

Northwest Angle #33 First Nation
Consolidated Financial Statements
March 31, 2016

Northwest Angle #33 First Nation Contents

For the year ended March 31, 2016

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Management's Responsibility

To the Members and Chief and Council of Northwest Angle #33 First Nation:

The accompanying consolidated financial statements of Northwest Angle #33 First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Northwest Angle #33 First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 26, 2016



Band Manager

Independent Auditors' Report



To the Members and Chief and Council of Northwest Angle #33 First Nation:

We have audited the accompanying consolidated financial statements of Northwest Angle #33 First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year 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.

Auditors' 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 auditors' 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 Northwest Angle #33 First Nation as at March 31, 2016 and the results of its operations, change in net debt and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

August 26, 2016

Chartered Professional Accountants

Licensed Public Accountants



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Northwest Angle #33 First Nation Consolidated Statement of Financial Position

As at March 31, 2016

	2016	2015
Financial assets		
Current		
Cash and cash equivalents (Note 3)	206,929	668,201
Accounts receivable (Note 4)	324,555	293,929
Restricted Cash (Note 5)	651,533	205,372
	1,183,017	1,167,502
Funds held in Ottawa Trust Fund (Note 6)	35,098	34,369
Long-term investments (Note 7)	1	1
	1,218,116	1,201,872
Liabilities		
Current		
Accounts payable and accruals (Note 8)	295,579	209,309
Deferred revenue (Note 9)	187,655	285,882
Repayable to funder (Note 10)	1,072,306	838,886
	1,555,540	1,334,077
Long-term debt (Note 11)	4,561,417	4,386,800
	6,116,957	5,720,877
Net debt	(4,898,841)	(4,519,005)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	9,414,906	9,606,283
Prepaid expenses	99,776	27,634
	9,514,682	9,633,917
Accumulated surplus	4,615,841	5,114,912

Approved on behalf of the Board

Chief

Councillor

Councillor

Councillor

Councillor

Northwest Angle #33 First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	2016 Budget	2016	2015
Revenue				
Indigenous and Northern Affairs Canada <i>(Note 14)</i>		2,032,809	2,104,818	2,194,642
First Nations and Inuit Health <i>(Note 14)</i>		550,849	600,576	437,788
Canada Mortgage and Housing Corporation <i>(Note 14)</i>		222,500	276,353	220,969
Indigenous and Northern Affairs Canada - Flood Claim		134,295	95,795	40,675
Ontario First Nations Limited Partnership		715,000	736,545	732,495
Ministry of Community and Social Services <i>(Note 14)</i>		231,933	258,674	205,882
Administration fees		85,000	163,665	156,872
Rental income		233,564	157,697	89,496
Ministry of Aboriginal Affairs <i>(Note 14)</i>		136,026	136,026	136,026
MCSS - Aboriginal Healing and Wellness Strategy <i>(Note 14)</i>		112,346	112,346	98,065
Miscellaneous		33,500	66,887	95,050
Shooniyaa Wa-Biitong		-	51,360	51,012
HST and Sales Tax rebates		30,000	24,660	48,047
Anishinaabeg of Kabapikotawangag Resource Council		-	28,720	28,550
Ministry of Health and Long-Term Care <i>(Note 14)</i>		16,101	17,107	23,976
Ministry of Northern Development and Mines <i>(Note 14)</i>		14,128	14,128	-
Interest income		-	819	1,097
Repayment of funding - Flood Claim		-	(95,795)	(40,675)
Repayment of funding		-	(238,539)	(246,510)
Deferred revenue - prior year <i>(Note 9)</i>		121,183	285,882	243,437
Deferred revenue - current year <i>(Note 9)</i>		-	(187,655)	(285,882)
		4,669,234	4,610,069	4,231,012
Expenses				
Administration	4	920,979	1,575,710	1,604,086
Capital	5	341,670	347,879	121,201
Economic Development	6	50,000	50,164	100,416
Education	7	1,086,167	917,655	875,150
Governance	8	35,000	35,007	40,001
Health	9	722,403	743,453	666,754
Housing CMHC	10	410,680	499,917	412,522
Operations and Maintenance	12	583,619	635,944	728,040
Social Services	13	264,893	303,411	270,148
Total Expenses <i>(Schedule 2)</i>		4,415,411	5,109,140	4,818,318
Surplus (deficit)		253,823	(499,071)	(587,306)
Accumulated surplus, beginning of year		5,114,912	5,114,912	5,702,218
Accumulated surplus, end of year		5,368,735	4,615,841	5,114,912

The accompanying notes are an integral part of these financial statements

Northwest Angle #33 First Nation
Consolidated Statement of Change in Net Debt

For the year ended March 31, 2016

	2016 Budget	2016	2015
Surplus (deficit)	253,823	(499,071)	(587,306)
Purchases of tangible capital assets	-	(41,899)	(18,461)
Construction in progress	-	(276,780)	(99,208)
Amortization of tangible capital assets	-	510,056	521,836
	-	191,377	404,167
Acquisition of prepaid expenses	-	(99,776)	(27,634)
Use of prepaid expenses	-	27,634	24,176
	-	(72,142)	(3,458)
(Increase) decrease in net debt	253,823	(379,836)	(186,597)
Net debt, beginning of year	(4,519,005)	(4,519,005)	(4,332,408)
Net debt, end of year	(4,265,182)	(4,898,841)	(4,519,005)

The accompanying notes are an integral part of these financial statements

Northwest Angle #33 First Nation Consolidated Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(499,071)	(587,306)
Non-cash items		
Amortization	510,056	521,836
Bad debts	32,879	79,765
	43,864	14,295
Changes in working capital accounts		
Accounts receivable	(63,500)	784,504
Prepaid expenses	(72,142)	(3,458)
Restricted Cash	(446,161)	78,133
Accounts payable and accruals	86,269	(1,622,016)
Deferred revenue	(98,227)	42,445
Repayable to funder	233,420	246,510
	(316,477)	(459,587)
Financing activities		
Advances of long-term debt	334,600	851,817
Repayment of long-term debt	(159,987)	(143,388)
Increase in Funds Held in Ottawa Trust Fund	(729)	(948)
	173,884	707,481
Capital activities		
Purchases of tangible capital assets	(41,899)	(18,461)
Construction in progress	(276,780)	(99,208)
	(318,679)	(117,669)
Increase (decrease) in cash resources	(461,272)	130,225
Cash resources, beginning of year	668,201	537,976
Cash resources, end of year	206,929	668,201
Supplementary cash flow information		
Interest paid	67,962	66,885
Interest received	819	1,097

The accompanying notes are an integral part of these financial statements

Northwest Angle #33 First Nation Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

Northwest Angle #33 First Nation (the "First Nation") is located in the Province of Ontario, and provides municipal-like services to its members.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting principles and include the following significant accounting policies:

Reporting entity

The Northwest Angle #33 First Nation reporting entity includes the First Nation Government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Northwest Angle #33 First Nation
- CMHC Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

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

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the consolidated statement of financial position. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. **Significant accounting policies** *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for other tangible capital assets is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. No amortization is taken in the year of acquisition.

	Rate
Housing - General	25 years
Housing - CMHC	25 years
Infrastructure	25 years
Automotive	4 years
Machinery	5 years
Boats	7 years
Roads	30 years
Community Buildings	25 years
Landfill	30 years

A housing project with a carrying value of \$1,528,367 (2015 - \$1,251,587) is currently under construction. As such, amortization of these assets has not been recorded during the year.

Long-lived assets

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

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

Net debt

The First Nation's consolidated 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 financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, and accumulated surplus.

Non-financial assets

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

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Other revenue

Other revenue, such as rental income, is recognized when service is provided and collectability is reasonably assured.

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Use of estimates

The preparation of consolidated financial statements in accordance 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable is stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Segments

The First Nation conducts its business through ten reportable segments: Administration, Capital, Economic Development, Education, Governance, Health, Housing CMHC, Ontario First Nations Limited Partnership, Operations and Maintenance, and Social Services. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this Standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 Restructuring

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Cash and cash equivalents

	2016	2015
Royal Bank - General Account	128,724	437,914
Social Services Account	38,567	15,171
Bank of Nova Scotia - General Account	31,406	157,422
Cash held in trust	8,232	8,224
Temporary investments	-	49,470
	206,929	668,201

4. Accounts receivable

	2016	2015
Advances to First Nation Members	177,136	123,881
CMHC rent receivable	129,744	152,343
Indigenous and Northern Affairs Canada	112,671	82,370
Anishinaabeg of Kabapikotawangag Resource Council	76,259	86,190
CMHC subsidy assistance receivable	39,640	18,204
Miscellaneous	31,508	38,848
Other government agencies	28,482	14,950
Shooniyaa Wa-Biitong	21,076	51,012
First Nations and Inuit Health	14,919	2,354
	631,435	570,152
Allowance for doubtful accounts	(306,880)	(276,223)
	324,555	293,929

The allowance for doubtful accounts includes \$177,136 (2015 - \$123,881) relating to member advances and \$129,744 (2015 - \$152,343) relating to CMHC rent receivable.

5. Restricted Cash

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the First Nation established the following:

- A replacement reserve established by an annual allocation of \$36,850, to ensure replacement of buildings financed by CMHC.
- A subsidy surplus reserve established by retaining excess federal assistance payments received. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance.

In accordance with the terms of the agreements, CMHC replacement monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Replacement reserve withdrawals are credited first to principal and then to interest.

	2016	2015
Royal Bank - Operating Reserve	368,995	205,372
Royal Bank - Replacement Reserve	282,538	-
	651,533	205,372

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning of year	7,795	7,795
Balance, end of year	7,795	7,795
Revenue Trust		
Balance, beginning of year	26,574	25,628
Interest	729	946
Balance, end of year	27,303	26,574
	35,098	34,369

7. Long-term investments

Long-term investments consist of the following:

	2016	2015
1 partnership unit in Ontario First Nations Limited Partnership	1	1

8. Accounts payable and accruals

	2016	2015
Accounts Payable - General	224,967	143,027
Wages accrual	38,079	36,282
Audit accrual	30,000	30,000
Pension payable	2,532	-
	295,578	209,309

9. Deferred Revenue

	Balance March 31, 2015	Funding Received 2016	Other Revenue 2016	Revenue Recognized 2016	Balance March 31, 2016
Federal Government					
Capital	264,699	242,656	-	347,879	159,476
Health	-	615,376	148,432	735,629	28,179
Operations and Maintenance	21,183	358,297	14,128	393,608	-
	285,882	1,216,329	162,560	1,477,116	187,655

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Repayable to funder

	2016	2015
INAC - Tuition Agreements	558,809	395,000
INAC - Band Operated School - Direct Services	329,403	329,403
INAC - Special Education	151,815	80,883
INAC - SWOP	28,400	28,400
INAC - First Nation Training	3,798	-
INAC - Student Employment	81	5,200
	1,072,306	838,886

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

11. Long-term debt

	2016	2015
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$3,240, bearing interest at 1.71%, maturing September 1, 2032. Secured by a Ministerial Guarantee.	559,577	588,681
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$948, bearing interest at 1.67%, maturing April 1, 2033. Secured by a Ministerial Guarantee.	169,383	177,879
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$3,078, bearing interest at 1.53%, maturing December 1, 2032. Secured by a Ministerial Guarantee.	546,397	574,796
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$3,516, bearing interest at 2.04%, maturing January 1, 2034. Secured by a Ministerial Guarantee.	631,895	660,975
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$3,316, bearing interest at 2.35%, maturing July 1, 2033. Secured by a Ministerial Guarantee.	567,657	593,886
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$3,091, bearing interest at 1.83%, maturing November 1, 2034. Secured by a Ministerial Guarantee.	587,387	613,545
Canada Mortgage and Housing Corporation loan, repayable in blended monthly payments of principal and interest in the amount of \$4,337, bearing interest at 1.04%, maturing October 1, 2040. Secured by a Ministerial Guarantee.	1,037,430	811,142
INAC promissory note related to ongoing flood claim negotiations, non-interest bearing, scheduled for repayment the earlier of March 31, 2017 or the date on which the claim is settled. Unsecured.	141,226	141,226
INAC promissory note related to ongoing flood claim negotiations, non-interest bearing, scheduled for repayment the earlier of March 31, 2018 or the date on which the claim is settled. Unsecured.	12,664	12,664
INAC promissory note related to ongoing flood claim negotiations, non-interest bearing, scheduled for repayment the earlier of March 31, 2019 or the date on which the claim is settled. Unsecured.	40,675	40,675
INAC promissory note related to ongoing flood claim negotiations, non-interest bearing, scheduled for repayment the earlier of March 31, 2020 or the date on which the claim is settled. Unsecured.	95,795	-
INAC promissory note related to ongoing flood claim negotiations, non-interest bearing, scheduled for repayment the earlier of March 31, 2021 or the date on which the claim is settled. Unsecured.	171,331	171,331
	4,561,417	4,386,800

Northwest Angle #33 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

11. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed at similar rates and terms, are estimated as follows:

	Principal
2017	183,616
2018	187,567
2019	191,621
2020	195,781
2021	200,050
	<u>958,635</u>
Thereafter	<u>3,602,782</u>

Interest on long-term debt amounted to \$67,962 (2015 - \$66,885).

12. Contingencies

The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

13. INAC funding reconciliation

	2016	2015
INAC revenue per financial statements	<u>2,104,818</u>	2,194,642
INAC revenue per funding confirmation	<u>2,104,818</u>	2,194,642

14. Government transfers

	Operating	Capital	2016	2015
Federal government transfers				
Indigenous and Northern Affairs Canada	2,104,818	-	2,104,818	2,194,642
First Nations and Inuit Health	600,576	-	600,576	437,788
Canada Mortgage and Housing Corporation	276,353	-	276,353	220,969
Total Federal	<u>2,981,747</u>	-	<u>2,981,747</u>	2,853,399
Provincial government transfers				
Ministry of Community and Social Services	258,675	-	258,675	205,882
Ministry of Aboriginal Affairs	136,026	-	136,026	136,026
MCSS - Aboriginal Healing and Wellness Strategy	112,346	-	112,346	98,065
Ministry of Health and Long-Term Care	17,107	-	17,107	23,976
Ministry of Northern Development and Mines	14,128	-	14,128	-
Total Provincial	<u>538,282</u>	-	<u>538,282</u>	463,949
	<u>3,520,029</u>	-	<u>3,520,029</u>	3,317,348

Northwest Angle #33 First Nation Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

15. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc.

16. Economic dependence

Northwest Angle #33 First Nation receives 46% (2015 - 52%) of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. Budget information

The disclosed budget information has been approved by the Chief and Council, and presented to the members of the First Nation.

18. First Nations Financial Transparency and Accountability Act

The First Nation is required by the First Nations Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2016. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

19. Comparative figures

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

Northwest Angle #33 First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2016

	<i>Housing - General</i>	<i>Housing - CMHC</i>	<i>Infrastructure</i>	<i>Automotive</i>	<i>Machinery</i>	<i>Boats</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,120,308	6,452,248	2,958,929	108,055	14,000	33,330	12,686,870
Acquisition of tangible capital assets	-	-	-	41,899	-	-	41,899
Balance, end of year	3,120,308	6,452,248	2,958,929	149,954	14,000	33,330	12,728,769
Accumulated amortization							
Balance, beginning of year	2,214,833	2,025,276	702,413	108,055	11,200	19,052	5,080,829
Annual amortization	82,682	258,090	117,157	-	2,800	4,763	465,492
Balance, end of year	2,297,515	2,283,366	819,570	108,055	14,000	23,815	5,546,321
Net book value of tangible capital assets	822,793	4,168,882	2,139,359	41,899	-	9,515	7,182,448
2015 Net book value of tangible capital assets	905,475	4,426,972	2,256,516	-	2,800	14,279	7,606,042

Northwest Angle #33 First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Roads</i>	<i>Community Buildings</i>	<i>Landfill</i>	<i>Construction- in-progress</i>	<i>2016</i>	<i>2015</i>
Cost							
Balance, beginning of year	12,686,870	207,222	1,208,097	447,648	1,251,587	15,801,424	15,683,755
Acquisition of tangible capital assets	41,899	-	-	-	276,780	318,679	117,669
Balance, end of year	12,728,769	207,222	1,208,097	447,648	1,528,367	16,120,103	15,801,424
Accumulated amortization							
Balance, beginning of year	5,080,829	184,103	790,902	139,307	-	6,195,141	5,673,305
Annual amortization	465,492	1,994	27,662	14,908	-	510,056	521,836
Balance, end of year	5,546,321	186,097	818,564	154,215	-	6,705,197	6,195,141
Net book value of tangible capital assets	7,182,448	21,125	389,533	293,433	1,528,367	9,414,906	9,606,283
2015 Net book value of tangible capital assets	7,606,042	23,119	417,195	308,340	1,251,587	9,606,283	

Northwest Angle #33 First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object

For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015
Consolidated expenses by object			
Administrative expenses	111,025	163,665	156,872
Amortization of tangible capital assets	-	510,056	521,836
Bad debts	209,240	32,879	79,765
Bank charges and interest	7,800	8,377	8,622
Capital, operations and maintenance	108,580	182,921	143,985
Community events	220,016	230,208	225,067
Contracted services	203,010	76,282	245,452
Economic development	1,224	943	2,300
Education	-	679	707
Honoraria, salaries, wages and benefits	144,799	370,513	385,877
Insurance	66,200	56,159	54,723
Interest on long-term debt	-	67,962	66,885
Member support	15,727	19,797	10,608
Office, materials, supplies and utilities	1,978,874	2,211,043	1,780,188
Professional fees	17,450	18,866	30,486
Training and travel	1,331,466	1,158,790	1,104,945
	4,415,411	5,109,140	4,818,318

Northwest Angle #33 First Nation
Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2016

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Administration	4	258,592	467,632	-	726,224	1,575,710	594,420	(255,066)
Capital	5	242,656	-	105,223	347,879	347,879	-	-
Economic Development	6	50,000	-	-	50,000	50,164	-	(164)
Education	7	1,121,973	(221,127)	-	900,846	917,655	17,200	391
Governance	8	35,000	-	-	35,000	35,007	-	(7)
Health	9	14,800	749,008	(28,179)	735,629	743,453	40,000	32,176
Housing CMHC	10	-	390,263	-	390,263	499,917	84,925	(24,729)
Ontario First Nations Limited Partnership	11	-	736,545	-	736,545	-	(736,545)	-
Operations and Maintenance	12	346,397	26,028	21,183	393,608	635,944	-	(242,336)
Social Services	13	35,400	258,675	-	294,075	303,411	-	(9,336)
Total		2,104,818	2,407,024	98,227	4,610,069	5,109,140	-	(499,071)

**Northwest Angle #33 First Nation
Administration**

Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	258,740	258,592	277,861
Indigenous and Northern Affairs Canada - Flood Claim	134,295	95,795	40,675
Canada Mortgage and Housing Corporation	-	16,000	-
Administration fees	85,000	163,665	156,872
Ministry of Aboriginal Affairs	136,026	136,026	136,026
Shooniyaa Wa-Biitong	-	51,360	-
Miscellaneous	30,000	47,162	74,497
HST and Sales Tax rebates	30,000	24,660	48,047
Rental income	18,284	18,497	18,317
Anishinaabeg of Kabapikotawangag Resource Council	-	13,241	-
Interest income	-	819	1,097
Repayment of funding	-	(3,798)	-
Repayment of funding - Flood Claim	-	(95,795)	(40,675)
	692,345	726,224	712,717
Expenses			
Administration	12,958	17,026	12,958
Amortization	-	251,966	263,746
Bad debts	65,000	(20,376)	79,765
Bank charges and interest	7,500	7,704	7,549
Consulting	35,000	14,594	43,288
Contracted services	500	17,595	14,449
Cultural Enrichment	600	-	600
Emergency assistance	-	139,112	105,322
Funerals	-	26,410	11,494
Honoraria	80,312	204,682	214,615
Insurance	20,000	15,019	13,985
Materials	10,264	16,279	-
Meeting	11,750	20,820	9,822
Miscellaneous	21,450	2,950	15,083
Office supplies	15,000	15,814	29,267
Professional fees	94,977	147,929	230,093
Rent	37,900	57,530	56,274
Repairs and maintenance	13,700	4,911	15,400
Salaries and benefits	291,535	390,451	300,515
Supplies	4,600	96,185	16,513
Training	-	3,032	2,465
Travel	141,839	99,842	111,305
User fees	-	2,840	1,800
Utilities	56,094	43,395	47,778
	920,979	1,575,710	1,604,086
Deficit before transfers	(228,634)	(849,486)	(891,369)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	668,971	594,420	624,310
Transfer to Governance	-	-	(5,000)
Surplus (deficit)	440,337	(255,066)	(272,059)

Northwest Angle #33 First Nation
Capital
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	241,670	242,656	241,670
Deferred revenue - prior year (Note 9)	100,000	264,699	243,437
Deferred revenue - current year (Note 9)	-	(159,476)	(264,699)
	341,670	347,879	220,408
Expenses			
Contracted services	-	4,200	-
Materials	270,170	120,918	-
Miscellaneous	-	500	-
Repairs and maintenance	22,000	43,230	20,160
Salaries and benefits	49,500	176,283	41,652
Supplies	-	-	59,389
Travel	-	1,035	-
Utilities	-	1,713	-
	341,670	347,879	121,201
Surplus (deficit)	-	-	99,207

Northwest Angle #33 First Nation
Economic Development
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	50,000	50,000	50,000
Expenses			
Administration	5,000	5,000	5,000
Consulting	25,589	17,751	40,000
Materials	-	380	-
Miscellaneous	300	4,000	1,285
Salaries and benefits	11,011	14,438	46,302
Training	2,800	2,974	2,760
Travel	3,300	4,321	4,069
User fees	2,000	1,300	1,000
	50,000	50,164	100,416
Deficit before transfers	-	(164)	(50,416)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	-	50,417
Surplus (deficit)	-	(164)	1

Northwest Angle #33 First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	1,070,967	1,121,973	1,057,817
Canada Mortgage and Housing Corporation	-	9,290	-
Miscellaneous	-	4,325	-
Repayment of funding	-	(234,742)	(246,510)
	1,070,967	900,846	811,307
Expenses			
Administration	18,975	18,975	24,764
Contracted services	116,000	-	1,500
Cultural Enrichment	2,000	3,310	2,210
Office supplies	700	142	676
Parental and community involvement	5,000	6,370	-
Salaries and benefits	38,500	74,304	41,663
Student expenses	302,100	304,921	343,397
Supplies	11,700	5,343	1,707
Transportation	10,966	19,208	22,895
Travel	1,000	3,501	1,025
Tuition	579,226	481,581	435,313
	1,086,167	917,655	875,150
Deficit before transfers	(15,200)	(16,809)	(63,843)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	15,200	17,200	57,768
Surplus (deficit)	-	391	(6,075)

**Northwest Angle #33 First Nation
Governance**

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	35,000	35,000	35,000
Expenses			
Administration	3,500	3,500	-
Consulting	18,000	5,997	-
Meeting	3,000	3,025	3,678
Office supplies	500	1,122	543
Salaries and benefits	-	10,609	28,358
Training	6,000	5,953	-
Travel	4,000	4,801	7,422
	35,000	35,007	40,001
Deficit before transfers	-	(7)	(5,001)
Transfers between segments			
Transfer from Administration	-	-	5,000
Deficit	-	(7)	(1)

**Northwest Angle #33 First Nation
Health**

Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
First Nations and Inuit Health	550,849	600,576	437,788
Indigenous and Northern Affairs Canada	14,000	14,800	14,000
MCSS - Aboriginal Healing and Wellness Strategy	112,346	112,346	98,065
Ministry of Health and Long-Term Care	16,101	17,107	23,976
Anishinaabeg of Kabapikotawangag Resource Council	-	15,479	28,550
Miscellaneous	3,500	3,500	11,803
Deferred revenue - current year (Note 9)	-	(28,179)	-
	696,796	735,629	614,182
Expenses			
Administration	52,770	54,415	36,028
Advertising	1,224	942	2,300
Consulting	22,785	22,500	4,891
Contracted services	4,300	4,226	7,661
Cultural Enrichment	21,622	26,205	17,251
Health	7,000	8,417	3,065
Honoraria	4,000	3,187	7,544
Insurance	8,700	3,387	2,987
Materials	20,046	20,226	-
Meeting	11,150	20,311	3,571
Miscellaneous	-	-	4,022
Rent	1,700	-	500
Repairs and maintenance	9,946	10,955	13,339
Salaries and benefits	346,150	343,928	308,493
Supplies	29,199	41,300	74,451
Training	5,177	5,179	5,383
Transportation	57,000	72,031	76,931
Travel	60,019	54,809	51,563
User fees	32,936	27,585	16,802
Utilities	26,679	23,850	29,972
	722,403	743,453	666,754
Deficit before transfers	(25,607)	(7,824)	(52,572)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	(30,829)	40,000	-
Surplus (deficit)	(56,436)	32,176	(52,572)

**Northwest Angle #33 First Nation
Housing CMHC**

Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Canada Mortgage and Housing Corporation	222,500	251,063	220,969
Rental income	215,280	139,200	71,179
	437,780	390,263	292,148
Expenses			
Administration	-	36,020	30,035
Amortization	-	258,090	258,090
Bad debts	144,240	53,255	-
Bank charges and interest	300	-	201
Insurance	25,000	25,440	25,438
Interest on long-term debt	-	67,962	66,885
Professional fees	-	10,500	13,200
Repairs and maintenance	-	36,650	6,010
Student expenses	241,140	-	-
Utilities	-	12,000	12,663
	410,680	499,917	412,522
Surplus (deficit) before transfers	27,100	(109,654)	(120,374)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	84,925	-
Surplus (deficit)	27,100	(24,729)	(120,374)

Northwest Angle #33 First Nation
Ontario First Nations Limited Partnership
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Ontario First Nations Limited Partnership	715,000	736,545	732,495
Surplus before transfers	715,000	736,545	732,495
Transfers between segments			
Transfer to Administration	(668,971)	(594,420)	(624,310)
Transfer to Education	(15,200)	(17,200)	(57,768)
Transfer to Economic Development	-	-	(50,417)
Transfer to Housing CMHC	-	(84,925)	-
Transfer to Health	(30,829)	(40,000)	-
	(715,000)	(736,545)	(732,495)
Surplus (deficit)	-	-	-

Northwest Angle #33 First Nation
Operations and Maintenance
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	324,249	346,397	480,994
Miscellaneous	-	11,900	8,750
Ministry of Northern Development and Mines	14,128	14,128	-
Shooniyaa Wa-Biitong	-	-	51,012
Deferred revenue - prior year (Note 9)	21,183	21,183	-
Deferred revenue - current year (Note 9)	-	-	(21,183)
	359,560	393,608	519,573
Expenses			
Administration	17,822	28,729	43,562
Bank charges and interest	-	-	496
Consulting	-	3,000	-
Contracted services	82,210	50,264	220,095
Insurance	12,500	12,313	12,313
Materials	500	3,858	-
Repairs and maintenance	23,334	29,644	32,302
Salaries and benefits	191,201	209,735	175,517
Supplies	6,000	15,524	9,457
Telephone	-	679	707
Travel	7,952	4,397	9,493
User fees	500	135	1,400
Utilities	241,600	277,666	222,698
	583,619	635,944	728,040
Deficit	(224,059)	(242,336)	(208,467)

Northwest Angle #33 First Nation
Social Services
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	38,183	35,400	37,300
Ministry of Community and Social Services	231,933	258,675	205,882
	270,116	294,075	243,182
Expenses			
Bank charges and interest	-	672	376
Emergency assistance	209,000	233,176	220,914
Funeral	-	-	1,747
Office supplies	1,250	1,788	-
Professional fees	1,250	1,250	-
Salaries and benefits	23,000	39,753	34,087
Supplies	8,988	4,293	2,200
Training	1,750	2,660	-
Travel	9,815	9,913	9,324
User fees	8,240	8,440	1,500
Utilities	1,600	1,466	-
	264,893	303,411	270,148
Surplus (deficit)	5,223	(9,336)	(26,966)