

Moravian Of The Thames First Nation
Consolidated Financial Statements
March 31, 2018

Moravian Of The Thames First Nation
Table of Contents
March 31, 2018

Management's Responsibility

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes In Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5-21

Management's Responsibility

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Delaware First Nation - Moravian are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants 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 is 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 consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow Sarnia 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 Delaware First Nation - Moravian and meet when required.

On Behalf of Delaware First Nation - Moravian:



Chief



Director of Operations

August 15, 2018

Independent Auditor's Report

To The Members Of Moravian Of The Thames First Nation

We have audited the accompanying financial statements of Moravian of the Thames First Nation, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of operations and accumulated surplus, changes 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 financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 control 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 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 financial statements.

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

Basis for Qualified Opinion

Under Section 3150 of the Public Sector Accounting Handbook, the Moravian Of The Thames First Nation is required to capitalize tangible capital assets and record the appropriate amortization on those assets. Tangible capital assets acquired prior to 1998 have not been capitalized, and as a result, no amortization has been recorded on these assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, net assets, expenses and revenue over expenditures.

Moravian Of The Thames First Nation has investments in businesses and a partnership which are accounted for under the modified equity method. The businesses and partnership are carried at \$385,823 on the statement of financial position and the net loss of \$85,940 is reported in the statement of operations for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of these investments as at March 31, 2018 and the reported loss for the year. Consequently we were unable to determine whether any adjustments to those amounts were necessary.



Collins Barrow Sarnia LLP
1350 L'Heritage Drive
Sarnia, Ontario N7S 6H8
Canada
T: 519.542.7725
F: 519.542.8321
Email: sarnia@collinsbarrow.com
www.collinsbarrow.com

**Independent
Auditor's Report cont'd....**

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Moravian of the Thames First Nation as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting for CMHC specific housing assets and operations. Those financial statements are prepared to assist Moravian of the Thames First Nation Section 95 Social Housing Operation to comply with the reporting provisions of the funding agreement between Moravian of the Thames First Nation Section 95 Social Housing Operation and CMHC. As a result, the CMHC department financial statements may not be suitable for another purpose.

Collins Barrow Sarnia L.L.P.

**Sarnia, Ontario
August 15, 2018**


**Chartered Professional Accountants
Licensed Public Accountants**


**Moravian Of The Thames First Nation
Consolidated Statement Of Financial Position
March 31, 2018**

	2018	2017
Financial Assets		
Cash (note 2)	\$ 4,372,425	\$ 3,259,155
Trust funds in Ottawa (note 3)	178,796	174,487
Short-term investments (note 4)	1,201,545	1,191,771
Accounts receivable (note 5)	573,797	516,122
Investments (note 6)	2,806,999	2,782,815
Due from related parties (note 7)	1,226,570	1,112,198
Investments in business enterprises & partnerships (note 8)	385,823	471,763
Loans receivable (note 9)	919,045	890,802
Less allowance for doubtful accounts (note 9)	<u>(919,045)</u>	<u>(890,802)</u>
Total Financial Assets	<u>10,745,955</u>	<u>9,508,311</u>
Liabilities		
Accounts payable and accrued liabilities (note 10)	362,445	151,067
Payable to funding source (note 11)	71,173	121,531
Deferred revenue (note 12)	656,816	247,501
Deposits on hand	27,514	25,572
Current portion of long-term debt (note 13)	173,188	550,149
Long-term debt (note 13)	<u>1,728,346</u>	<u>1,344,214</u>
Total Liabilities	<u>3,019,482</u>	<u>2,440,034</u>
Net Financial Assets	<u>7,726,473</u>	<u>7,068,277</u>
Non-Financial Assets		
Tangible capital assets (note 14)	6,823,662	6,909,605
Prepaid expenses	<u>33,511</u>	<u>31,800</u>
Total Non-Financial Assets	<u>6,857,173</u>	<u>6,941,405</u>
Accumulated Surplus (note 15)	<u>\$ 14,583,646</u>	<u>\$ 14,009,682</u>

Contingencies (note 18)

On Behalf Of Moravian Of The Thames First Nation





**Moravian Of The Thames First Nation
Consolidated Statement Of Operations and Accumulated Surplus
For The Year Ended March 31, 2018**

	2018 Budget (unaudited)	2018	2017
Revenue			
ISC - Fixed	\$ 1,498,046	\$ 1,498,046	\$ 1,082,848
ISC - Flexible	243,230	243,230	-
ISC - Set	58,085	58,085	357,890
ISC - Grant	325,314	325,314	324,862
Health Canada	1,044,457	1,044,457	1,018,531
OFNLP	1,054,230	838,075	829,112
AIAI	352,089	356,417	318,823
Stepping Stones	633,536	656,010	634,874
Provincial	593,192	468,351	331,006
Education	309,935	309,935	325,867
MCSS	240,300	240,301	176,467
SFNS	882,593	799,963	706,700
CMHC	152,212	148,953	116,384
Other	645,166	1,213,903	792,114
Rental	244,804	233,826	244,455
Administration	480,000	491,513	396,644
Repayable to Funding Source	-	(24,424)	(68,755)
Deferred Revenue- Beginning	247,501	247,501	267,805
Deferred Revenue- Ending	(85,151)	(656,816)	(247,501)
	<u>8,919,539</u>	<u>8,492,640</u>	<u>7,608,126</u>
Expenditures			
Administration	1,534,324	1,202,937	1,161,705
Economic development	213,841	259,863	180,070
Education	1,493,616	1,452,773	1,261,305
Childcare	449,321	419,633	417,514
Social services	622,690	658,531	614,689
Land and trust services	435,584	300,079	206,146
Health	1,337,715	1,311,784	1,330,802
Employment assistance	310,070	262,511	261,671
Community infrastructure	362,760	212,940	207,990
Community development	875,836	734,071	562,380
OFNLP	956,197	651,093	503,878
Amortization	-	393,105	381,867
	<u>8,591,954</u>	<u>7,859,320</u>	<u>7,090,017</u>
Annual Surplus	\$ <u>327,585</u>	633,320	518,109
Loss on Business Enterprises and Partnerships (note 8)		(85,940)	(428,498)
CMHC Operating Surplus Deferral		21,207	59,227
CMHC Replacement Reserve		<u>5,377</u>	<u>15,393</u>
Accumulated Surplus		573,964	164,231
Accumulated Surplus at Beginning of the Year		<u>14,009,682</u>	<u>13,845,451</u>
Accumulated Surplus at End of the Year (note 15)		<u>\$14,583,646</u>	<u>\$14,009,682</u>

**Moravian Of The Thames First Nation
Consolidated Statement Of Changes In Net Financial Assets
For The Year Ended March 31, 2018**

	2018 Budget (unaudited)	2018	2017
Annual surplus	\$ 327,585	\$ 573,964	\$ 164,231
Tangible capital assets:			
Acquisition of tangible capital assets	-	(307,162)	(366,809)
Amortization of tangible capital assets	<u>-</u>	<u>393,105</u>	<u>381,867</u>
	327,585	659,907	179,289
Use of prepaid expenses	<u>-</u>	<u>(1,711)</u>	<u>(7,343)</u>
Change in net financial assets	327,585	658,196	171,946
Net financial assets at beginning of year	<u>-</u>	<u>7,068,277</u>	<u>6,896,331</u>
Net financial assets at end of year	<u>\$ 327,585</u>	<u>\$ 7,726,473</u>	<u>\$ 7,068,277</u>

**Moravian Of The Thames First Nation
Consolidated Statement Of Cash Flows
For The Year Ended March 31, 2018**

	2018	2017
Cash Provided By (Used For)		
Operating Activities		
Surplus	\$ 573,964	\$ 164,231
Items not requiring cash:		
Loss on business enterprises & partnerships	85,940	428,498
Amortization	<u>393,105</u>	<u>381,867</u>
	1,053,009	974,596
Change in non-cash working capital items affecting operations:		
Accounts receivable	(57,675)	(298,384)
Due from related parties	(114,370)	(801,987)
Prepaid expenses	(1,711)	(7,499)
Accounts payable and accrued liabilities	211,378	12,710
Deposits on hand	1,942	1,114
Deferred revenue	409,315	(75,937)
Payable to funding source	<u>(50,358)</u>	<u>41,978</u>
	1,451,530	(153,409)
Capital Activities		
Purchase of tangible capital assets	<u>(307,162)</u>	<u>(366,811)</u>
Investing Activities		
Trust funds in Ottawa	(4,309)	(3,770)
Purchase of short-term investments	(9,774)	(10,367)
Purchase of investments	<u>(24,184)</u>	<u>612,021</u>
	(38,267)	597,884
Financing Activities		
Net advances of long-term debt	<u>7,169</u>	<u>194,731</u>
Increase In Cash Position	1,113,270	272,395
Cash Position, Beginning	<u>3,259,155</u>	<u>2,986,760</u>
Cash Position, Ending	<u>\$ 4,372,425</u>	<u>\$ 3,259,155</u>

1. Significant Accounting Policies

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Consolidation with the CMHC financial statements differs from the Canadian public sector accounting standards as Moravian of the Thames First Nation is required to comply with the funding agreement between First Nation Section 95 Social Housing Operation and CMHC for those specific housing assets and operations.

Reporting Entity

The Moravian of the Thames First Nation reporting entity includes the Moravian of the Thames First Nation government and all related entities that are controlled by the First Nation.

Principles of Consolidation

These consolidated financial statements have been prepared in accordance with general accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, as well as the Year-End Reporting Handbook for First Nations, except for the fact that the First Nation has not accounted for tangible capital assets acquired prior to 1998 or amortization thereon. It is the intent of the First Nation to accumulate this information in the next year to comply with these requirements under the Public Sector Accounting Board standards.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management.

Investments

Investments in guaranteed investment certificates are recorded at cost plus accrued interest. Investments in equity instruments quoted in an active market are carried at fair value. Transaction costs associated with the acquisition of these investments are recognized in the statement of operations in the period incurred. Changes in fair value are recorded in the statement of operations at each statement of financial position date.

Use Of Estimates

In preparing the consolidated financial statements for Moravian of the Thames First Nation, management is required 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 period. Items requiring the use of significant estimates include those related to useful lives of assets, allowance for doubtful accounts, accrued accounts payable and the fair value of financial instruments. Actual results could differ from these estimates.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Notes continued on page 6...

1. Significant Accounting Policies cont'd...

Tangible Capital Assets

Amortization of tangible capital assets is calculated by the declining balance method using the following rates, except where indicated otherwise:

Computers	30%
Equipment	20%
Furniture and fixtures	20%
Land improvements - straight-line	20 years
Roads	8%
Fencing	10%
CMHC buildings	Per Section 95 First Nation Housing agreement
Band buildings	4%
Water system	4%
Infrastructure	4%
Vehicles	30%
Internet towers	10%

Revenue Recognition

Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Government Business Enterprises

The investment in Naahii Inc., Naahii Grocery Store Inc. and Lunaapeew Development LP are accounted for using the modified equity basis which reflects Moravian of the Thames First Nation's investment in those enterprise's. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated.

Financial Instruments

The First Nation initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount.

Financial instruments measured at amortized cost include cash, trust funds, accounts receivable, investments, due to/from related parties, accounts payable and accrued liabilities, deferred revenue, and long-term debt.

Financial assets measured at amortized cost are tested for impairment at the end of each year, and the amount of any write-down, if any, is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount of reversal is recognized in the statement of operations. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and it does not exceed original cost.

Notes continued on page 7...

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

2. Cash and Cash Equivalents

2018

2017

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Moravian of the Thames 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 Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

Externally Restricted		
CMHC Replacement Reserve	\$ 182,558	\$ 148,102
Internally Restricted		
Economic Development	26,055	(4,747)
Unrestricted		
Operating	<u>4,163,812</u>	<u>3,115,800</u>
Total Cash and Cash Equivalents	<u>\$ 4,372,425</u>	<u>\$ 3,259,155</u>

3. Trust Funds

	March 31, 2017	Additions 2018	March 31, 2018
Revenue	\$ 64,473	\$ 4,309	\$ 68,782
Capital	<u>110,014</u>	<u>-</u>	<u>110,014</u>
	<u>\$ 174,487</u>	<u>\$ 4,309</u>	<u>\$ 178,796</u>

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.

4. Short-Term Investments

2018

2017

OFNLP Future Generations Investment	\$ 730,001	\$ 724,063
Regular Investment	<u>471,544</u>	<u>467,708</u>
Total Investments	<u>\$ 1,201,545</u>	<u>\$ 1,191,771</u>

OFNLP money and other First Nation funds have been invested in several interest bearing vehicles that will become due at various times within the next 12 months.

Notes continued on page 8....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

5. Accounts Receivable	2018	2017
Federal Funding		
Indigenous Services Canada	\$ 53,936	\$ 21,646
Health Canada	-	16,604
Other Grants	<u>20,204</u>	<u>-</u>
	<u>74,140</u>	<u>38,250</u>
Provincial Funding		
Ministry of Infrastructure	113,648	-
Homemakers	81,853	39,989
Ontario Power Authority	60,807	72,000
Ministry of Child and Youth Services	-	82,913
Other Grants	<u>80,100</u>	<u>3,687</u>
	<u>336,408</u>	<u>198,589</u>
Other Programs		
AIAI	<u>46,983</u>	<u>3,530</u>
CMHC Receivable	<u>4,034</u>	<u>68,885</u>
Other Receivables		
SFNS employment and training	40,213	155,836
Miscellaneous	120,673	144,184
Stepping Stones	<u>61,433</u>	<u>32,936</u>
	<u>222,319</u>	<u>332,956</u>
Water Fees	<u>14,838</u>	<u>13,319</u>
	698,722	655,529
Allowance for Doubtful Accounts	<u>124,925</u>	<u>139,407</u>
	<u>\$ 573,797</u>	<u>\$ 516,122</u>

Notes continued on page 9....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

6. Investments	2018	2017
-----------------------	-------------	-------------

OFNLP Future Generations Investment	\$ <u>2,806,999</u>	\$ <u>2,782,815</u>
-------------------------------------	---------------------	---------------------

Gaming revenue and other Band funds have been invested in several interest bearing vehicles that will become due at various times.

7. Related Party Transactions	2018	2017
--------------------------------------	-------------	-------------

The First Nation's advance and the amounts due from related companies are interest-free with no set terms of repayment. As of March 31, 2018, the balance owing (to)/from are as follows:

Due from Related Companies

Naahii Grocery Store Inc.	\$ 100,865	\$ 92,975
Lunaapeew Development LP	920,516	787,499
Naahii Inc.	<u>205,189</u>	<u>231,724</u>
	\$ <u>1,226,570</u>	\$ <u>1,112,198</u>

8. Investment in Business Enterprises	2018	2017
----------------------------------------------	-------------	-------------

	Naahii Inc.	Naahii Grocery Store Inc.	Lunaapeew Development LP	Total	Total
Balance (deficit), beginning of year	\$ 869,679	\$ (406,640)	\$ 8,724	\$ 471,763	\$ 900,261
Share of net income (loss)	<u>(53,520)</u>	<u>(162,212)</u>	<u>129,792</u>	<u>(85,940)</u>	<u>(428,498)</u>
Balance (deficit), end of year	\$ <u>816,159</u>	\$ <u>(568,852)</u>	\$ <u>138,516</u>	\$ <u>385,823</u>	\$ <u>471,763</u>

Moravian Delaware Nation owns 100% of Naahii Inc., Naahii Grocery Store Inc. and Lunaapeew Development LP. Naahii Inc. is a plaza renting out space to companies in First Nation. Naahii Grocery Store Inc. operates a grocery store and Lunaapeew Development operates a gas station and Tim Hortons.

The income (loss) from the enterprises are reported on the statement of operations. Cash advances to or from the enterprises are recorded as an increase or decrease in the investment in the enterprises.

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

8. Investment in Business Enterprises cont'd... **2018** **2017**

Naahii Inc.

Financial Position

Assets	\$ <u>1,347,564</u>	\$ <u>1,418,855</u>
Liabilities	\$ 531,405	\$ 549,176
Deficit	(355,267)	(301,847)
Contributed Surplus	<u>1,171,426</u>	<u>1,171,426</u>
	<u>\$ 1,347,564</u>	<u>\$ 1,418,755</u>
Results of Operations		
Revenue	\$ 26,020	\$ 26,020
Expenditures	<u>79,540</u>	<u>59,893</u>
(Deficiency) Of Revenues Over Expenditures	<u>\$ (53,520)</u>	<u>\$ (33,873)</u>

Naahii Grocery Inc.

Financial Position

Assets	\$ <u>240,198</u>	\$ <u>278,075</u>
Liabilities	\$ 809,049	\$ 684,714
Deficit	<u>(568,851)</u>	<u>(406,639)</u>
	<u>\$ 240,198</u>	<u>\$ 278,075</u>
Results of Operations		
Revenue	\$ 358,607	\$ 514,696
Expenditures	<u>520,819</u>	<u>648,675</u>
(Deficiency) Of Revenues Over Expenditures	<u>\$ (162,212)</u>	<u>\$ (133,979)</u>

Lunaapeew Development LP

Financial Position

Assets	\$ <u>1,468,130</u>	\$ <u>1,511,446</u>
Liabilities	\$ 1,329,316	\$ 1,502,721
Capital	<u>138,517</u>	<u>8,725</u>
	<u>\$ 1,468,130</u>	<u>\$ 1,511,446</u>
Results of Operations		
Revenue	\$ 7,059,860	\$ 4,199,405
Expenditures	<u>6,930,068</u>	<u>4,460,051</u>
Surplus (Deficiency) Of Revenues Over Expenditures	<u>\$ 129,792</u>	<u>\$ (260,646)</u>

The financial statements of Naahii Inc., Naahii Grocery Inc. and Lunaapeew Development LP are not audited.

Notes continued on page 11....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

9. Loans Receivable	2018	2017
Housing loans	\$ 568,312	\$ 580,475
Sanitation loans	118,923	121,272
100% repayable	230,291	184,086
Custom and miscellaneous loans	<u>1,519</u>	<u>4,969</u>
	919,045	890,802
Allowance for doubtful accounts	<u>919,045</u>	<u>890,802</u>
	<u>\$ -</u>	<u>\$ -</u>

Due to the history of poor collections and accountability, the above loans have been recognized as substantially doubtful.

During the year, \$22,872 (2017 - \$33,043) was collected or adjustments made on these loans and \$51,115 (2017 - \$42,163) were new loans added. Payments were applied to the appropriate loans and an adjustment was made to reduce the allowance. This recovery to the allowance is recognized as revenue in the Housing loan repayment program.

10. Accounts Payable and Accrued Liabilities	2018	2017
Trades payable	\$ 360,351	\$ 149,216
Other accrued liabilities	<u>2,094</u>	<u>1,851</u>
	<u>\$ 362,445</u>	<u>\$ 151,067</u>

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

11. Payable to Funding Source	2018	2017
Federal government	\$ 45,451	\$ 48,196
Provincial government	<u>25,722</u>	<u>73,335</u>
	<u>\$ 71,173</u>	<u>\$ 121,531</u>

12. Deferred Revenue	2018	2017
ASETS Childcare funding	\$ 8,289	\$ 1,704
ASETS CRF funding	39,737	18,867
ASETS EI Funding	7,821	2,367
Children's fund	-	6,206
Energy plan	-	46,097
Headstart fundraising	15,048	12,058
Language	14,833	18,333
Land claims	107,086	-
Loan repayments	19,506	22,942
Minor capital	85,151	67,531
New relationships	25,000	714
Recreation	-	234
Rental properties	11,163	50,448
Waste site decommission	243,230	-
Other	<u>79,952</u>	<u>-</u>
	<u>\$ 656,816</u>	<u>\$ 247,501</u>

Notes continued on page 13....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

13. Long-Term Debt	2018	2017
BMO loan payable at 3.40%, repayable in monthly instalments of \$2,412 principal and interest, due January 31, 2022.	\$ 115,790	\$ 142,325
BMO letter of credit. No terms of repayment as of July 31, 2018.	40,000	40,000
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.50%, due July 1, 2022, monthly payments of \$1,641 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	401,568	275,008
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.92%, due April 1, 2019, monthly payments of \$1,099 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	228,746	237,472
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.30%, due April December 1, 2020, monthly payments of \$1,361 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	257,737	270,636
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.11%, due April April 1, 2021, monthly payments of \$4,796 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	444,794	497,105
Residential Housing Loan by CMHC under Section 95 of the National Housing Act - 1.46%, due April March 1, 2022, monthly payments of \$2,090 principal and interest, secured by a Ministerial Guarantee from Indigenous Services Canada.	<u>412,899</u>	<u>431,817</u>
	1,901,534	1,894,363
Current portion	<u>173,188</u>	<u>550,149</u>
	<u>\$ 1,728,346</u>	<u>\$ 1,344,214</u>

The principal reduction required over the next five years are as follows:

2019	\$ 173,188
2020	346,303
2021	347,313
2022	689,563
2023	<u>345,167</u>
	<u>\$ 1,901,534</u>

Notes continued on page 14....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

14. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Net Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2018	Total 2017
Tangible Capital Assets								
Computers	\$ 263,367	\$ 11,485	\$ 274,852	\$ 224,065	\$ 15,236	\$ 239,301	\$ 35,551	\$ 39,302
Equipment	609,862	67,189	677,051	480,760	39,258	520,018	157,033	129,102
Furniture and fixtures	102,653	7,800	110,453	66,654	8,760	75,414	35,039	35,999
Land improvements	25,009	-	25,009	5,002	1,250	6,252	18,757	20,007
Roads	384,617	-	384,617	231,597	12,242	243,839	140,778	153,020
Fencing	19,006	19,425	38,431	7,784	3,065	10,849	27,582	11,222
Band & CMHC buildings	6,100,120	(28,541)	6,071,579	1,999,664	192,312	2,191,976	3,879,603	4,100,456
Water system	4,733,615	155,046	4,888,661	2,518,690	94,799	2,613,489	2,275,172	2,214,925
Infrastructure	251,981	74,758	326,739	120,850	8,236	129,086	197,653	131,131
Vehicles	496,402	-	496,402	443,884	15,755	459,639	36,763	52,518
Internet towers	40,129	-	40,129	18,207	2,192	20,399	19,730	21,922
Prior to March 31, 1998	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total	\$ 13,026,762	\$ 307,162	\$ 13,333,924	\$ 6,117,157	\$ 393,105	\$ 6,510,262	\$ 6,823,662	\$ 6,909,605

Notes continued on page 15....

Moravian Of The Thames First Nation
Notes To Financial Statements
March 31, 2018

15. Accumulated Surplus	2018	2017
Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:		
Internally restricted		
Investment in Lunaapeew Development LP	\$ 138,516	\$ 8,724
Investment in Naahii Inc.	816,159	869,679
Investment In Naahii Grocery Store Inc	(568,852)	(406,640)
CMHC operating fund reserve	94,004	-
	<u>479,827</u>	<u>471,763</u>
Externally restricted		
Ottawa Trust Fund reserve	178,796	174,487
Replacement reserve	182,558	148,102
	<u>361,354</u>	<u>322,589</u>
Unappropriated members' equity		
Operating	6,818,803	6,305,725
Invested in tangible capital assets	6,823,662	6,909,605
	<u>13,642,465</u>	<u>13,215,330</u>
Accumulated Surplus	\$ <u>14,483,646</u>	\$ <u>14,009,682</u>

16. Expenses By Object	2018	2017
Administration	\$ 352,389	\$ 329,695
Amortization	393,104	381,867
Bad debt (recovery)	(10,000)	6,000
Interest on debt	24,365	21,762
Interest and bank charges	492	726
Office and other	252,586	264,806
Operations and maintenance	664,702	598,342
Professional services	191,318	97,595
Utilities	96,223	105,596
Program delivery	3,083,018	2,625,407
Travel	97,443	124,432
Wages and benefits	2,061,069	2,015,237
Community support	651,093	514,280
Writedown of accounts receivable	1,518	4,272
	<u>7,859,320</u>	<u>7,090,017</u>
	\$ <u>7,859,320</u>	\$ <u>7,090,017</u>

Continued on page 16....

17. Segmented Information

Moravian of the Thames First Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, technical services, recreation, social services, health services, education, social housing and economic development among others. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, requirements and limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the service they provide, are as follows:

Administration

Manages the administrative operations of the First Nation. Those costs that relate directly to the administration of the various segments have been allocated to the appropriate segment.

Economic Development

Manages the development of the First Nation for the members, such as an energy plan, and tourism.

Education

Provides elementary and secondary education instructional services and provides financial support to students.

Childcare

Manages the activities of the First Nation's children's daycare program.

Social Services

Administers the provision of social assistance to qualifying members.

Land and Trust Services

Provides housing for members of the First Nation.

Health

Provides a variety of health care programs and support to First Nation members.

Employment Assistance

Provides employment assistance to members of the First Nation.

Community Infrastructure

Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

Community Development

Undertakes activities of the Munsee-Delaware Nation Service Club

OFNLP

Undertakes activities of the Ontario First Nation Limited Partnership fund, which derives revenue from gaming facilities located in the Province of Ontario.

Continued on page 17....

17. Segmented Information

	Administration		Economic Development		Education		Childcare	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
ISC	\$ 980,783	709,984	63,700	63,700	722,679	643,249	32,300	27,200
AIAI	12,735	-	-	-	36,700	-	-	-
Health Canada	-	-	-	-	-	-	-	-
Provincial	-	-	128,807	214,199	-	-	-	-
Ministry of Education	-	-	-	-	-	-	309,935	325,867
MCSS	-	-	-	-	-	-	-	-
Stepping Stones	-	-	-	-	-	-	-	20,185
CMHC	-	-	-	-	-	-	-	-
Admin Fees	491,513	396,644	-	-	-	-	-	-
Rental	84,684	101,000	-	-	-	-	-	-
SFNS	102,224	102,224	-	-	697,739	604,476	-	-
OFNLP	-	-	-	-	-	-	-	-
Other	194,617	182,395	21,071	5,520	48,550	55,500	105,355	73,770
	<u>1,866,556</u>	<u>1,492,247</u>	<u>213,577</u>	<u>283,419</u>	<u>1,505,668</u>	<u>1,303,225</u>	<u>447,590</u>	<u>447,022</u>
Repayable to funding source	0	0	3,943	61,318	-	-	5,429	-
Deferred revenue - beginning of year	73,736	17,074	46,811	4,767	-	23,353	1,704	6,642
Deferred revenue - end of year	(341,069)	(73,736)	-	46,811	14,779	-	8,289	1,704
Total revenues	<u>1,599,224</u>	<u>1,435,584</u>	<u>256,446</u>	<u>180,056</u>	<u>1,490,889</u>	<u>1,326,578</u>	<u>435,577</u>	<u>451,960</u>
Expenditures								
Administration	15,334	15,334	22,737	19,783	68,900	67,309	37,158	37,158
Amortization	393,105	381,867	-	-	-	-	-	-
Bad debt	10,000	6,000	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-	-
Interest and bank charges	492	726	-	-	-	-	-	-
Office, supplies and other	172,965	173,764	4,973	3,693	1,366	3,536	7,029	5,646
Operations and maintenance	338,553	293,591	12,995	-	83,234	70,550	6,832	20,446
Professional services	34,308	23,057	34,904	-	-	-	-	-
Social assistance payments	-	-	-	-	-	-	-	-
Utilities	17,281	19,944	-	-	4,483	4,900	6,031	7,868
Program delivery	115,943	125,013	26,946	24,590	1,148,787	964,170	203,082	144,163
Travel	25,502	55,152	5,492	2,028	1,042	1,044	-	-
Wages and benefits	492,559	438,723	151,816	129,977	144,960	149,795	159,501	202,233
Community support	-	10,401	-	-	-	-	-	-
Writedown of accounts receivable	-	-	-	-	-	-	-	-
Total expenses	<u>1,596,042</u>	<u>1,543,572</u>	<u>259,863</u>	<u>180,070</u>	<u>1,452,773</u>	<u>1,261,305</u>	<u>419,633</u>	<u>417,514</u>
Loss on investment	(85,940)	(428,498)	-	-	-	-	-	-
Surplus (Deficiency) Of Revenue Over Expenditures	<u>\$ (82,758)</u>	<u>(536,485)</u>	<u>3,417</u>	<u>14</u>	<u>38,116</u>	<u>65,273</u>	<u>15,944</u>	<u>34,446</u>

Notes continued on page 18 ...

17. Segmented Information cont'd...

	Social Services		Land and Trust Services		Health		Employment Assistance	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
ISC	\$ -	-	38,390	55,004	-	-	11,795	37,300
AIAI	-	-	-	-	297,586	318,823	-	-
Health Canada	-	-	-	-	1,044,457	1,018,531	-	-
Provincial	-	-	50,000	-	-	-	-	-
Ministry of Education	-	-	-	-	-	-	-	-
MCSS	-	-	-	-	-	-	-	-
Stepping Stones	656,010	614,689	-	-	-	-	-	-
CMHC	-	-	118,817	106,784	-	-	30,137	9,600
Admin fees	-	-	-	-	-	-	-	-
Rental	-	-	146,205	137,929	-	-	-	-
SFNS	-	-	-	-	-	-	-	-
OFNLP	-	-	-	-	-	-	-	-
Other	-	-	36,064	33,163	-	-	246,904	218,666
	<u>656,010</u>	<u>614,689</u>	<u>389,475</u>	<u>332,880</u>	<u>1,342,043</u>	<u>1,337,354</u>	<u>288,836</u>	<u>265,566</u>
Repayable to funding source	-	-	-	-	6,657	6,554	-	-
Deferred revenue - beginning of year	-	-	73,390	55,322	-	-	21,234	17,339
Deferred revenue - end of year	-	-	55,668	73,390	32,143	-	47,559	21,234
	<u>-</u>	<u>-</u>	<u>184,448</u>	<u>184,034</u>	<u>38,800</u>	<u>6,554</u>	<u>68,793</u>	<u>38,573</u>
Total revenues	<u>656,010</u>	<u>614,689</u>	<u>407,197</u>	<u>314,811</u>	<u>1,303,243</u>	<u>1,330,800</u>	<u>262,511</u>	<u>261,671</u>
Expenditures								
Administration	-	-	15,414	14,718	109,324	107,466	22,574	23,841
Amortization	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-	-
Interest on debt	-	-	24,365	21,762	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-	-
Office and other	14,847	12,924	15,874	21,555	17,432	17,253	-	-
Operations and maintenance	-	-	87,200	67,775	25,823	19,639	-	-
Professional services	-	-	40,098	10,000	69,968	52,707	-	-
Social assistance payments	-	-	-	-	-	-	-	-
Utilities	-	-	15,502	15,899	10,205	23,220	-	-
Program delivery	539,779	516,812	64,595	16,331	511,156	519,214	184,331	215,930
Travel	3,791	9,537	8,216	9,028	40,810	36,505	-	-
Wages and benefits	100,114	75,416	28,815	29,078	527,066	554,797	55,606	21,900
Write-down of accounts receivable	-	-	-	-	-	-	-	-
Total expenses	<u>658,531</u>	<u>614,689</u>	<u>300,079</u>	<u>206,146</u>	<u>1,311,784</u>	<u>1,330,802</u>	<u>262,511</u>	<u>261,671</u>
Adjustment to prior year surplus	-	-	-	-	-	-	-	-
Surplus (Deficiency) Of Revenue Over Expenditures	<u>\$ - 2,521</u>	<u>-</u>	<u>107,117</u>	<u>108,665</u>	<u>- 8,542</u>	<u>2</u>	<u>0</u>	<u>0</u>

Notes continued on page 19 ...

17. Segmented Information cont'd...

	Community Infrastructure		Community Development		OFNLP	
	2018	2017	2018	2017	2018	2017
Revenues						
ISC	\$ 173,728	169,163	101,300	60,000	-	-
AIAI	-	-	9,396	-	-	-
Health Canada	-	-	-	-	-	-
Provincial	19,482	19,482	270,062	97,325	-	-
Ministry of Education	-	-	-	-	-	-
MCSS	-	-	240,301	176,467	-	-
Stepping Stones	-	-	-	-	-	-
CMHC	-	-	-	-	-	-
Admin fees	-	-	-	-	-	-
Rental	-	-	2,937	5,527	-	-
SFNS	-	-	-	-	-	-
OFNLP	-	-	-	-	838,075	829,112
Other	169,734	17,978	313,812	151,010	77,796	54,112
	<u>362,944</u>	<u>206,623</u>	<u>937,809</u>	<u>490,329</u>	<u>915,871</u>	<u>883,224</u>
Repayable to funding source	-	-	8,395	883	-	-
Deferred revenue - beginning of year	-	-	30,625	143,310	-	-
Deferred revenue - end of year	- 6,484	-	- 150,825	- 30,625	-	-
Total revenues	<u>356,460</u>	<u>206,623</u>	<u>809,215</u>	<u>602,130</u>	<u>915,871</u>	<u>883,224</u>
Expenditures						
Administration	28,592	28,297	32,358	15,791	-	-
Amortization	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-
Office and other	8,025	7,555	10,074	18,880	-	-
Operations and maintenance	92,418	102,193	17,647	24,149	-	-
Professional services	-	-	12,040	11,831	-	-
Social assistance payments	-	-	-	-	-	-
Utilities	12,769	9,025	29,950	24,739	-	-
Program delivery	3,151	-	285,249	99,183	-	-
Travel	7,135	6,845	5,454	4,294	-	-
Wages and benefits	59,333	49,805	341,300	363,513	-	-
Community support	-	-	-	-	651,093	503,878
Write-down of accounts receivable	1,518	4,272	-	-	-	-
Total expenses	<u>212,940</u>	<u>207,990</u>	<u>734,071</u>	<u>562,380</u>	<u>651,093</u>	<u>503,878</u>
Adjustment to prior year surplus	-	-	-	-	-	-
Surplus Of Revenue Over Expenditures	<u>\$ 143,519</u>	<u>- 1,367</u>	<u>75,144</u>	<u>39,751</u>	<u>264,778</u>	<u>379,346</u>

Notes continued on page 20 ...

18. Contingencies

Moravian of the Thames First Nation has entered into contribution agreements with various federal and provincial 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. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded as a prior year recovery on the consolidated statement of operations.

Moravian of the Thames First Nation is in the process of decommissioning a waste site. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the First Nation has no reason to believe that the ultimate outcome will have a significant impact on its financial position. No amounts have been included in these financial statements. During the year Indigenous Services Canada advanced flexible contribution for this decommissioning of \$243,230.

19. Financial Instruments Risks Disclosures

The main risks of Moravian of the Thames First Nation financial instruments are exposed to are credit risk, liquidity risk, and market risk each of which is discussed below.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation has exposure to credit risk as the total of all receivables are significant. Management feels the risk is low as most of the receivables are due from various levels of government, first nation members or rent receivables. Any receivable that management feels are uncollectable are allowed for.

Liquidity Risk

Liquidity risk relates to the risk the Moravian of the Thames First Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of Moravian of the Thames First Nation financial instruments are in Canadian dollars and consequently is not subject to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Moravian of the Thames First Nation interest bearing instruments are subject to interest rate risk.

Continued on page 21....

19. Financial Instruments Risks Disclosures cont'd...

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Moravian of the Thames First Nation is not exposed to other price risk.

Changes in Financial Instruments Risks Disclosures

There have been no significant changes in these risk exposures from the prior year.

20. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

21. Budgeted Figures

The budget, approved by the First Nation, for 2018 is reflected on the statement of operations and accumulated surplus. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.