

Consolidated Financial Statements of

**CHIPPEWAS OF SAUGEEN  
FIRST NATION**

Year ended March 31, 2017

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Chippewas of Saugeen First Nation (the "First Nation") are the responsibility of management and have been approved by Chippewas of Saugeen First Nation and the undernoted Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated 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 consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains a system of internal accounting and administrative controls. 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.


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

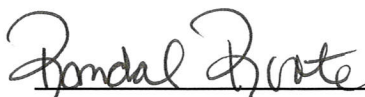
Chief and Council review the First Nation's consolidated financial statements and recommend their approval. Chief and Council meet to discuss and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the First Nation Members. Chief and Council also consider the engagement of the external auditors.


The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.


  
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Chief

  
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Councilor

  
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Councilor



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## INDEPENDENT AUDITORS' REPORT

To the Members of Chippewas of Saugeen First Nation

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

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

July 31, 2017

Sudbury, Canada

# CHIPPEWAS OF SAUGEEN FIRST NATION

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Year ended March 31, 2017

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## Consolidated Financial Statements

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# CHIPPEWAS OF SAUGEEN FIRST NATION




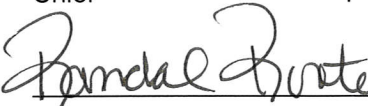

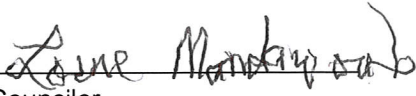
Exhibit A - Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Cash and short-term investments (note 2)	\$ 4,867,705	2,265,191
Accounts receivable (note 3)	2,912,812	1,403,299
Inventory	109,498	148,417
Investments	102,174	102,174
Portfolio investments (note 4)	37,217,528	37,243,632
Mortgages receivable (note 5)	2,611,698	2,854,617
Consolidated revenue fund (note 12)	9,278,157	9,102,036
	<u>57,099,572</u>	<u>53,119,366</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,247,289	1,994,805
Deferred revenue (note 6)	4,033,966	2,243,007
Long-term debt (note 7)	35,457,690	36,824,477
	<u>42,738,945</u>	<u>41,062,289</u>
Net financial assets	14,360,627	12,057,077
<b>Non-financial assets</b>		
Prepaid expenses	58,322	61,615
Tangible capital assets (note 8)	22,867,423	23,391,063
	<u>22,925,745</u>	<u>23,452,678</u>
Contingent liabilities (note 10)		
Accumulated surplus (note 11)	<u>\$ 37,286,372</u>	<u>35,509,755</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 _____ Chief	 _____ Councilor	 _____ Councilor
 _____ Chief	 _____ Councilor	 _____ Councilor
_____ Councilor		

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget (note 13)	2017 Actual	2016 Actual
<b>Revenue:</b>			
Government transfers - Provincial	\$ 3,471,247	3,585,841	3,560,827
- Federal	7,188,256	7,008,867	6,853,527
Investment income	3,492,527	3,698,821	4,147,895
Rental income	3,576,200	4,160,525	3,576,394
Business operations	4,498,240	5,276,918	5,013,482
Other	3,027,114	2,898,465	2,943,035
<b>Total revenue</b>	<b>25,253,584</b>	<b>26,629,437</b>	<b>26,095,160</b>
<b>Expenses:</b>			
Revenue Fund	7,872,526	8,886,811	5,656,558
Education	3,902,552	3,881,406	3,506,665
Capital Housing	871,012	188,253	234,249
Social Services	1,499,837	1,646,258	1,505,085
Land Management	3,400,000	3,762,264	6,100,000
Saugeen Ojibway Nation	-	436,724	513,791
Driftwood Corporation	173,310	129,161	171,512
Gas Bar	3,877,217	3,212,777	3,146,941
Red Road Café & Grill Corporation	48,469	111,947	333,700
Saugeen Ojibway Nation Finance Corporation	2,447,819	2,597,219	2,447,819
<b>Total expenses</b>	<b>24,092,742</b>	<b>24,852,820</b>	<b>23,616,320</b>
<b>Excess of revenue over expenses</b>	<b>1,160,842</b>	<b>1,776,617</b>	<b>2,478,840</b>
<b>Accumulated surplus, beginning of year</b>	<b>35,509,755</b>	<b>35,509,755</b>	<b>33,030,915</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 36,670,597</b>	<b>37,286,372</b>	<b>35,509,755</b>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget (note 13)	2017 Actual	2016 Actual
Excess of revenue over expenses	\$ 1,160,842	1,776,617	2,478,840
Acquisition of tangible capital assets	(305,603)	(518,322)	(305,603)
Amortization of tangible capital assets	1,078,797	1,041,962	1,078,797
Gain on disposal of tangible capital assets	(11,500)	(11,500)	(43,540)
Proceeds on disposal of tangible capital assets	11,500	11,500	82,875
	1,934,036	2,300,257	3,291,369
Acquisition of prepaid expenses	-	(58,322)	(61,615)
Use of prepaid expenses	-	61,615	51,949
Change in net financial assets	1,934,036	2,303,550	3,281,703
Net financial assets, beginning of year	12,057,077	12,057,077	8,775,374
Net financial assets, end of year	\$ 13,991,113	14,360,627	12,057,077

See accompanying notes to consolidated financial statements.



# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Operating transactions:		
Excess of revenue over expenses	\$ 1,776,617	2,478,840
Adjustment for:		
Amortization of tangible capital assets	1,041,962	1,078,797
Loss on disposal of tangible capital assets	(11,500)	(43,540)
	<u>2,807,079</u>	<u>3,514,097</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,509,513)	669,755
Decrease (increase) in inventory	38,919	(40,057)
Increase (decrease) in accounts payable and accrued liabilities	1,252,484	(1,244,663)
Decrease in deferred revenue	1,790,959	167,686
Increase in prepaid expenses	3,293	(9,666)
	<u>4,383,221</u>	<u>3,057,152</u>
Capital transactions:		
Proceeds on sale of tangible capital assets	11,500	82,875
Cash used to acquire tangible capital assets	(518,322)	(305,603)
	<u>(506,822)</u>	<u>(222,728)</u>
Financing transactions:		
Principal payments on long-term debt	(1,366,787)	(1,161,387)
Decrease in mortgages receivable	242,919	170,364
	<u>(1,123,868)</u>	<u>(991,023)</u>
Investing transactions:		
Change on accrued interest on portfolio investments	26,104	(343,632)
Increase in trust funds	(176,121)	(170,277)
	<u>(150,017)</u>	<u>(513,909)</u>
Net increase in cash and short-term investments	2,602,514	1,329,492
Cash and short-term investments are composed of the following:		
Cash and short-term investments, beginning of year	2,265,191	935,699
Cash and short-term investments, end of year	<u>\$ 4,867,705</u>	<u>2,265,191</u>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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The Chippewas of Saugeen First Nation (the “First Nation”), located in Southampton Ontario, administers programs and provides services to First Nation members.

## 1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

### (a) Reporting entity:

The First Nation reporting entity includes the First Nation government and all related entities which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation

These financial statements consolidate the assets, liabilities and results of operations for the following programs and entities:

- Chippewas of Saugeen Revenue Fund
- Chippewas of Saugeen Education Fund
- Chippewas of Saugeen Capital Housing Program
- Chippewas of Saugeen Social Services
- Chippewas of Saugeen Land Management
- Saugeen Gas Bar
- Saugeen Ojibwas Nation programs administered by Saugeen First Nation
- Saugeen Driftwood Corporation
- The Red Road Café & Grill Corporation

A government partnership exists where the municipality has shared control over the board or entity. The municipality’s pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality’s proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

- Saugeen Ojibway Nation Finance Corporation – 50%

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not been eliminated.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (b) Investments:

Investments are recorded at cost plus accrued interest which approximates market value. Temporary declines in the market value of the long-term investments are not adjusted.

### (c) Revenue recognition:

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (i) Revenue from land leases is recognized in accordance with the term of the lease agreements.
- (ii) Donations are recognized when collected.
- (iii) Other revenue generated from the sale of goods and the provision of services is recognized when performance of the service has been completed or transfer of title of the goods has taken place.
- (iv) Government transfers are recognized as revenue in the financial statements 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 the transfer stipulations give rise to a liability. Transfer revenue is recognized on the consolidated statement of operations as the stipulation liabilities are settled.

### (d) Inventory:

Inventory is stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

### (e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

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Asset	Useful Life - Years
Land improvements	25 years
Vehicles	5 years
Machinery and equipment	5 years
Roads	
Gravel	25 years
Pavement and sidewalks	20 years
Street light	30 years
Culverts	40 years
Buildings	25 years
Water system	58 years
Cables and solar panels	50 years

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Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

(h) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

## 2. Cash and short-term investments:

The short-term investments consisting of cash and term deposits are recorded at cost and earn rates of return ranging from 1% to 2% per annum.

## 3. Accounts receivable:

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	2017	2016
Trade receivables	\$ 1,273,945	349,123
Saugeen Ojibway Nation programs	256,460	254,179
Member loans	399,957	288,688
Harmonized Sales Tax	82,474	90,126
Department of Health and Welfare Canada	7,395	–
Indigenous and Northern Affairs Canada	656,606	102,242
Huronian and Area Aboriginal Board of Management	78,383	47,042
Ministry of Agriculture, Food and Rural Affairs	–	164,666
Aboriginal Labour Force Development Circle	55,305	–
Other government agencies	324,529	329,474
	3,135,054	1,625,540
Allowance for doubtful accounts	(222,242)	(222,241)
	\$ 2,912,812	1,403,299

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The First Nation provides loans to members, both employee and non-employee for various purposes. The repayment and interest terms vary and are secured by Land Lease payments or payroll deductions.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 4. Portfolio investment:

	2017	2016
Class A BLMP Interest	\$ 25,000,000	25,000,000
Class B BLMP Interest	11,000,000	11,000,000
Accrued Interest	1,217,528	1,243,632
	<u>\$ 37,217,528</u>	<u>37,243,632</u>

On December 17, 2014, the Saugeen Ojibway Nation Finance Corporation purchased 50,000,000 Class A Units and 22,000,000 Class B Units representing a 35.19% interest of B2M Limited Partnership ("B2M"). Chippewas of Saugeen First Nation owns a 50% share in Saugeen Ojibway Nation Finance Corporation and therefore beneficially own 25,000,000 Class A units and 11,000,000 Class B units.

B2M owns and operations a high voltage electrical transmission tower line between Kincardine and Milton Ontario.

## 5. Mortgages receivable:

	2017	2016
Mortgages receivable	\$ 4,470,372	4,735,208
Allowance for uncollectible mortgages	(1,858,674)	(1,880,591)
	<u>\$ 2,611,698</u>	<u>2,854,617</u>

The First Nation provides mortgages to members for the purpose of home renovations and new home construction. The mortgages are non-interest bearing and require monthly principal repayments.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 6. Deferred revenue:

	2017	2016
Revenue	\$ 2,260,500	1,444,825
Land management	–	138,737
Capital housing program	1,537,552	450,864
SON projects	235,914	208,581
	<u>\$ 4,033,966</u>	<u>2,243,007</u>

## 7. Long-term debt:

	2017	2016
Tecumseh mortgage payable in annual payments of \$10,000, increasing to \$40,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	\$ 231,306	240,915
Tecumseh mortgage payable in annual in payments of \$10,000, increasing to \$25,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	215,300	224,949
The Canada Life Insurance Company of Canada Tranche A Loan payable in quarterly payments of \$393,540 including interest at 3.824%, due November 2039	23,844,539	24,491,112
The Canada Life Insurance Company of Canada Tranche B Loan payable in quarterly payments of \$266,770 including interest at 3.152%, due November 2029	11,166,545	11,867,501
	<u>\$35,457,690</u>	<u>36,824,477</u>

Principal repayments over the next five years are estimated as follows:

2018	\$ 1,081,743
2019	1,471,746
2020	1,542,199
2021	1,594,449
2022	1,648,566

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 8. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 604,168	-	-	604,168
Land improvements	513,585	-	-	513,585
Buildings	9,488,390	89,812	-	9,578,202
Machinery and equipment	4,752,771	239,045	-	4,991,816
Vehicles	1,783,474	189,465	(148,601)	1,824,338
Roads	2,602,840	-	-	2,602,840
Water system	18,131,963	-	-	18,131,963
Broadband	974,796	-	-	974,796
<b>Total</b>	<b>\$ 38,851,987</b>	<b>518,322</b>	<b>(148,601)</b>	<b>39,221,708</b>

Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$ -	-	-	-
Land improvements	370,774	-	11,885	382,659
Buildings	4,943,686	-	313,842	5,257,528
Machinery and equipment	3,579,983	-	304,652	3,884,635
Vehicles	1,489,601	(148,601)	26,126	1,367,126
Roads	2,188,560	-	53,341	2,241,901
Water system	2,812,148	-	312,620	3,124,768
Broadband	76,172	-	19,496	95,668
<b>Total</b>	<b>\$ 15,460,924</b>	<b>(148,601)</b>	<b>1,041,962</b>	<b>16,354,285</b>

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 604,168	604,168
Land improvements	142,811	130,926
Buildings	4,544,704	4,320,674
Machinery and equipment	1,172,788	1,107,181
Vehicles	293,873	457,212
Roads	414,280	360,939
Water system	15,319,815	15,007,195
Broadband	898,624	879,128
<b>Total</b>	<b>\$ 23,391,063</b>	<b>22,867,423</b>



# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 8. Tangible capital assets (continued):

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land	\$ 604,168	-	-	604,168
Land improvements	513,585	-	-	513,585
Buildings	9,425,534	62,856	-	9,488,390
Machinery and equipment	4,714,722	198,913	(160,864)	4,752,771
Vehicles	1,837,977	43,834	(98,337)	1,783,474
Roads	2,602,840	-	-	2,602,840
Water system	18,131,963	-	-	18,131,963
Broadband	974,796	-	-	974,796
<b>Total</b>	<b>\$ 38,805,585</b>	<b>305,603</b>	<b>(259,201)</b>	<b>38,851,987</b>

Accumulated Amortization	Balance at March 31, 2015	Disposals	Amortization	Balance at March 31, 2016
Land	\$ -	-	-	-
Land improvements	358,589	-	11,885	370,474
Buildings	4,631,261	-	312,425	4,943,686
Machinery and equipment	3,408,030	(160,864)	332,817	3,579,983
Vehicles	1,513,812	(59,002)	34,791	1,489,601
Roads	2,133,797	-	54,763	2,188,560
Water system	2,499,528	-	312,620	2,812,148
Broadband	56,676	-	19,496	76,172
<b>Total</b>	<b>\$ 14,601,693</b>	<b>(219,866)</b>	<b>1,078,797</b>	<b>15,460,624</b>

	Net book value, March 31, 2015	Net book value, March 31, 2016
Land	\$ 604,168	604,168
Land improvements	154,996	143,111
Buildings	4,794,273	4,544,704
Machinery and equipment	1,306,692	1,172,788
Vehicles	324,165	293,873
Roads	469,043	414,280
Water system	15,632,435	15,319,815
Broadband	918,120	898,624
<b>Total</b>	<b>\$ 24,203,892</b>	<b>23,391,363</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 9. Government Business Enterprise:

The following summarizes the financial position and operations of the government which have been reported in these financial statements using the proportionate consolidation method:

### Saugeen Ojibway Nation Finance Corporation

Saugeen Ojibway Nation Finance Corporation was incorporated on March 22, 2013 under the laws of the Province. Chippewas of Saugeen First Nation owns 50% and Chippewas of Nawash First Nation own 50% of the outstanding shares of Saugeen Ojibway Nation Finance Corporation. On December 17, 2014, the company purchased units of B2M Limited Partnership. Saugeen Ojibway Nation Finance Corporation has a December 31<sup>st</sup> year-end but has quarterly review done each quarter. The summarized information below has been updated from the year ended March 31, 2017.

	2017	2016
Financial Position:		
Current assets	\$ 5,829,786	5,347,328
Non-current assets	72,000,000	72,000,000
	<u>77,829,786</u>	<u>77,347,328</u>
Current liabilities	2,161,414	731,301
Long-term debt	70,022,167	72,717,225
	<u>72,183,581</u>	<u>73,448,526</u>
Net assets	<u>\$ 5,646,205</u>	<u>3,898,802</u>
Results of operations:		
Revenue	\$ 6,941,841	7,894,479
Expenses	5,194,438	4,895,634
Net earnings	<u>1,747,403</u>	<u>2,998,845</u>
Accumulated surplus, beginning of period	3,898,802	899,957
Accumulated surplus, end of period	<u>\$ 5,646,205</u>	<u>3,898,802</u>

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 10. Contingent liabilities:

Loan guarantees:

The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation member's business loans in the amount of \$ 17,378 (2016 - \$22,512).

## 11. Accumulated surplus:

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	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 22,410,673	22,973,624
Consolidated revenue fund	9,278,157	9,102,036
Business enterprises	2,823,103	1,949,400
Other	(2,144,684)	(2,959,148)
	<hr/> 32,367,249	<hr/> 31,065,912
Reserves:		
Arena	35,233	35,233
Education bursary	114,380	112,051
Police building	231,747	231,351
Loan guarantee	101,322	99,093
Ontario First Nations Limited Partnership	4,436,441	3,966,115
	<hr/> 4,919,123	<hr/> 4,443,843
	<hr/> \$ 37,286,372	<hr/> 35,509,755

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# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

### 12. Consolidated revenue fund:

The following schedule details the receipts and expenditures for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 8,790,343	311,693	9,102,036
Interest	176,121	-	176,121
Balance, end of year	\$ 8,966,464	311,693	9,278,157

### 13. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below.

Approved expense budget:	
Total expenses per budget	\$ 23,420,501
Less:	
Capital acquisition	(518,322)
Add:	
Amortization of tangible capital assets	1,041,962
Capital disposal	148,601
	<u>1,190,563</u>
Expense budget per financial statements	\$ 24,092,742

### 14. Comparative information:

Certain 2016 comparative information have been reclassified where necessary to conform to the current year presentation.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 15. Segmented information:

Chippewas of Saugeen First Nation is a diversified governmental institution that provides a wide range of services to its Members and local community such as educational and social assistance, water treatment, recreational and health programs, housing and community services.

Services are provided by functional segments and their activities are reported in these funds. Certain segments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### **Revenue**

Revenue manages the administration functions and various programs that are offered for the betterment of the members of the community. The programs offered include community operations, medical and social services, capital, infrastructure, economic development and recreation. Revenue includes the revenues and expenses that relate to the operations of the First Nation itself and cannot be directly attributed to a specific segment. The Revenue Fund also includes the consolidated transactions of the Funds Held in Trust in Ottawa.

### **Education**

Education provides tuition and educational support through the payment of tuition fees directly to local school boards and through financial assistance to students

### **Capital Housing**

Capital housing provides mortgages, loans and grants to its members to allow for housing construction and renovations.

### **Social Services**

Social services provides services directed towards the well-being of members in need of non-health related services including such activities as income support, home support and provision of child welfare services.

### **Land Management**

Land management handles the administration of the leased lands including the billing and collections for services.

### **Saugeen Ojibway Nation**

The Saugeen Ojibway Nation partners with commercial and community organizations to promote environmental stewardship during project development.

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 15. Segmented information (continued):

### **Driftwood Corporation**

Driftwood Corporation has been incorporated to provide broadband services to local residents and general solar power.

### **Gas Bar**

The Gas Bar sells fuel, tobacco products and operates a convenience store.

### **The Red Road Cafe & Grill Corporation**

The Red Road Cafe & Grill has been incorporated to operate a restaurant.

### **Saugeen Ojibway Nation Finance Corporation**

The Saugeen Ojibway Nation Finance Corporation has been incorporated to receive, maintain and distribute funds from their partners interest. The corporation has entered into a nominee agreement with the two 50% shareholders, the Chippewas of Nawash First Nation and the Chippewas of Saugeen First Nation, to hold their interest in the B2M Limited Partnership.

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

Note 15 - Segmented Information

Year ended March 31, 2017

	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2017 Total
Revenue	\$ 9,779,442	3,905,002	214,014	1,520,430	3,981,570	338,108	149,648	3,270,302	-	3,470,921	26,629,437
Expenses:											
Salaries, benefits and honorarium	5,394,171	565,627	98,028	268,665	-	44,073	11,637	241,735	-	5,112	6,629,048
Materials, supplies and rentals	1,860,076	1,009,130	77,593	29,900	-	14,537	2,194	16,825	6,610	981	3,017,846
Cost of goods sold	-	-	-	-	-	-	-	2,891,610	-	-	2,891,610
Contractual and professional	2,126,103	401,814	44,426	-	-	319,360	86,400	-	33,671	75,781	3,087,555
Travel and training	293,024	18,023	2,123	26,749	-	54,864	-	4,141	-	3,078	402,002
Tuition and student support	-	1,830,910	-	-	-	-	-	-	-	-	1,830,910
Other	1,905,030	51,740	22,679	1,320,944	-	3,890	1,113	43,438	2,749	1,226,697	4,578,280
Band fund allocation	(3,575,251)	-	(119,424)	-	3,762,264	-	-	-	-	-	67,589
Interest on long-term debt	-	-	-	-	-	-	-	-	20,448	1,285,570	1,306,018
Amortization	883,658	4,162	62,828	-	-	-	27,817	15,028	48,469	-	1,041,962
	8,886,811	3,881,406	188,253	1,646,258	3,762,264	436,724	129,161	3,212,777	111,947	2,597,219	24,852,820
Excess (deficiency) of revenue over expenses	\$ 892,631	23,596	25,761	(125,828)	219,306	(98,616)	20,487	57,525	(111,947)	873,702	1,776,617

# CHIPPEWAS OF SAUGEEN FIRST NATION

Note 15 - Segmented Information (continued)

Year ended March 31, 2016

	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2016 Total
Revenue	\$ 9,457,199	3,594,562	227,144	1,504,035	3,425,770	468,570	149,260	3,191,656	129,724	3,947,240	26,095,160
Expenses:											
Salaries, benefits and honorarium	5,116,141	434,437	99,390	159,690	-	76,765	9,083	248,545	103,722	15,659	6,263,432
Materials, supplies and rentals	1,751,285	887,549	8,352	30,304	-	101,768	39,870	21,076	25,318	1,739	2,867,261
Cost of goods sold	-	-	-	-	-	-	-	2,832,657	53,527	-	2,886,184
Contractual and professional	1,999,748	363,477	41,618	-	-	230,346	86,407	-	52,623	54,949	2,829,168
Travel and training	329,655	6,830	651	22,520	-	67,917	-	4,730	81	4,335	436,719
Tuition and student support	-	1,758,458	-	-	-	-	-	-	-	-	1,758,458
Other	1,638,117	51,753	20,847	1,292,571	-	36,995	8,335	26,586	24,187	1,040,415	4,139,806
Band fund allocation	(6,100,000)	-	-	-	6,100,000	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	25,773	1,330,722	1,356,495
Amortization	921,612	4,161	63,391	-	-	-	27,817	13,347	48,469	-	1,078,797
	5,656,558	3,506,665	234,249	1,505,085	6,100,000	513,791	171,512	3,146,941	333,700	2,447,819	23,616,320
Excess (deficiency) of revenue over expenses	\$ 3,800,641	87,897	(7,105)	(1,050)	(2,674,230)	(45,221)	(22,252)	44,715	(203,976)	1,499,421	2,478,840