

ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

**ALDERVILLE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017**

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Councillor: Pamela Crowe
Councillor: David Simpson

ALDERVILLE FIRST NATION

For The Year Ended March 31, 2017

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Alderville First Nation are the responsibility of management and have been approved by Council.

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

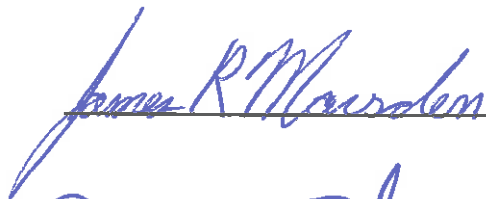
The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

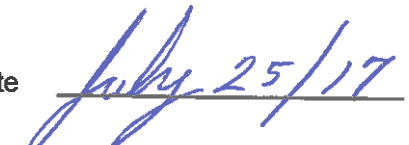
Council reviews and approves the First Nation's financial statements for issuance to the members. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow Kawarthas LLP has full and free access to Council.

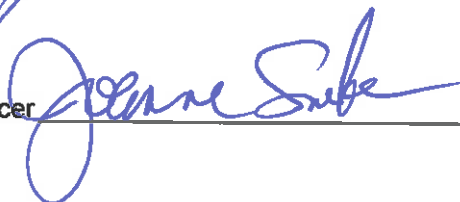
Chief



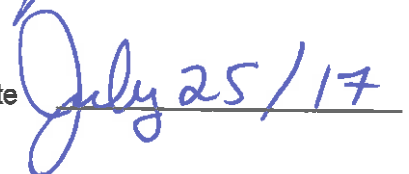
Date



Chief Administrative Officer



Date



INDEPENDENT AUDITOR'S REPORT

To Council and the Members of Alderville First Nation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Alderville First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alderville First Nation as at March 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants


Peterborough, Ontario
July 28, 2017


ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At March 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	1,165,133	508,531
Investments (note 3)	57,097	57,097
Due from government and other government organizations (note 4)	169,131	185,852
Other accounts receivable (note 5)	372,289	339,771
Mortgages due from First Nation members (note 6)	3,496,444	3,431,744
Funds held in trust by Federal Government (note 7)	93,007	89,678
Investment in government business enterprise (note 8)	9,518,021	9,359,110
TOTAL FINANCIAL ASSETS	14,871,122	13,971,783
LIABILITIES		
Due to government and other government organizations (note 10)	38,138	35,573
Accounts payable and accrued liabilities (note 11)	651,782	526,363
Deferred revenue (note 12)	376,386	267,569
Long term debt (note 13)	6,967,707	7,438,544
TOTAL LIABILITIES	8,034,013	8,268,049
NET FINANCIAL ASSETS	6,837,109	5,703,734
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	6,753,542	5,620,035
Prepaid expenses (note 14)	40,259	21,347
TOTAL NON-FINANCIAL ASSETS	6,793,801	5,641,382
ACCUMULATED SURPLUS (note 17)	13,630,910	11,345,116

Approved on behalf of the members:

 Chief

 Councillor

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Indigenous and Northern Affairs Canada (INAC) (notes 18 and 19)	3,758,482	3,770,626	2,635,617
Other Federal grants (note 19)	949,686	948,865	969,828
Province of Ontario (note 19)	1,429,277	1,327,021	1,212,621
Other First Nations	43,520	17,560	-
Ontario First Nations Limited Partnership	670,089	785,356	697,673
Other	1,751,788	1,875,388	1,151,875
Investment income	11,000	23,676	13,564
Amounts earned & held in trust by Federal government (note 7)	-	3,330	5,238
Income/(loss) from government business enterprise (GBE) (note 8)	865,717	1,266,188	(1,184,528)
TOTAL REVENUES	9,479,559	10,018,010	5,501,888
EXPENSES			
Administration	2,466,546	1,904,811	1,764,109
Economic development	1,050,985	933,532	1,085,311
Education	1,456,277	1,575,757	1,521,896
Lands and membership	274,042	241,809	164,143
Social development	1,098,497	1,017,710	1,073,249
Health	1,198,806	1,293,310	1,135,697
Maintenance of facilities	497,648	563,544	597,833
Community centre	257,886	201,743	129,995
TOTAL EXPENSES	8,300,687	7,732,216	7,472,233
ANNUAL SURPLUS/(DEFICIT)	1,178,872	2,285,794	(1,970,345)
ACCUMULATED SURPLUS - beginning of year	11,345,116	11,345,116	13,315,461
ACCUMULATED SURPLUS - end of year	12,523,988	13,630,910	11,345,116

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended March 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS/(DEFICIT)	1,178,872	2,285,794	(1,970,345)
Amortization of tangible capital assets	261,526	307,993	258,222
Acquisition of tangible capital assets	(1,682,159)	(1,441,500)	(70,798)
Non-financial assets attributed to GBE	-	(27,000)	-
Proceeds on sale of tangible capital assets	-	27,000	-
(Increase)/decrease in prepaid expenses	-	(18,912)	6,298
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(241,761)	1,133,375	(1,776,623)
NET FINANCIAL ASSETS - beginning of year	5,703,734	5,703,734	7,480,357
NET FINANCIAL ASSETS - end of year	5,461,973	6,837,109	5,703,734

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2017

	2017	2016
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	2,285,794	(1,970,345)
(Increase)/decrease in due from government and other government organizations	16,721	(10,595)
Increase in other accounts receivable	(32,518)	(55,346)
(Increase)/decrease in prepaid expenses	(18,912)	6,298
Increase/(decrease) in due to government and other government organizations	2,565	(14,468)
Increase/(decrease) in accounts payable and accrued liabilities	125,419	(56,203)
Increase in deferred revenue	108,817	115,343
Non-cash charges to operations:		
Amortization of tangible capital assets	307,993	258,222
Gain on disposal of tangible capital assets	(27,000)	-
Income from government business enterprise (GBE)	-	1,184,528
Net increase/(decrease) in cash from operating transactions	2,768,879	(542,566)
CAPITAL		
Acquisition of tangible capital assets	(1,441,500)	(70,798)
Proceeds on disposal of tangible capital assets	27,000	-
Net decrease in cash from capital transactions	(1,414,500)	(70,798)
INVESTING		
Increase in mortgages due from first nation members	(64,700)	(90,545)
Increase in funds held in trust by Federal Government	(3,329)	(5,238)
Contributions to government business enterprise	(158,911)	-
Contributions from government business enterprise	-	501,569
Net increase/(decrease) in cash from investing transactions	(226,940)	405,786
FINANCING		
Debt principal repayments	(470,837)	(485,317)
NET CHANGE IN CASH AND CASH EQUIVALENTS	656,602	(692,895)
CASH AND CASH EQUIVALANTS - beginning of year	508,531	1,201,426
CASH AND CASH EQUIVALANTS - end of year	1,165,133	508,531

Interest received during the year was \$13,673 (2016 - \$18,802). Interest paid during the year was \$323,365 (2016 - \$347,979).

The accompanying notes are an integral part of these financial statements

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity includes the reporting entity government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements include:

- Alderville Solar Inc.
- Alderville Community Development Corporation

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

Effective April 1, 2014, Alderville Solar Limited Partnership ("ASLP") met all the characteristics to be considered a government business enterprise. Accordingly, the investment in ASLP is accounted for on a modified equity basis, consistent with the Canadian Public Sector Accounting Standards treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation, and inter-organizational transactions and balances are not eliminated. Prior to April 1, 2014, ASLP did not meet the definition of a government business enterprise and was consolidated with the operations of the First Nation.

(b) Cash

Cash consists of cash on hand and balances with banks.

(c) Tangible Capital Assets

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

Buildings	40 years
Equipment	10-15 years
Vehicles	5 years
Computer hardware and software	4 years
Roads and street lights	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Deferred Revenue

Deferred revenue represents grants and contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Government Funding

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

(g) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. Such amounts are not expected to change materially in the near term. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(h) Mortgages Due From First Nation Members

Mortgages due from First Nation members are recorded at cost less any amount for forgiveness allowance. Forgiveness allowances are made based upon the last twelve monthly payments if the First Nation members' loan balance is in good standing before the end of the original mortgage term. Mortgages due from First Nation members are reviewed on an annual basis by management.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

2. CASH

Cash consists of the following:

	2017	2016
	\$	\$
Externally restricted		
Apartment replacement	87,622	74,253
Housing	44,075	39,601
Debt service reserve (note 13(c)(ii))	376,246	191,839
	<u>507,943</u>	<u>305,693</u>
Unrestricted and internally restricted		
General - unrestricted	586,892	111,359
Social assistance - internally restricted	25,164	29,010
Thurlow Settlement - internally restricted	1,029	56,169
Community Centre - internally restricted	4,532	4,501
Ontario First Nations (2008) Limited Partnership - internally restricted	39,573	1,799
	<u>657,190</u>	<u>202,838</u>
	<u>1,165,133</u>	<u>508,531</u>

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Alderville First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. These funds are reported as externally restricted cash above in the amount of \$44,075 (2016 - \$39,601).

3. INVESTMENTS

Investments are comprised of the following:

	2017	2016
	\$	\$
Guaranteed Investment Certificates		
5 year GIC purchased June 14, 2012, maturing June 14, 2017, with interest rates of 1.50% in year 1, 1.75% in year 2, 2.25% in year 3, 2.50% in year 4 and 5.50% in year 5	57,097	57,097

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Amounts due from government and other government organizations consist of:

	2017	2016
	\$	\$
Federal government		
INAC	58,793	82,426
Health Canada	-	50,678
Environment Canada	10,000	10,419
Other federal organizations	-	31,018
	68,793	174,541
HST rebate receivable	63	-
Province of Ontario	100,275	11,311
	169,131	185,852

5. OTHER ACCOUNTS RECEIVABLE

Other accounts receivables consist of the following:

	2017	2016
	\$	\$
Due from members:		
Education	95,512	85,810
RRAP loans	66,685	133,941
Small business loans	10,591	18,431
Daycare	19,618	19,280
Miscellaneous	36,203	46,596
	228,609	304,058
Due from others:		
Services - non members	183,885	76,590
Other	2,509	2,509
	186,394	79,099
	415,003	383,157
Less: allowance for doubtful accounts	(42,714)	(43,386)
	372,289	339,771

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

6. MORTGAGES DUE FROM FIRST NATION MEMBERS

The amount shown as mortgages due from First Nation members represents the amount of funds due from First Nation members with respect to approved housing loans. The unexpended portion of approved loans is not recorded until a payment is made by the First Nation on behalf of the member. The First Nation members have a legal obligation to repay the full amount of the approved loans. No interest is charged on these mortgages. The provision for forgiveness was based upon the last twelve monthly payments, and was provided for, if the First Nation members' loan balance was in good standing before the end of the original mortgage term. As of January 1, 2017 the last twelve payments are no longer forgiven, and therefore no related provision has been recorded in the current year.

Mortgages due from First Nation members and provision for forgiveness are as follows:

	2017	2016
	\$	\$
Mortgages due from First Nation members	3,496,444	3,701,527
Provision for forgiveness	-	(269,783)
	3,496,444	3,431,744

7. FUNDS HELD IN TRUST

The funds held by the Federal Government on behalf of the First Nation of \$93,007 (2016 - \$89,678) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained.

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

The continuity of the funds held in trust by the Federal Government is as follows:

	Opening Balance	Additions	Withdrawals	Closing Balance
	\$	\$	\$	\$
Revenue	89,678	3,329	-	93,007

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

The following provides condensed supplementary financial information for the operations of Alderville Solar Limited Partnership ("ASLP"). Alderville First Nation owns an interest of 99.99% in ASLP and Alderville Solar Inc., which is 100% consolidated, owns the remaining 0.01% interest.

The equity in Government Business Enterprise is comprised of the following:

	2017	2016
	\$	\$
Investment in government business enterprise	9,518,021	9,359,110
Long term debt	(6,640,118)	(7,117,475)
	2,877,903	2,241,635

Financial Position:

	2017	2016
	\$	\$
Current assets	975,686	550,271
Other assets	26,697,930	27,814,562
Total Assets	27,673,616	28,364,833
Current liabilities	946,290	909,070
Long-term liabilities	17,209,305	18,096,653
Total Liabilities	18,155,595	19,005,723
Partners' capital	9,518,021	9,359,110
Total Liabilities and Partners' Capital	27,673,616	28,364,833

Results of Operations:

	2017	2016
	\$	\$
Revenues	4,137,567	2,015,594
Expenses	2,871,379	3,200,122
Income(Loss) of Government Business Enterprise	1,266,188	(1,184,528)

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

9. CREDIT FACILITY AGREEMENT

The First Nation has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 1.5% per annum. Council authorized the temporary borrowing limit through a Band Council Resolution. At March 31, 2017 there was a balance outstanding of \$Nil (2015 - \$Nil).

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Due to government and other government organizations consists of the following:

	2017	2016
	\$	\$
INAC	25,000	25,000
Federal government - other	2,671	106
Province of Ontario	7,346	7,346
Corporate income taxes payable	3,121	3,121
	38,138	35,573

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2017	2016
	\$	\$
Trade payables	256,486	172,807
Accrued salaries and employee benefits	91,927	76,076
Due to School Boards	110,323	120,182
Due to GBE	12,003	9,793
Rent deposits	16,859	15,709
Other accrued liabilities	164,184	131,796
	651,782	526,363

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

12. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	2017	2016
	\$	\$
INAC	122,127	127,356
Provincial	36,000	30,283
Other programs	218,259	109,930
	376,386	267,569

The continuity of deferred revenue is as follows:

	2017	2016
	\$	\$
Balance - beginning of year	267,569	152,226
Add amounts received:		
INAC	122,127	168,600
Provincial	36,000	45,000
Other	576,462	167,706
	734,589	381,306
Less transfer to operations:		
INAC	127,356	75,176
Provincial	30,283	14,717
Other	468,133	176,070
	625,772	265,963
Balance - end of year	376,386	267,569

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

13. LONG TERM DEBT

(a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2017	2016
	\$	\$
Mortgage payable to CMHC, interest at 1.46% per annum, due March 1, 2022 payable in blended monthly payments of \$1,895.	303,143	321,069
Loan payable to Bank of Montreal, interest at 4.94% per annum, blended semi-annual payments of \$188,123, secured by First Nation's OFNLP revenues, due 2029.	3,366,229	3,566,920
Loan payable to Bank of Montreal, interest at prime plus 1.5% per annum, monthly principal payments of \$23,056 plus interest, due 2029.	3,273,889	3,550,555
Loan payable to Scotiabank, interest at 0% per annum, monthly principal payments of \$233.31, due April 5, 2021, secured by a vehicle.	24,446	-
	6,967,707	7,438,544

(b) Interest paid on long term debt amounted to \$323,365 (2016 - \$347,979).

(c) The above loans have the following securities and conditions:

- (i) The above CMHC mortgage is approved by First Nation Council Resolution and guaranteed by INAC.
- (ii) The loan payable to Bank of Montreal, that is secured by the First Nation's OFNLP revenues, has been guaranteed by Ontario Financing Authority for the full term of the loan. As a condition of the financing and loan guarantee, the Alderville Community Development Corporation has to set aside \$376,246 for the Debt Service Reserve Account (DSRA). This amount is held in a separate bank account with the First Nation's financial institution as detailed in note 2.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

13. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note has the following principal repayments based on the same repayment terms:

	Principal \$	Interest \$	Total \$
2018	511,985	303,147	815,132
2019	522,910	306,739	829,649
2020	534,200	257,297	791,497
2021	546,597	233,531	780,128
2022	552,984	209,166	762,150
2023 to 2027	2,977,577	657,235	3,634,812
2028 and subsequent years	1,321,454	68,392	1,389,846
	6,967,707	2,035,507	9,003,214

14. PREPAID EXPENSES

Prepaid expenses consist of the following:

	2017 \$	2016 \$
Service agreements with Township of Alnwick/Haldimand	25,200	18,600
Other	15,059	2,747
	40,259	21,347

15. PENSION AGREEMENTS

The First Nation makes contributions to Great West Life on behalf of its staff. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

Contributions required on account of current service in 2017 were \$115,874 (2016 - \$104,196).

16. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from INAC. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

17. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Surplus/(Deficit)		
First Nation - operating	213,812	220,546
First Nation - solar operating	(2,017,910)	(2,321,863)
Alderville Solar Inc.	(10,465)	(9,029)
Alderville Community Development Corporation	(9,836)	11,067
Equity in GBE - note 8	2,877,903	2,241,635
	1,053,504	142,356
Invested In Capital Assets		
Tangible capital assets - net book value	6,753,542	5,620,035
Long term debt	(327,631)	(321,069)
	6,425,911	5,298,966
Surplus	7,479,415	5,441,322
Restricted		
Housing	3,565,558	3,565,558
Small business loans	37,500	37,500
Education	175,314	185,104
General	838,336	444,778
CMHC Section 95	116,297	108,817
Thurlow Settlement	563,842	704,542
Ontario First Nation Limited Partnership	761,641	767,817
Total Restricted	6,058,488	5,814,116
Held in Trust by the Federal Government		
Revenue	93,007	89,678
	13,630,910	11,345,116

The restricted fund balances consist of funds set aside for specific purposes or to meet certain obligations as follows:

- (a) The Housing Program is treated as a restricted fund. The fund balance represents Federal Government contributions to the Housing Program net of grants or loans provided to First Nation members and forgiven by the First Nation under the program. The fund balance has also been reduced by the purchase of capital assets, which are used as housing rentals.
- (b) The Small Business Loans program is treated as a restricted fund. The fund balance represents transfers from the Economic Development Department. The purpose of this fund is to provide venture capital to First Nation members. The loans are required to be repaid.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

17. ACCUMULATED SURPLUS, continued

- (c) The Education Fund is treated as an internally restricted fund. The fund was established to finance future education programs.
- (d) The general fund is treated as an internally restricted fund. The fund was established to finance future operating programs.
- (e) The CMHC Section 95 fund is treated as an externally restricted fund. The fund was established to accumulate any surplus from the program.
- (f) The Thurlow Settlement fund is treated as an internally restricted fund and was established with the funds received from the lands claim settlement.
- (g) The Ontario First Nation Limited Partnership fund is treated as an internally restricted fund. The fund was established with the funds received from the 35% escrow funds.

18. RECONCILIATION OF INAC FUNDING TO FIRST NATION INAC REVENUE

	\$
INAC Funding Per Confirmation	3,610,397
Add 2016 Deferred Revenue	
Lands and membership	5,353
Drinking water improvement initiative	115,780
Community development	6,223
	127,356
Less 2017 Deferred Revenue	
Estate management	4,407
Drinking water improvement initiative	80,297
Community development	2,571
WISP	33,102
Special education	1,750
	122,127
Add prior year amounts earned and received in the current year	
Drinking water improvement initiative	155,000
INAC Revenue For The Year	3,770,626

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

19. GOVERNMENT TRANSFERS

Government transfers consist of the following:

	2017	2016
	\$	\$
Federal government operating transfers		
INAC	3,770,626	2,635,617
Health Canada	806,927	797,623
Canada Mortgage and Housing Corporation	16,938	18,019
Other	125,000	154,186
	4,719,491	3,605,445
Provincial government operating transfers	1,327,021	1,212,621
	6,046,512	4,818,066

20. BUDGET FIGURES

The budget, approved by the First Nation, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

21. CONTINGENT LIABILITIES

The First Nation, in the course of its operations, has been named in several lawsuits the outcome of which is indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

22. SEGMENTED INFORMATION

Alderville First Nation is a territorial government that provides a range of services to its members. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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 financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

ALDERVILLE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

22. SEGMENTED INFORMATION, continued

Administration

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

Economic Development

Economic development includes the operations of the resource centre, Black Oak Savannah and small business centre rentals and the various employment oriented programs of the First Nation as well as the activities of Alderville Solar Inc. and Alderville Community Development Corporation and income from the investment in a government business enterprise.

Education

Education includes the off reserve schools and post secondary education.

Lands and Memberships

Lands and memberships includes the First Nation housing, estates, and membership functions including lot purchases.

Social Development

Social development consists of General Assistance to members and inhabitants of the First Nation, seniors complex and child care services.

Health

Health services includes operations of the health centre, medical transportation, and various other health related programs of the First Nation.

Maintenance of Facilities

Maintenance of facilities includes public works, fire agreement and buildings not included in other segments.

Community Centre

Community centre includes all operations of the community centre.

23. SUBSEQUENT EVENTS

Subsequent to year end, the First Nation received \$2,857,143 in reimbursements for legal fees in accordance with the Williams Treaties Negotiations Framework Agreement.

ALDERVILLE FIRST NATION

SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2017

	Cost				Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Tangible Capital Assets										
Land	880,756	-	-	880,756	-	-	-	-	880,756	880,756
Residential buildings	1,453,818	-	-	1,453,818	434,566	36,346	-	470,912	982,906	1,019,252
Non-residential buildings	5,513,562	-	-	5,513,562	2,284,436	135,924	-	2,420,360	3,093,202	3,229,126
Vehicles	534,386	175,579	88,325	621,640	511,094	40,255	88,325	463,024	158,616	23,292
Computer equipment	155,787	-	-	155,787	106,552	15,861	-	122,413	33,374	49,235
Other equipment	489,620	916,388	-	1,406,008	294,471	62,376	-	356,847	1,049,161	195,149
Roads and street lights	872,804	-	-	872,804	649,579	17,231	-	666,810	205,994	223,225
Assets Under Construction										
Non-residential buildings	-	308,942	-	308,942	-	-	-	-	308,942	-
Other equipment	-	40,591	-	40,591	-	-	-	-	40,591	-
	-	349,533	-	349,533	-	-	-	-	349,533	-
Total	9,900,733	1,441,500	88,325	11,253,908	4,280,698	307,993	88,325	4,500,366	6,753,542	5,620,035

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2017

	Administration		Economic Development		Education	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2016	Budget 2017
	\$	\$	\$	\$	\$	\$
Revenues						
INAC	528,348	519,557	113,816	82,700	1,457,369	1,442,356
Other Federal grants	16,234	16,259	100,000	104,186	-	-
Province of Ontario - operating	-	-	106,829	166,307	-	-
Other First Nations	-	-	17,560	-	-	-
Ontario First Nations Limited Partnership	785,356	697,673	-	-	-	-
Other	550,282	279,203	230,207	261,488	111,175	69,761
Investment income	15,153	10,432	8,523	3,132	-	-
Amounts earned & held in trust by Federal government	3,330	5,238	-	-	-	-
Income from GBE	-	-	1,266,188	(1,184,528)	-	-
	1,898,703	1,528,362	1,843,123	(566,715)	1,691,176	1,512,117
Expenses						
Salaries and benefits	559,659	585,360	443,054	529,892	288,148	306,010
Materials	979,801	957,608	81,769	92,465	103,158	86,431
Occupancy costs	30,656	23,683	1,902	2,135	10,722	10,050
Contracted services	155,501	166,495	26,236	49,795	37,454	42,000
Bank charges and interest	10,033	9,247	323,533	348,079	2,279	1,600
Program costs	5,043	7,142	49,950	58,376	1,104,792	997,010
External transfers	141,279	14,574	-	-	-	-
Amortization	22,839	14,574	7,088	4,569	29,204	13,176
	1,904,811	1,764,109	933,532	1,085,311	1,575,757	1,456,277
Net deficit	(6,108)	(235,747)	909,591	(1,652,026)	115,419	55,840

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2017

	Lands and Membership		Social Development		Health	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
	\$	\$	\$	\$	\$	\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues						
INAC	165,624	153,038	122,821	126,051	998,291	58,564
Other Federal contributions	704	1,760	-	-	806,927	797,623
Province of Ontario	-	-	859,703	830,078	203,065	199,479
Other	42,862	34,536	402,479	183,225	339,192	152,960
	209,190	189,334	1,385,003	1,139,354	2,347,475	1,208,626
	217,815	217,815	1,438,895	1,438,895	2,433,644	2,433,644
Expenses						
Salaries and benefits	152,800	133,589	488,605	500,702	616,837	568,719
Materials	72,480	20,755	116,612	236,694	467,554	343,863
Occupancy costs	-	-	103,870	66,859	-	5,300
Contracted services	-	-	54,948	-	35,182	63,913
Program costs	16,310	9,580	236,108	253,963	112,305	117,440
External transfers	-	-	1,200	-	-	-
Amortization	219	219	16,367	15,031	61,432	36,462
	241,809	164,143	1,017,710	1,073,249	1,293,310	1,135,697
	274,042	274,042	1,098,497	1,098,497	1,998,806	1,998,806
Net deficit	(32,619)	25,191	367,293	66,105	1,054,165	72,929
	(56,227)	(56,227)	340,398	340,398	1,234,838	1,234,838

ALDERVILLE FIRST NATION

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2017

	Maintenance of Facilities		Community Centre		Consolidated Totals	
	Actual 2017	Budget 2017	Actual 2016	Budget 2017	Actual 2016	Budget 2017
	\$	\$(Unaudited)	\$	\$(Unaudited)	\$	\$(Unaudited)
Revenues						
INAC	261,725	218,705	-	-	3,770,626	3,758,482
Other Federal contributions	-	-	-	-	948,865	949,686
Province of Ontario	2,040	2,040	14,717	200,783	1,327,021	1,429,277
Other First Nations	-	-	-	-	17,560	43,520
OFNLP - Administration	-	-	-	-	785,356	697,673
Other	154,211	123,506	62,480	113,025	1,875,388	1,751,788
Other investment income	-	-	-	-	23,676	11,000
Amounts earned & held in trust by Federal government	-	-	-	-	3,330	5,238
Income from GBE	-	-	-	-	1,266,188	(1,184,528)
	417,976	344,251	77,197	338,808	10,018,010	9,479,559
Expenses						
Salaries and benefits	71,924	69,896	56,717	85,712	2,697,519	2,910,232
Materials	219,327	177,900	4,599	67,570	2,069,420	2,019,556
Occupancy costs	119,956	108,005	3,000	3,000	270,106	204,257
Contracted services	-	-	4,872	4,800	314,193	323,803
Bank charges and interest	-	-	-	-	335,845	342,354
Program costs	14,272	250	36,085	64,227	1,594,661	1,527,853
External transfers	-	-	-	-	142,479	714,427
Amortization	138,065	141,597	32,779	32,577	307,993	258,205
	563,544	497,648	129,995	257,886	7,732,216	8,300,687
Net surplus/(deficit)	(145,568)	(153,397)	(52,798)	80,922	2,285,794	1,178,872