the consolidated financial statements through the Office of Chief and Council, which is comprised of a quorum of council. The Chief and Council meet with the auditors to review the consolidated financial statements and auditor's report.

The Chief and Council reviews the audited consolidated financial statements with the external auditors before making recommendations for presentation to the band membership



Signature and title
for Wolf Lake First Nation

August 1, 2018

Independent auditor's report

To the Chief and Council
Wolf Lake First Nation

We have audited the accompanying consolidated financial statements of Wolf Lake First Nation, which comprise the consolidated statements of financial position as at March 31, 2018, , and the consolidated statements of operations, cumulative operation surplus, net investment in capital assets, changes in net financial assets (net debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated financial statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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 Wolf Lake First Nation as at March 31, 2018, and the results of its operations, changes in its net debt and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Observations

Without modifying our opinion, we draw your attention to Note 2 of the consolidated financial statements, which states that the Band includes certain financial information that are not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Indigenous Service Canada and presented on annexes 1 to 46. These annex are not audited.

A handwritten signature in black ink that reads "Deloitte LLP".¹

August 1, 2018

¹ CPA auditor, CA, public accountancy permit No.A112314

Wolf Lake First Nation
Consolidated Statement of Operations
Year ended March 31, 2018

	2018	2017
	\$	\$
REVENUES		
ISC - Indigenous Services Canada	311,765	228,993
Algonquin Nation Programs & Services Secretariat	5,000	26,955
First Nations Education Council	26,115	26,140
FNQLHSSC	11,931	10,000
ISC - Health branch	105,964	80,964
FNHRDCQ	162,739	166,325
Employment and Social Development Canada	-	23,318
Ministère des forêts, de la faune et des parcs	106,000	106,000
Reimbursement of expenses	7,499	576
Other revenues	552,735	469,422
Secrétariat aux affaires autochtones	293,935	225,000
Tembec	85,000	85,000
Transport Québec	298,645	280,860
Industry Canada	9,258	-
Deferred revenue from previous year	53,523	203,286
Deferred revenue to following year	(61,800)	(53,523)
Health Canada review letter	(23,907)	-
	1,944,402	1,879,316
EXPENSES		
Education	172,532	84,709
Human Resources Development	171,820	203,297
Health	106,090	81,554
Administration	137,899	139,209
Other	5,052	6,128
Economic Development	1,188,931	1,145,855
	1,782,324	1,660,752
Surplus before net deficit of investments in controlled entities	162,078	218,564
Net deficit of investments in controlled entities	(12,526)	(65,398)
Surplus for the year	149,552	153,166

Conciliation to ISC Accounting Standards

Surplus for the year for PSAS purpose	149,552	153,166
Acquisition of capital assets	(300,000)	-
Surplus (Deficit) under ISC Accounting Standards		
	(150,448)	153,166

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

Wolf Lake First Nation
Consolidated Statement of Cumulative Operating Surplus
Year ended March 31, 2018

	2018 \$	2017 \$
BALANCE, BEGINNING OF YEAR	382,250	204,928
SURPLUS FOR THE YEAR	149,552	153,166
LOSS ON DISPOSAL OF CAPITAL ASSETS	350	192
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS - AMORTIZATION	24,304	23,964
Transfer to net investment in capital assets - acquisition	(300,000)	-
BALANCE, END OF YEAR	256,456	382,250

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

Wolf Lake First Nation**Consolidated Statement of Net Investment in Capital Assets**

Year ended March 31, 2018

	2018 \$	2017 \$
NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR	205,738	229,894
VARIATION OF NET INVESTMENT IN CAPITAL ASSETS		
Acquisition of fixed assets	300,000	-
Less:		
Loss on disposal of capital assets	350	192
Amortization	24,304	23,964
	24,654	24,156
NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR	481,084	205,738

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

Wolf Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	Notes	2018	2017
		\$	\$
FINANCIAL ASSETS			
Cash		258,626	32,662
Accounts receivable	3	401,809	378,549
Restricted cash	4	11,893	11,646
Investment in controlled entities	6	637,443	649,971
		1,309,771	1,072,828
LIABILITIES			
Bank loan	7	-	40,000
Accounts payable and accrued liabilities		314,408	273,405
Deferred revenue		61,800	53,523
Net loans - investee company	6	551,160	544,457
		927,368	911,385
NET FINANCIAL ASSETS		382,403	161,443
NON-FINANCIAL ASSETS			
Capital assets	5	481,084	205,737
Deposit for building purchase		-	325,991
Inventories		89,748	106,973
Prepaid expenses		3,268	6,560
		574,100	645,261
EQUITY	9	956,503	806,704

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

Approved by the Board

Gerald Relanson, Council member
Sonia Young, Council member


Wolf Lake First Nation**Consolidated Statement of Changes in Net Financial Assets**

Year ended March 31, 2018

	2018 \$	2017 \$
Surplus for the year	149,552	153,166
Change in capital assets		
Loss on disposal of capital assets	350	192
Amortization	<u>24,304</u>	23,964
	24,654	24,156
Changes in other non-financial assets		
Change in deposit for building purchase	325,991	(123,991)
Acquisition of capital assets	<u>(300,000)</u>	-
Change in inventories	17,224	9,958
Change in prepaid expenses	<u>3,292</u>	1,140
	46,507	(112,893)
Changes in the non-operational surpluses and reserves		
Increase of In-trust surplus	<u>247</u>	212
Changes in net financial assets	<u>220,960</u>	64,641
Net financial assets at beginning of year	<u>161,443</u>	96,802
Net financial assets at the end of year	382,403	161,443

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

Wolf Lake First Nation
Consolidated Statement of Cash Flows
Year ended March 31, 2018

	2018	2017
	\$	\$
Operating activities		
Surplus for the year	149,552	153,166
Items not affecting cash:		
Amortization of capital assets	24,304	23,964
Loss on disposal of capital assets	350	192
Net deficit of investment in controlled entities	12,526	65,398
	186,732	242,720
Changes in non-cash operating working capital items	46,536	(85,749)
	233,268	156,971
Investing activities		
Acquisition of capital assets	(300,000)	-
Decrease (increase) in deposit for building purchase	325,991	(123,991)
Decrease (increase) of investments in controlled entities	6,705	(22,387)
	32,696	(146,378)
Financial activities		
Increase (decrease) of bank loan	(40,000)	5,000
Net increase of cash and cash equivalents	225,964	15,593
Cash and cash equivalents, beginning of year	32,662	17,069
Cash and cash equivalents, end of year	258,626	32,662

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

(See additional information presented in Note 8.)

1. Description of the organization

The First Nation is an unincorporated legal body as defined in the Indian Act. The First Nation is considered a form of local government consisting of a Chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards applicable to local governments and issued by the CPA Canada Public Sector Accounting Handbook.

The principles of fund accounting have been used in the preparation of these consolidated financial statements in accordance with Canadian public sector accounting standards. Accounts are classified into funds in accordance with specified requirements, activities and objectives. The accrual method is followed for the recognition of revenues and expenses.

The First Nation includes certain financial information that are not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Indigenous Services Canada (ISC) and presented on pages 17 to 62.

Principle of consolidation

The consolidated financial statements include the accounts of the First Nation and its subsidiaries, Anishnabek Outfitting inc. (100 % owned) and 2748-6794 Québec inc. (100 % owned).

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with a term to maturity of three months or less at the date of acquisition.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first in, first out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

Capital assets surplus

The "Capital assets surplus" is composed of all capital assets recorded at historical cost less the debt directly related to these capital assets. The method and depreciation rates for the capital assets are as follows:

Buildings	Diminishing balance	5 %
Automotive equipment	Diminishing balance	30 %
Computer hardware	Diminishing balance	30 %
Machinery and equipment	Diminishing balance	20 %

Revenues recognition

Revenues are recorded in the period specified in funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenses is deferred. Other revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

2. Summary of significant accounting policies (continued)

Investments in controlled entities

Anishnabek Outfitting inc., 2748-6794 Québec inc. and Mahingan Development Corporation are wholly-owned by Wolf Lake First Nation. As at March 31, 2018, the financial information available for the operations of the wholly-owned corporations were taken from their year-end, March 31, 2018. These investments in controlled entities are recorded on the modified equity basis of accounting unless the controlled entities become entirely dependant from a financing point of view from Wolf Lake First Nation. When a controlled entity becomes dependant from a financing point of view, it is consolidated into the financial statements of the First Nation. Anishnabek Outfitting inc. and 2748-6794 Québec inc. are actually dependant from Wolf Lake First Nation. Therefore, they are consolidated.

Loans

Loans with significant concessionary terms are presented at face value at inception, discounted by the amount of the grant portion.

Proceeds on the disposal of capital assets and the related revenues

Proceeds on the disposal of capital assets and from assets held for sale are recorded in the Net Investment in Capital Assets.

Revenues and expenses related to the capital assets

Revenues related to the capital assets are recorded in the Net Investment in Capital Assets when the related capital expenses are recorded, provided that the First Nation meets the eligibility criteria.

Repayment of long-term debt

The repayment of long-term debt presented in the net investment in capital assets includes principal payments.

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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories, the useful lives of long-lived assets, the potential impairment of goodwill and indefinite-life intangible assets, income taxes, future employee benefits under defined benefit pension plans, asset retirement obligations, the fair value of certain financial instruments, and liabilities under legal contingencies. Actual results could differ from these estimates.

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2018

3. Accounts receivable

	2018 \$	2017 \$
ISC - Indigenous Services Canada	9,596	4,274
First Nations Education Council	8,310	8,306
FNHRDCQ	20,957	1,647
FNQLHSSC	-	3,936
Other accounts	302,191	313,747
GST, HST and PST receivable	40,964	25,794
Other advances receivable	19,791	20,845
	401,809	378,549

4. Restricted cash

	2018 \$	2017 \$
In-trust fund - Capital and revenues accounts	11,893	11,646

5. Capital assets

	Cost \$	Accumulated amortization \$	2018 Net book value \$	2017 Net book value \$
Land	24,610	-	24,610	10,110
Buildings	469,918	85,275	384,643	108,361
Automotive equipment	66,350	64,417	1,933	2,762
Computer hardware	8,591	7,614	977	1,395
Machinery and equipment	190,380	121,459	68,921	83,109
	759,849	278,765	481,084	205,737

6. Investments in controlled entities

	2018 \$	2017 \$
Mahingan Development Corporation		
Net loans - investee company	(551,160)	(544,457)
Equity pick-up - investee company		
Mahingan Development Corporation	637,443	649,971

Mahingan Development Corporation is wholly-owned by Wolf Lake First Nation. Mahingan Development Corporation was incorporated without share capital and is a non-for-profit entity, exempt from income taxes under Federal and Provincial Income tax acts.

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2018

6. Investments in controlled entities (continued)

Summary financial statements of Mahingan Development Corporation are as follows :

	2018 \$	2017 \$
Balance sheet		
Current assets	44,223	35,470
Due from Wolf Lake First Nation	952,594	937,826
Capital assets	503,483	467,893
Current liabilities	326,422	287,628
Long-term debt	115,012	82,169
Reserve for future investments	220,829	220,829
Net assets (Equity)	838,057	850,563
Revenues and Expenses		
Revenues	320,640	384,215
Expenses	333,147	449,613

7. Bank loan

The First Nation has an authorized line of credit of \$50,000 bearing interests at prime rate (3,45 % as at March 31, 2018) plus 2 %. The line of credit is renewable in August 2018. As at March 31, 2018, the total remained unused.

8. Statement of cash flows

	2018 \$	2017 \$
<i>Cash and cash equivalents</i>		
Cash	258,626	32,662
<i>Other informations</i>		
Interest paid	-	3,001

9. Equity

The Cumulative Operating Surplus as at March 31, 2018 does not take into consideration possible modification following the review and analysis of the present consolidated financial statements by the Indigenous Services Canada (ISC). Any adjustments resulting of this analysis will be recorded in the current year as an adjustment to prior year as indicated by ISC.

The accumulated equity of Wolf Lake First Nation is divided among several surpluses and reserves, as detailed below.

	2018 \$	2017 \$
Capital assets surplus	481,084	205,738
Reserved surplus (In-trust fund)	11,893	11,646
Reserve for future investments	207,070	207,070
Cumulative Operating Surplus	256,456	382,250
	956,503	806,704

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2018

10. Reconciliation of funds from ISC

	2018	2017
	\$	\$
Revenues according to the financial statements		
Fixed Contribution	122,718	93,183
Set Contribution	63,678	10,446
Grant	125,369	125,364
Total :	311,765	228,993
Equals revenues from ISC	311,765	228,993

Amounts due from ISC are detailed in the statement of Financial Position. All transfers between projects, if any, are identified in annexes 1 to 46.

11. Financial instruments

Fair value of financial assets and liabilities

The fair value of accounts receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

12. Expenses by object

	2018	2017
	\$	\$
Amortization	24,304	23,964
Salaries and fringe benefits	512,334	468,584
Administration fees	14,800	21,617
Advertising and promotion	8,562	7,553
Dues, subscription and registration	28,287	21,682
Capital assets and infrastructures	16,258	-
Advertising	100	150
Insurances	9,045	10,692
Interests and bank charges	6,571	8,566
Maintenance	37,140	30,573
Material and supplies	148,160	179,898
Professionnal fees / Honoraria / Casual labour	358,145	295,454
Rental of equipment	52,556	44,698
Students allowances	38,330	24,305
Taxes	10,288	3,253
Telecommunication	29,886	35,479
Training	19,131	46,110
Travel	94,078	85,217
Tuitions fees	47,877	39,922
Utilities	23,120	21,731
Bad dept expenses	-	7,256
Loss on disposal of capital assets	350	192
School books	4,357	2,996
Transfers	298,645	280,860
	1,782,324	1,660,752

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2018

13. Budget

Budget figures were presented in each statement of Revenues and Expenses by project, when available.

14. Segment disclosure

	Education		Human Resources Development	
	2018	2017	2018	2017
Revenues :				
Federal government operating	123,509	66,959	171,997	34,118
Provincial government operating	26,115	-	-	-
Other revenues	5,000	-	(177)	169,179
Total revenues	154,624	66,959	171,820	203,297
Expenses :				
Salaries and fringe benefits	8,596	-	152,100	185,141
Other expenses	166,236	94,525	19,720	18,156
Total expenses	174,832	94,525	171,820	203,297
Annual surplus (deficit)	(20,208)	(27,566)	-	-
Health				
	2018	2017	2018	2017
	105,964	91,125	137,899	137,739
Revenues :				
Federal government operating	11,931	-	-	-
Provincial government operating	(23,907)	-	-	75,375
Total revenues	93,988	91,125	137,899	213,114
Expenses :				
Salaries and fringe benefits	39,598	17,369	113,096	112,749
Other expenses	66,726	64,185	24,803	26,461
Total expenses	106,324	81,554	137,899	139,210
Annual surplus (deficit)	(12,336)	9,571	-	73,904
Other				
	2018	2017	2018	2017
	-	-	50,357	50,435
Revenues :				
Federal government operating	-	-	399,935	561,860
Provincial government operating	-	-	1,139,574	726,791
Total revenues	-	-	1,589,866	1,339,086
Expenses :				
Salaries and fringe benefits	-	-	198,944	152,625
Amortization	5,052	6,128	19,252	17,836
Other expenses	-	-	1,171,996	999,842
Total expenses	5,052	6,128	1,390,192	1,170,303
Annual surplus (deficit)	(5,052)	-	199,674	168,783

14. Segment disclosure (continued)

	Total	
	2018	2017
Revenues :		
Federal government operating	589,726	380,376
Provincial government operating	437,981	561,860
Other revenues	1,120,490	971,345
Total revenues	2,148,197	1,913,581
Expenses :		
Salaries and fringe benefits	512,334	467,884
Amortization	24,304	23,964
Other expenses	1,449,481	1,203,169
Total expenses	1,986,119	1,695,017
Annual surplus (deficit)		
Net surplus (deficit) of investment in controlled entities	162,078	218,564
Surplus (deficit) for the year	(12,526)	(65,398)
	149,552	153,166

The transactions with the subsidiaries have not been eliminated for the purpose of the segment disclosure. These transactions totalize \$203 795 (\$34,265 in 2017) in the revenues and in the expenses.

15. Related parties transactions

Transfers expenses include \$298,645 (\$280,860 in 2017) paid during the year to Mahingan Development Corporation.

These transactions were made in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

16. Pension plan

The Band supports the contributory defined benefit pension plan for substantially all of its employees. It is a multiemployer plan that is administered by the Native Benefits Plan. For the current fiscal year, the pension plan expenses amounted to \$14,490 (\$13,872 in 2017).

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.