

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

Annapolis Valley First Nation
Financial Statements
For the year ended March 31, 2017

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ANNAPOLIS VALLEY FIRST NATION

Management's Responsibility for the Consolidated Financial Statements March 31, 2017

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

These 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. Management is responsible 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.

The 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 external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Annapolis Valley First Nation and meet when required.

On behalf of Annapolis Valley First Nation:

Chief

Councillor

Councillor

Date

Date

Date



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BDO Canada LLP
230 Brownlow Ave., Suite 120
Dartmouth, Nova Scotia B3B 0G5

INDEPENDENT AUDITOR'S REPORT

To the Members of
Annapolis Valley First Nation

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

Band Management's Responsibility for the Consolidated Financial Statements

Band management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 of 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 for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Annapolis Valley First Nation as at March 31, 2017, and its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

CHARTERED PROFESSIONAL ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS

Dartmouth, Nova Scotia
July 21, 2017

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017**

	2017	2016
	\$	\$
ASSETS		
Cash and cash equivalents (Note 2)	1,735,294	397,067
Restricted cash (Note 2)	172,130	163,003
Temporary Investments (Note 4)	77,197	76,973
Accounts receivable (Note 5)	1,068,491	326,151
	<u>3,053,112</u>	<u>963,194</u>
LIABILITIES		
Bank indebtedness (Note 6)	-	140,000
Accounts payable and accrued liabilities (Note 7)	85,556	210,764
Deferred revenue (Note 9)	611,521	9,947
Long-term debt (Note 10)	1,504,128	1,062,904
	<u>2,201,205</u>	<u>1,423,615</u>
NET FINANCIAL ASSETS (DEBT)	<u>851,907</u>	<u>(460,422)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 11)	4,715,926	4,201,958
Inventory	106,768	129,883
Prepays	5,944	4,281
	<u>4,828,638</u>	<u>4,336,122</u>
ACCUMULATED SURPLUS (Note 12)	<u>5,680,545</u>	<u>3,875,700</u>

The accompanying notes are an integral part of these financial statements.

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017**

	Budget 2017	2017	2016
		\$	\$
REVENUE			
Indigenous and Northern Affairs Canada	1,406,948	844,937	856,527
Canada Mortgage and Housing Corporation	-	111,930	81,003
Confederacy of Mainland Mi'kmaq	47,720	45,069	48,049
Department of Fisheries and Oceans	93,000	74,747	113,077
Department of Health and Wellness	2,840	2,840	24,000
Health Canada	345,827	345,827	316,200
Mi'kmaq Employment Training Secretariat	132,716	132,716	101,677
Mi'kmaq Kina'matnewey	192,529	172,812	154,865
Rent - Social Housing	-	146,110	137,870
Replacement reserve withdrawal	-	15,544	47,570
Amounts earned and held in trust by federal government (Note 3)	-	443	574
Other revenue	21,605	6,243,697	5,141,076
	2,243,185	8,136,672	7,022,488
EXPENDITURES			
Administration	451,148	615,572	595,305
Commercial Buildings	-	5,452	8,331
Commercial Fisheries	-	1,027,987	833,923
Community Health	345,827	313,726	303,164
Community Fisheries	93,000	74,747	88,702
Courses and summer students	111,383	107,965	101,677
Economic Development	47,720	44,964	28,754
Education	192,529	172,922	156,556
Gaming	-	3,350,780	3,818,443
Operations, Capital & Maintenance	829,554	181,066	177,099
Social Housing	-	234,831	285,943
Social Services	271,875	201,934	243,642
	2,343,036	6,331,946	6,641,539
ANNUAL SURPLUS	(99,851)	1,804,726	380,949
ACCUMULATED SURPLUS - beginning of year	3,729,354	3,729,354	3,348,405
ACCUMULATED SURPLUS - end of year	3,629,503	5,534,080	3,729,354

The accompanying notes are an integral part of these financial statements.

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED MARCH 31, 2017**

	Budget 2017	2017	2016
		\$	\$
ANNUAL SURPLUS	(99,851)	1,804,726	380,949
Acquisition of tangible capital assets	-	(988,294)	(251,365)
Amortization of tangible capital assets	-	474,326	334,812
Decrease in replacement reserve	-	(276)	(30,470)
Increase in trust held by federal government	-	395	443
	-	(513,849)	53,420
Decrease in supplies inventories	-	23,115	(34,063)
Increase in prepaid expense	-	(1,663)	-
	-	21,452	(34,063)
INCREASE IN NET FINANCIAL ASSETS (DEBT)	(99,851)	1,312,329	400,306
NET FINANCIAL (DEBT) - beginning of year	(460,422)	(460,422)	(860,728)
NET FINANCIAL ASSETS (DEBT) - end of year	(560,273)	851,907	(460,422)

The accompanying notes are an integral part of these financial statements.

**ANNAPOLIS VALLEY FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
	\$	\$
CASH FLOWS FROM:		
OPERATING ACTIVITIES		
Annual surplus	1,804,726	380,949
Items in earnings not involving cash		
Amortization	474,326	334,812
	2,279,052	715,761
Net changes in working capital balances		
Accounts receivable	(742,340)	(109,940)
Inventory	23,115	(34,063)
Prepaid expenses	(1,663)	-
Accounts payable and accrued liabilities	(125,209)	33,324
Deferred revenue	601,574	(5,678)
	2,034,529	599,404
CAPITAL ACTIVITIES		
Decrease in replacement reserve	(276)	(30,470)
Purchase and transfer of tangible capital assets	(988,294)	(251,365)
	(988,570)	(281,835)
INVESTING ACTIVITIES		
Purchase of short term investments	(9,351)	(10,353)
Investment in capital fund	395	443
	(8,956)	(9,910)
FINANCING ACTIVITIES		
Repayments of long-term debt	(104,675)	(122,692)
Advances of long-term debt	545,899	77,387
Repayment of bank operating loan	(140,000)	(20,000)
	301,224	(65,305)
INCREASE CASH AND EQUIVALENTS DURING THE YEAR	1,338,227	242,354
CASH AND EQUIVALENTS - beginning of year	397,067	154,713
CASH AND EQUIVALENTS - end of year	1,735,294	397,067
Supplementary cash flow information		
Interest received in year	14,618	12,244
Interest paid in year	49,002	44,193

The accompanying notes are an integral part of these financial statements.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include all organizations, operations and activities that are accountable for the administration of their financial affairs and resources directly to the First Nation.

b. Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations which are owned or controlled by the First Nation. These financial statements include:

- Annapolis Valley First Nation Gaming Commission
- Annapolis Valley Commercial Fisheries
- 2501745 Nova Scotia Limited

c. Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis.

d. Cash and Cash Equivalents

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

e. Income Taxes

Income taxes are not reflected on these financial statements as the Band's operations are conducted entirely on reserve lands and are therefore not taxable.

f. Pension Plan

Annapolis Valley First Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based on a set percentage of salary.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Tangible Capital Assets

Tangible Capital Assets are valued at acquisition cost and amortized over their useful life using the straight line method for the following number of years:

Land Improvements	30 years
Wooden Buildings	25 years
Brick Buildings	40 years
Machinery & Equipment	10 years
Computers	4 years
Water & Sewer Networks	50 years
Band Housing	25 years
Vehicles	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Annapolis Valley First Nations' ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

h. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. All revenues are recorded on an accrual basis.

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 performed is deferred and recognized when the fee is earned or service is performed.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

2. CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Annapolis Valley First Nation must set aside funds annually for the repair, maintenance and replacement of aged 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 with any interest earned to be credited as revenue to the Replacement Reserve.

Annapolis Valley First Nation is also required to have Trust funds in Ottawa in a separate bank account. These funds increase annually by the interest earned. They can be withdrawn for their intended purposes if requested.

	2017 \$	2016 \$
<u>Unrestricted</u>		
Operating	1,690,846	391,157
Housing	44,448	5,910
	<u>1,735,294</u>	<u>397,067</u>
 <u>Externally Restricted</u>		
Replacement Reserve	150,418	141,686
Ottawa Trust Funds (Note 4)	21,712	21,317
	<u>172,130</u>	<u>163,003</u>

3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2016 \$	Additions 2017 \$	Withdrawals 2017 \$	March 31, 2017 \$
Revenue	15,670	395	-	16,065
Capital	5,647	-	-	5,647
Total	<u>21,317</u>	<u>395</u>	<u>-</u>	<u>21,712</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 Section 63 to 69 of the Indian Act.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

4. TEMPORARY INVESTMENTS

	2017 \$	2016 \$
GIC maturing on April 14, 2017 at a rate of 0.50%	50,945	51,021
GIC maturing on February 24, 2018 at a rate of 0.50%	15,804	15,504
GIC maturing on March 22, 2018 at a rate of 0.50%	10,448	10,448
	<u>77,197</u>	<u>76,973</u>

5. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
Atlantic Integrated Commercial Fisheries Initiative	149,500	123,358
Breakfast Clubs of Canada	-	370
Canadian Mortgage and Housing Corporation	174,870	-
Confederacy of Mainland Mi'kmaq	10,055	3,500
Department of Fisheries and Oceans	7,443	73,274
Groundfish quota	27,667	11,029
Indigenous and Northern Affairs Canada	446,250	-
Mi'kmaq Employment Training Secretariat	27,080	24,922
Mi'kmaw Kina'matnewey	14,182	12,675
Other	49,271	6,570
Scallop quota	162,173	66,953
Wagmatcook Band Council	-	3,500
	<u>1,068,491</u>	<u>326,151</u>

6. BANK INDEBTEDNESS

The First Nation has the following operations loans:

An operating loan, secured by a Band Council Resolution. It has a borrowing facility available of \$200,000 bearing interest at a rate of prime plus 0.7%.

An overdraft, secured by a Band Council Resolution. It has a borrowing facility available of \$140,000 bearing interest at a rate of prime plus 0.7%.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017 \$	2016 \$
Trade payables and accruals	68,900	205,237
Accrued interest	1,891	1,742
Government remittances payable	14,765	3,785
	<u>85,556</u>	<u>210,764</u>

8. EMPLOYEE BENEFIT OBLIGATIONS

The First Nation provides defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. The First Nation contributes 5% which is directed to the Member's contribution account. 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. Annapolis Valley First Nation contributed during the year \$22,278 (2016 - \$21,471) for retirement benefits.

9. DEFERRED REVENUE

	2017 \$	2016 \$
AANDC - Water Line Extension	525,000	-
AANDC - Capacity Development	37,011	-
Air Canada Breakfast Program	-	760
Confederacy of Mainland Mi'kmaq	2,651	-
Give us Wings Projects	7,477	8,187
Government of Canada	31,249	-
Mi'kmaq Physical Activity Leadership Program	-	1,000
Mi'kmaw Kina'matnewey	8,133	-
	<u>611,521</u>	<u>9,947</u>

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. LONG-TERM DEBT

	2017 \$	2016 \$
Prime plus 2.75% loan payable to Royal Bank of Canada, secured by a vessel with book value of \$216,937. This loan is for a 5 year term maturing March 2018 and is amortized to 2023. Repayable in semi-annual principal payments of \$14,475 plus interest paid monthly. General security agreement in place.	173,700	202,650
Prime plus 1.48% loan payable to Royal Bank of Canada, secured by a vessel with book value of \$387,000. This loan is for a 5 year term maturing June 2022 and is amortized to 2027. Repayable in semi-annual principal payments of \$16,125 plus interest paid monthly. General security agreement in place.	322,500	-
2.76% first mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$626. The loan is secured by a first mortgage over certain buildings with a carrying value of \$0 and a ministerial guarantee, Government of Canada. The loan matured in 2017.	-	2,517
1.34% first mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$626. The loan is secured by a first mortgage over certain buildings with a carrying value of \$6,804 and a ministerial guarantee, Government of Canada. The loan matures in 2018.	8,085	15,445
4.28% first mortgage payable to Royal Bank of Canada requires monthly installments of principal and interest of \$634. The loan is secured by a first mortgage over certain buildings with a carrying value of \$8,535 and a ministerial guarantee, Government of Canada. The loan matured in 2017.	-	3,784
2.62% first mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$934. The loan is secured by a first mortgage over certain buildings with a carrying value of \$18,337 and a ministerial guarantee, Government of Canada. The loan matured in 2017.	-	1,874

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.30% first mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$528. The loan is secured by a first mortgage over certain buildings with a carrying value of \$28,451 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2021 and matures in 2022.	25,237	31,217
2.55% first mortgage payable to Royal Bank of Canada requires monthly installments of principal and interest of \$377. The loan is secured by a first mortgage over certain buildings with a carrying value of \$21,891 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2017 and matures in 2022.	23,508	27,377
4.56% first mortgage payable to Royal Bank of Canada requires monthly installments of principal and interest of \$861. The loan is secured by a first mortgage over certain buildings with a carrying value of \$46,217 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2018 and matures in 2023.	54,809	62,452
2.65% first mortgage payable to Royal Bank of Canada requires monthly installments of principal and interest of \$471. The loan is secured by a first mortgage over certain buildings with a carrying value of \$26,183 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2018 and matures in 2023.	21,450	26,465
2.65% first mortgage payable to Royal Bank of Canada requires monthly installments of principal and interest of \$404. The loan is secured by a first mortgage over certain buildings with a carrying value of \$34,867 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2018 and matures in 2026.	19,475	23,746
1.03% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$293. The loan is secured by a first mortgage over certain buildings with a carrying value of \$31,963 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2021 and matures in 2026.	31,305	34,434

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.53% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$291. The loan is secured by a first mortgage over certain buildings with a carrying value of \$42,624 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2017 and matures in 2027.	34,171	37,125
1.92% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$281. The loan is secured by a first mortgage over certain buildings with a carrying value of \$48,534 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2019 and matures in 2029.	36,421	39,077
1.39% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$300. The loan is secured by a first mortgage over certain buildings with a carrying value of \$77,791 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2020 and matures in 2030.	43,549	46,524
1.11% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$303. The loan is secured by a first mortgage over certain buildings with a carrying value of \$67,648 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2021 and matures in 2031.	47,238	50,376
1.43% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$320. The loan is secured by a first mortgage over certain buildings with a carrying value of \$62,225 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2022 and matures in 2032.	51,968	54,995

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
1.53% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$324. The loan is secured by a first mortgage over certain buildings with a carrying value of \$60,199 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2017 and matures in 2032.	54,234	57,277
2.04% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$815. The loan is secured by a first mortgage over certain buildings with a carrying value of \$135,645 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2019 and matures in 2034.	139,517	146,406
2.35% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$345. The loan is secured by a first mortgage over certain buildings with a carrying value of \$67,589 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2018 and matures in 2033.	56,735	59,523
1.83% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$326. The loan is secured by a first mortgage over certain buildings with a carrying value of \$95,535 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2019 and matures in 2034.	59,440	62,253
1.30% mortgage payable to Canada Mortgage & Housing Corporation requires monthly installments of principal and interest of \$677. The loan is secured by a first mortgage over certain buildings with a carrying value of \$219,267 and a ministerial guarantee, Government of Canada. The loan has a renewal date of 2022 and matures in 2042.	173,370	-

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

10. LONG-TERM DEBT (continued)

	2017 \$	2016 \$
Non-interest bearing promissory note payable to Indigenous and Northern Affairs Canada on or before March 31, 2021 or the date on which the claim is settled.	<u>127,416</u>	<u>77,387</u>
	<u>1,504,128</u>	<u>1,062,904</u>

Approximate principal payments for the next 5 years are as follows:

	\$		
2018	118,254		
2019	130,500		
2020	208,781		
2021	183,071		
2022	119,413		
		2017 \$	2016 \$
Interest expense for the year on long-term debt		<u>27,443</u>	<u>30,034</u>

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

11. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Disposals, W/O & Other Adj.		Closing Balance	2017	2016
							Amort.				
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
CMHC Housing	2,471,458	236,632	-	-	2,708,090	1,469,031	94,153	-	1,563,184	1,144,906	1,002,427
Band Owned Housing	1,963,917	55,544	-	-	2,019,461	932,162	49,390	-	981,552	1,037,909	1,031,755
Commercial Buildings	1,945,628	114,436	-	-	2,060,064	848,310	92,303	-	940,613	1,119,451	1,097,318
Computer Equipment	45,982	18,188	-	-	64,170	25,307	12,627	-	37,934	26,236	20,675
Land & Improvements	108,078	67,000	-	-	175,078	18,368	4,081	-	22,448	152,630	89,710
Fishing Vessels	612,605	430,000	-	-	1,042,605	395,667	127,503	-	523,170	519,435	216,938
Roadways	405,491	-	-	-	405,491	181,612	5,869	-	187,481	218,010	223,879
Underground Networks	201,258	3,800	-	-	205,058	99,294	6,068	-	105,363	99,695	101,964
Vehicles & Equipment	2,307,179	62,694	-	-	2,369,873	1,889,887	82,332	-	1,972,219	397,654	417,292
	7,590,138	751,662	-	-	8,341,800	4,390,607	380,173	-	4,770,780	3,571,020	3,199,531
	10,061,596	988,294	-	-	11,049,890	5,859,638	474,326	-	6,333,964	4,715,926	4,201,958

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

12. ACCUMULATED SURPLUS

	2017 \$	2016 \$
Housing Projects - Replacement Reserve (Note 13)	124,753	125,029
Accumulated Operating Surplus	5,534,080	3,729,354
Ottawa Trust Funds (Note 3)	21,712	21,317
	<u>5,680,545</u>	<u>3,875,700</u>

13. REPLACEMENT RESERVE

	2017 \$	2016 \$
Balance - beginning of year	125,029	155,499
Current year allocation	15,268	17,100
Withdrawals	(15,544)	(47,570)
	<u>124,753</u>	<u>125,029</u>

	2017 \$ Pre 1997 Units	2017 \$ Post 1997 Units
ACCUMULATED INTEREST		
Balance - beginning of year	3,474	3,314
Balance - end of year	<u>3,474</u>	<u>3,314</u>

The Annapolis Valley First Nation operates 19 CMHC subsidized housing projects as at March 31, 2017. Under the terms of the agreement with CMHC, the replacement reserve account is to be credited annually with an amount established by CMHC. These funds, plus accumulated interest, must be held in a separate bank account and used for future repairs or other expenditures only as approved by CMHC.

As at March 31, 2017, the Annapolis Valley First Nation has provided funding of reserves as follows:

	Amount of Reserve \$	Amount Funded \$
Replacement Reserve (Note 2)	<u>124,753</u>	<u>150,418</u>

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

14. ECONOMIC DEPENDENCE

The Annapolis Valley First Nation receives its principal source of funding under a funding arrangement with Indian and Northern Affairs Canada. The present agreement is for a two year term ending March 31, 2018.

15. CONTINGENCIES

Annapolis Valley First Nation has entered into contribution agreements with various federal 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.

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. GOVERNMENT TRANSFERS

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
	\$	\$	\$	\$	\$	\$
Federal government transfers:						
Indigenous and Northern Affairs Canada	821,946	585,002	1,406,948	797,103	59,424	856,527
Health Canada	312,155	33,672	345,827	305,625	10,575	316,200
Canada Mortgage and Housing Corporation	111,930	-	111,930	81,003	-	81,003
Department of Fisheries and Oceans	74,747	-	74,747	113,077	-	113,077
Total	1,320,778	618,674	1,939,452	1,296,808	69,999	1,366,807
Provincial grant transfer:						
Municipal Physical Activity Leadership Program	2,840	-	2,840	24,000	-	24,000
Total	1,323,618	618,674	1,942,292	1,320,808	69,999	1,390,807

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

17. SEGMENT DISCLOSURE

The Annapolis Valley First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes, the Annapolis Valley First Nation's operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The activities can be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

The administration department oversees the delivery of all government services that are needed to run the Annapolis Valley First Nation.

Social Services

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

Community Health

The community health department provides medical services to band members.

Education

The education department contains activities that provide education to band members for primary, secondary schooling, and sponsorship to attend post secondary institutions.

Operations, Maintenance and Capital

The operations, maintenance and capital department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection, electrical and community buildings. They are also responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

Other Projects

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities, and others.

Annapolis Valley Gaming Commission

The Gaming Commission was set up to enter into an Agreement with Atlantic Lottery Corporation for the operations of video lottery terminals on the Annapolis Valley First Nation reserve. It also operates a convenience store, gaming facility and gas bar on the reserve.

Annapolis Valley Commercial Fisheries

Annapolis Valley Commercial Fisheries is an enterprise operated by the First Nation. It operates one lobster vessel and maintains three lobster licences.

2501745 Nova Scotia Limited

The Company was incorporated for the purposes of constructing a gaming facility and bingo hall on reserve lands which is leased to the Annapolis Valley First Nation Gaming Commission.

ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

17. SEGMENT DISCLOSURE

For the year ended March 31, 2017	Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other Projects	Gaming Commission	Fisheries	2501745 NS Ltd.	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Indigenous and Northern Affairs Canada	233,377	421,525	-	-	190,035	-	-	-	-	844,937
Atlantic Integrated Commercial CMHC	-	-	-	-	-	111,930	-	-	-	111,930
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	45,069	-	-	-	45,069
Dept. of Fisheries & Oceans	-	-	-	-	-	74,747	-	-	-	74,747
Health Canada	-	-	345,827	-	-	-	-	-	-	345,827
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	132,716	-	-	-	132,716
Mi'kmaw Kina'matnewey	-	-	-	172,812	-	-	-	-	-	172,812
Rent	-	-	-	-	-	146,110	-	-	-	146,110
Replacement Reserve	-	-	-	-	-	15,544	-	-	-	15,544
Other Revenue	-	-	-	-	-	48,874	4,281,485	1,916,621	-	6,246,980
	233,377	421,525	345,827	172,812	190,035	574,990	4,281,485	1,916,621	-	8,136,672
Salaries and wages	346,432	37,743	178,214	109,584	26,016	55,136	370,149	606,734	-	1,730,008
Employee benefits	47,998	-	-	5,897	-	-	99,054	25,340	-	178,289
Supplies and services	-	158,827	80,890	148,096	-	-	1,919,489	142,982	-	2,450,284
Bank Charges and interest	-	1,094	-	-	-	-	19,848	220	-	21,162
Repairs and maintenance	7,546	-	11,743	-	133,063	47,413	55,381	54,984	-	310,130
Professional fees	(300)	-	-	-	-	403	121,387	2,300	(2,500)	121,290
Debt servicing	23,392	-	-	-	-	15,216	1,834	10,394	-	50,836
Other	86,301	4,270	42,879	17,310	21,987	142,221	670,647	2,053	-	987,668
Amortization	104,203	-	-	-	-	94,153	92,991	182,980	7,952	482,279
	615,572	201,934	313,726	280,887	181,066	354,542	3,350,780	1,027,987	5,452	6,331,946
Total	(382,195)	219,591	32,101	(108,075)	8,969	220,448	930,705	888,634	(5,452)	1,804,726

ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

17. SEGMENT DISCLOSURE (continued)

For the year ended March 31, 2016	Administration	Social Services	Community Health	Education	Capital, Operations & Maintenance	Other Projects	Gaming Commission	Fisheries	2501745 NS Ltd.	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
Indigenous and Northern Affairs Canada	217,334	454,121	-	-	185,072	-	-	-	-	856,527
Atlantic Integrated Commercial CMHC	-	-	-	-	-	81,003	-	-	-	81,003
Confederacy of Mainland Mi'kmaq	-	-	-	-	-	48,049	-	-	-	48,049
Dept. of Fisheries & Oceans	-	-	-	-	-	113,077	-	-	-	113,077
Health Canada	-	-	316,200	-	-	-	-	-	-	316,200
Mi'kmaq Employment Training Secretariat	-	-	-	-	-	101,677	-	-	-	101,677
Mi'kmaq Kina'matnewey	-	-	-	154,865	-	-	-	-	-	154,865
Rent	-	-	-	-	-	137,870	-	-	-	137,870
Replacement Reserve	-	-	-	-	-	47,570	-	-	-	47,570
Other Revenue	-	-	-	-	-	100,782	3,871,388	1,193,480	-	5,165,650
	217,334	454,121	316,200	154,865	185,072	630,028	3,871,388	1,193,480	-	7,022,488
Salaries and wages	316,016	38,954	169,353	122,608	26,588	58,145	470,342	417,621	-	1,619,627
Employee benefits	38,745	-	-	6,192	-	-	211,387	89,888	-	346,212
Supplies and services	-	182,201	51,722	82,746	-	-	1,818,765	143,675	-	2,279,109
Bank Charges and interest	2,284	926	-	-	-	-	21,339	415	-	24,964
Repairs and maintenance	9,398	-	17,970	-	139,778	49,107	54,079	25,037	-	295,369
Professional fees	30,000	-	-	-	-	14,377	123,025	6,950	-	174,352
Debt servicing	14,159	-	-	-	-	17,930	4,592	12,104	-	48,785
Other	85,500	21,561	64,119	46,687	10,733	165,407	1,019,511	12,690	-	1,426,208
Amortization	99,203	-	-	-	-	98,433	95,403	125,543	8,331	426,913
	595,305	243,642	303,164	258,233	177,099	403,399	3,818,443	833,923	8,331	6,641,539
Total	(377,971)	210,479	13,036	(103,368)	7,973	226,629	52,945	359,557	(8,331)	380,949

**ANNAPOLIS VALLEY FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

18. EXPENSES BY OBJECT

The following is a summary of expenses by object.

	2017 \$	2016 \$
Salaries and wages	1,730,008	1,619,627
Employee benefits	178,289	346,212
Repairs and Maintenance	310,130	295,369
Supplies and services	2,450,284	2,279,109
Bank charges and interest	21,162	24,964
Debt servicing	50,836	48,785
Professional services	121,290	174,352
Amortization	482,279	426,913
Atlantic Lottery Commission	173,805	172,584
Assistance to band members	247,254	501,698
Sydney Casino Profit Share	49,825	47,400
Travel	52,465	113,064
Other	464,319	591,462
	<u>6,331,946</u>	<u>6,641,539</u>