
Consolidated financial statements of Wolf Lake First Nation

March 31, 2019

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Management's Statement of Responsibility

The consolidated financial statements of Wolf Lake First Nation as of March 31, 2019 are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for public sector prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the best estimates and judgments of management.

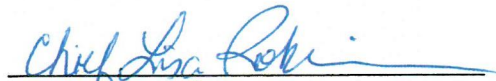
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The 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 financial statements and the external auditor's report.

The external auditors, Deloitte 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 Kebaowek First Nation and meet when required.

On behalf of Wolf Lake First Nation

A handwritten signature in blue ink, appearing to read "Chief Lisa Robit", is written over a horizontal line.

Signature and title
for Wolf Lake First Nation

July 29, 2019



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Independent Auditor's Report

To the Chief and Council
Wolf Lake First Nation

Opinion

We have audited the consolidated financial statements of Wolf Lake First Nation (the Organization), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operation, cumulative operating surplus, net investments in capital assets, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of accounting

We draw attention to the fact that the Organization includes, in its financial statements, certain financial information that is not required by the PSAS. This information, prepared in accordance with the requirements of Indigenous Services Canada, addresses the status of the surplus (deficit) of funding for the year on page 5. The Organization also chooses to present a statement of net investment in capital assets in page 7. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within organization to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Deloitte LLP

July 29, 2019

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

Wolf Lake First Nation
Consolidated Statement of Operations
Year ended March 31, 2019

	2019 \$	2018 \$
REVENUES		
ISC - Indigenous Services Canada	370,166	311,765
Algonquin Nation Programs & Services Secretariat	-	5,000
First Nations Education Council	26,137	26,115
FNQLHSSC	15,046	11,931
ISC - Health branch	235,224	105,964
FNHRDCQ	204,006	162,739
Employment and Social Development Canada	9,881	-
Ministère des forêts, de la faune et des parcs	126,000	106,000
Reimbursement of expenses	4,716	7,499
Other revenues	601,672	536,176
Secrétariat aux affaires autochtones	213,826	293,935
Tembec	85,000	85,000
Transport Québec	302,503	298,645
Industry Canada	3,138	25,817
Deferred revenue from previous year	61,800	53,523
Deferred revenue to following year	(306,809)	(61,800)
Health Canada review letter	(11,571)	(23,907)
	<u>1,940,735</u>	<u>1,944,402</u>
EXPENSES		
Education	83,269	172,532
Human Resources Development	252,561	171,820
Health	212,024	106,090
Administration	161,838	143,015
Other	6,384	5,052
Economic Development	1,285,595	1,183,815
	<u>2,001,671</u>	<u>1,782,324</u>
Surplus (deficit) before net surplus (deficit) of investments in controlled entities	(60,936)	162,078
Net surplus (deficit) of investments in controlled entities	13,006	(12,526)
Surplus (Deficit) for the year	<u>(47,930)</u>	<u>149,552</u>
Conciliation to ISC Accounting Standards		
Surplus (deficit) for the year for PSAS purpose	(47,930)	149,552
Acquisition of capital assets	(25,310)	23,907
Surplus (Deficit) under ISC Accounting Standards	<u>(73,240)</u>	<u>173,459</u>

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, 2019

	2019	2018
	\$	\$
BALANCE, BEGINNING OF YEAR	256,456	382,250
SURPLUS (DEFICIT) FOR THE YEAR	(47,930)	149,552
LOSS ON DISPOSAL OF CAPITAL ASSETS	32	350
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS - AMORTIZATION	35,038	24,304
TRANSFER TO NET INVESTMENT IN CAPITAL ASSETS - ACQUISITION	(25,310)	(300,000)
BALANCE, END OF YEAR	218,286	256,456

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, 2019

	2019 \$	2018 \$
NET INVESTMENT IN CAPITAL ASSETS AT BEGINNING OF YEAR	481,084	205,738
VARIATION OF NET INVESTMENT IN CAPITAL ASSETS		
Plus:		
Acquisition of fixed assets	25,310	300,000
	506,394	505,738
Less:		
Loss on disposal of capital assets	32	350
Amortization	35,038	24,304
	35,070	24,654
NET INVESTMENT IN CAPITAL ASSETS AT END OF YEAR	471,324	481,084

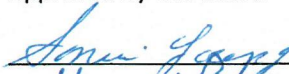
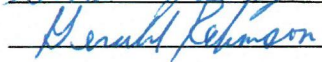
The accompanying notes are an integral part of the consolidated financial statements.

Wolf Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

		2019	2018
	Notes	\$	\$
FINANCIAL ASSETS			
Cash		237,723	258,626
Accounts receivable	3	622,727	401,809
Restricted cash	4	12,169	11,893
Investment in controlled entities	6	650,448	637,443
		<u>1,523,067</u>	<u>1,309,771</u>
LIABILITIES			
Accounts payable and accrued liabilities		304,077	314,407
Deferred revenue		306,809	61,800
Net loans - investee company	6	567,658	551,161
		<u>1,178,544</u>	<u>927,368</u>
NET FINANCIAL ASSETS			
		<u>344,523</u>	<u>382,403</u>
NON-FINANCIAL ASSETS			
Capital assets	5	471,324	481,084
Inventories		92,323	89,748
Prepaid expenses		679	3,268
		<u>564,326</u>	<u>574,100</u>
EQUITY			
	9	<u>908,849</u>	<u>956,503</u>

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

Approved by the Board

 , Council member
 , Council member

Wolf Lake First Nation
Consolidated Statement of Changes in Net Financial Assets
Year ended March 31, 2019

	2019 \$	2018 \$
Surplus (deficit) for the year	(47,930)	149,552
Change in capital assets		
Loss on disposal of capital assets	32	350
Amortization	35,038	24,304
	35,070	24,654
Changes in other non-financial assets		
Change in deposit for building purchase	-	325,991
Acquisition of capital assets	(25,310)	(300,000)
Change in inventories	(2,575)	17,224
Change in prepaid expenses	2,589	3,292
	(25,296)	46,507
Changes in the non-operational surpluses and reserves		
Increase of In-trust surplus	276	247
Changes in net financial assets	(37,880)	220,960
Net financial assets at beginning of year	382,403	161,443
Net financial assets at the end of year	344,523	382,403

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, 2019

	2019 \$	2018 \$
Operating activities		
Surplus (deficit) for the year	(47,930)	149,552
Items not affecting cash:		
Amortization of capital assets	35,038	24,304
Loss on disposal of capital assets	32	350
Net (surplus) deficit of investment in controlled entities	(13,006)	12,526
	(25,866)	186,732
Changes in non-cash operating working capital items	13,774	46,536
	(12,092)	233,268
Investing activities		
Acquisition of capital assets	(25,310)	(300,000)
Decrease in deposit for building purchase	-	325,991
Decrease of investments in controlled entities	16,499	6,705
	(8,811)	32,696
Financial activities		
Variation of bank loan	-	(40,000)
Net (decrease) increase of cash and cash equivalents	(20,903)	225,964
Cash and cash equivalents, beginning of year	258,626	32,662
Cash and cash equivalents, end of year	237,723	258,626

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 5 and 7.

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, 2019, the financial information available for the operations of the wholly-owned corporations were taken from their year-end, March 31, 2019. 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 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, 2019

3. Accounts receivable

	2019	2018
	\$	\$
ISC - Indigenous Services Canada	41,370	9,596
First Nations Education Council	5,941	8,310
FNHRDCQ	120,964	20,957
FNQLHSSC	4,940	-
Other accounts	356,912	302,191
GST, HST and PST receivable	70,738	40,964
Other advances receivable	21,862	19,791
	622,727	401,809

4. Restricted cash

	2019	2018
	\$	\$
In-trust fund - Capital and revenues accounts	12,169	11,893

5. Capital assets

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
	\$	\$	\$	\$
Land	24,610	-	24,610	24,610
Buildings	469,918	103,420	366,498	384,643
Automotive equipment	66,350	64,996	1,354	1,933
Computer hardware	8,591	7,907	684	977
Machinery and equipment	215,650	137,472	78,178	68,921
	785,119	313,795	471,324	481,084

6. Investments in controlled entities

	2019	2018
	\$	\$
Mahingan Development Corporation		
Net loans - investee company	(567,658)	(551,161)
Equity pick-up - investee company		
Mahingan Development Corporation	650,448	637,443

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, 2019

6. Investments in controlled entities (continued)

Summary financial statements of Mahingan Development Corporation are as follows :

	2019	2018
	\$	\$
Balance sheet		
Current assets	13,792	44,223
Due from Wolf Lake First Nation	975,661	952,614
Capital assets	458,602	503,483
Current liabilities	289,254	326,422
Long-term debt	86,908	115,012
Reserve for future investments	220,829	220,829
Net assets (Equity)	851,064	838,057
Revenues and Expenses		
Revenues	366,308	320,638
Expenses	353,300	333,145

7. Bank loan

The First Nation has an authorized line of credit of \$50,000 bearing interests at prime rate (3.95 % as at March 31, 2019) plus 2 %. The line of credit is renewable in August 2019. As at March 31, 2019, the total remained unused.

8. Statement of cash flows

	2019	2018
	\$	\$
<i>Cash and cash equivalents</i>		
Cash	237,723	258,626

9. Equity

The Cumulative Operating Surplus as at March 31, 2019 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.

	2019	2018
	\$	\$
Capital assets surplus	471,324	481,084
Reserved surplus (In-trust fund)	12,169	11,893
Reserve for future investments	207,070	207,070
Cumulative Operating Surplus	218,286	256,456
	908,849	956,503

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2019

10. Reconciliation of funds from ISC

	2019	2018
	\$	\$
Revenues according to the financial statements		
Fixed Contribution	223,237	122,718
Set Contribution	-	63,678
Flexible contribution	21,560	-
Grant	125,369	125,369
Total :	370,166	311,765
Equals revenues from ISC	370,166	311,765

Amounts due from ISC are detailed in the statement of Financial Position. All transfers between projects, if any, are identified in annexes 1 to 56.

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

	2019	2018
	\$	\$
Amortization	35,038	24,304
Salaries and fringe benefits	582,055	512,334
Administration fees	60,824	14,800
Advertising and promotion	7,542	8,562
Dues, subscription and registration	23,635	28,287
Capital assets and infrastructures	13,914	16,258
Advertising	50	100
Insurances	8,861	9,045
Interests and bank charges	9,843	6,571
Maintenance	44,422	37,140
Material and supplies	148,451	148,160
Professionnal fees / Honoraria / Casual labour	458,574	358,145
Rental of equipment	57,164	52,556
Students allowances	23,505	38,330
Taxes	10,379	10,288
Telecommunication	30,003	29,886
Training	16,983	19,131
Travel	100,279	94,078
Tuitions fees	35,741	47,877
Utilities	29,203	23,120
Loss on disposal of capital assets	32	350
School books	2,670	4,357
Transfers	302,503	298,645
	2,001,671	1,782,324

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2019

13. Budget

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

14. Segment disclosure

	Education		Human Resources Development	
	2019	2018	2019	2018
Revenues :				
Federal government operating	113,115	123,509	215,787	171,997
Provincial government operating	29,137	26,115	-	-
Other revenues	-	5,000	15,816	(177)
Total revenues	142,252	154,624	231,603	171,820
Expenses :				
Salaries and fringe benefits	-	8,596	197,510	152,100
Other expenses	88,945	166,236	55,051	19,720
Total expenses	88,945	174,832	252,561	171,820
Annual surplus (deficit)	53,307	(20,208)	(20,958)	-

	Health		Administration	
	2019	2018	2019	2018
Revenues :				
Federal government operating	235,224	105,964	174,699	137,899
Provincial government operating	15,046	11,931	-	-
Other revenues	(35,559)	(23,907)	1,330	-
Total revenues	214,711	93,988	176,029	137,899
Expenses :				
Salaries and fringe benefits	95,307	39,598	112,239	113,096
Other expenses	120,446	66,726	49,599	24,803
Total expenses	215,753	106,324	161,838	137,899
Annual surplus (deficit)	(1,042)	(12,336)	14,191	-

	Other		Economic development	
	2019	2018	2019	2018
Revenues :				
Federal government operating	-	-	209,590	50,357
Provincial government operating	-	-	513,329	399,935
Other revenues	-	-	463,548	1,139,574
Total revenues	-	-	1,186,467	1,589,866
Expenses :				
Salaries and fringe benefits	-	-	176,999	198,944
Amortization	6,384	5,052	28,654	19,252
Other expenses	-	-	1,080,864	1,171,996
Total expenses	6,384	5,052	1,286,517	1,390,192
Annual surplus (deficit)	(6,384)	(5,052)	(100,050)	199,674

Wolf Lake First Nation
Notes to the consolidated financial statements
Year ended March 31, 2019

14. Segment disclosure (continued)

	Total	
	2019	2018
Revenues :		
Federal government operating	948,415	589,726
Provincial government operating	557,512	437,981
Other revenues	444,135	1,120,490
Total revenues	1,951,062	2,148,197
Expenses :		
Salaries and fringe benefits	582,055	512,334
Amortization	35,038	24,304
Other expenses	1,394,905	1,449,481
Total expenses	2,011,998	1,986,119
Annual surplus (deficit)	(60,936)	162,078
Net surplus (deficit) of investment in controlled entities	13,006	(12,526)
Surplus (deficit) for the year	(47,930)	149,552

The transactions with the subsidiaries have not been eliminated for the purpose of the segment disclosure. These transactions totalize \$10 328 (\$203,795 in 2018) in the revenues and in the expenses.

15. Related parties transactions

Transfers expenses include \$302,503 (\$298,645 in 2018) 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 \$14,763 (\$14,490 in 2018).

17. Comparative figures

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