

Mississaugas of the New Credit First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

Mississaugas of the New Credit First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

	Contents
Management's Responsibility for the Consolidated Financial Statements	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 25

Mississaugas of the New Credit First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2016

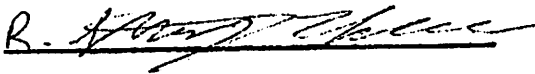
The accompanying consolidated financial statements of Mississaugas of the New Credit First Nation are the responsibility of management and have been approved by Chief and Council.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

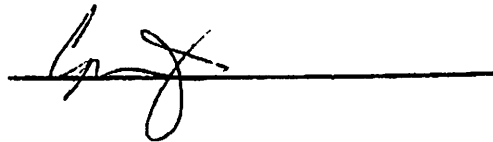
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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 Mississaugas of the New Credit First Nation and meet when required.

On behalf of Mississaugas of the New Credit First Nation:



August 2, 2016





Tel: 905 639 9500
Fax: 905 633 4939
Toll-Free: 888 236 2383
www.bdo.ca

BDO Canada LLP
3115 Harvester Road, Suite 400
Burlington ON L7N 3N8 Canada

Independent Auditors' Report

To the Chief and Council of the Mississaugas of the New Credit First Nation

We have audited the accompanying consolidated financial statements of Mississaugas of the New Credit First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations and accumulated surplus, change in net 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 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Mississaugas of the New Credit First Nation as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters Paragraph

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information for the year ended March 31, 2015 has been restated. The consolidated financial statements of Mississaugas of the New Credit First Nation for the year ended March 31, 2015 (prior to the restatement of the comparative information) were audited by another auditor who expressed an unqualified opinion on those statements on August 17, 2015.

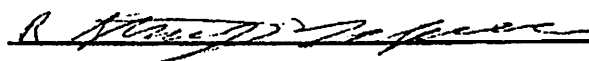
BDO CANADA LLP

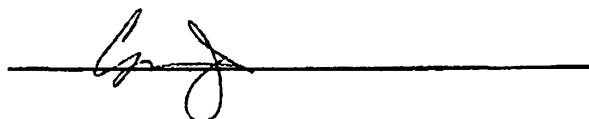
Chartered Professional Accountants, Licensed Public Accountants
Burlington, Ontario
August 2, 2016

Mississaugas of the New Credit First Nation Consolidated Statement of Financial Position

March 31	2016	2015 (Restated- Note 2)
Financial Assets		
Cash	\$ 5,224,920	\$ 7,484,762
Restricted cash (Note 3)	9,039,284	12,310,732
Accounts receivable (Note 4)	938,551	1,007,741
Due from First Nation members (Note 5)	3,791,710	3,604,274
Due from Community Trust Land Claim Fund (Note 13)	1,595,986	563,438
Portfolio investments (Note 6)	17,920,419	18,305,870
Loans receivable (Note 7)	411,555	425,379
	<u>38,922,425</u>	<u>43,702,196</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	1,400,130	1,661,331
Investment in government business enterprises (Note 9)	96,555	93,459
Deferred revenue	355,624	907,526
Loans payable (Note 10)	1,482,224	1,550,584
Toronto Purchase Trust funds payable (Note 15)	7,577,322	9,915,000
	<u>10,911,855</u>	<u>14,127,900</u>
Net financial assets	<u>28,010,570</u>	<u>29,574,296</u>
Non-financial assets		
Tangible capital assets (Note 11)	21,687,582	22,000,032
Prepaid expenses	101,972	71,545
Inventory held for use	205,591	111,500
	<u>21,995,145</u>	<u>22,183,077</u>
Accumulated surplus (Note 13)	<u>\$ 50,005,715</u>	<u>\$ 51,757,373</u>

On behalf of Mississaugas of the New Credit First Nation:

 Chief

 Executive Director

Mississaugas of the New Credit First Nation Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget (Note 19)	2016	2015 (Restated- Note 2)
Revenues			
Indigenous and Northern Affairs Canada	\$ 5,955,120	\$ 5,933,756	\$ 5,828,401
Federal government transfers (Note 17)	1,249,352	1,240,729	1,509,318
Provincial government transfers (Note 17)	1,955,279	2,195,579	2,043,477
Income from portfolio investments	59,000	447,488	331,346
Other income	8,451,376	4,832,027	2,971,345
Canada Mortgage and Housing Corporation	65,278	62,673	69,141
Casino Rama fees	-	1,054,548	1,036,448
Transfers from deferred revenue	-	1,170,087	691,451
Toronto Purchase Trust revenue	-	7,636,991	11,378,849
Sales from business enterprises	-	13,138,751	15,141,819
Community Trust Land Claim Fund revenue	87,000	1,032,548	529,020
	17,822,405	38,745,177	41,530,615
Expenses			
Council administration	1,866,215	1,939,946	1,673,063
Public works and housing	3,208,436	2,394,727	2,191,285
Economic development	1,807,637	1,656,430	1,022,769
Health and social services	3,018,195	2,741,640	2,601,648
Education	4,511,010	4,422,946	4,198,568
Land, membership and research	531,069	375,376	459,405
Childcare	984,350	1,009,758	901,150
Employment and training	-	281,245	334,627
Consultation and accommodation	1,895,493	1,420,529	631,726
Casino Rama expenses	-	590,176	657,693
Toronto Purchase Trust expenses	-	9,688,605	9,261,150
Expenses from business enterprises	-	12,802,654	14,764,448
Amortization of tangible capital assets	-	1,169,707	1,077,861
Loss on investment in government business enterprises	-	3,096	93,459
	17,822,405	40,496,835	39,868,852
Annual (deficit) surplus	-	(1,751,658)	1,661,763
Accumulated surplus, beginning of year, as previously reported		51,757,373	35,958,800
Prior period adjustment (Note 2)		-	14,136,810
Accumulated surplus, beginning of year as restated		51,757,373	50,095,610
Accumulated surplus, end of year	\$ 51,757,373	\$ 50,005,715	\$ 51,757,373

Segmented Disclosure (Note 21)

Mississaugas of the New Credit First Nation Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget (Note 19)	2016	2015 (Restated- Note 2)
Annual (deficit) surplus	\$ -	\$ (1,751,658)	\$ 1,661,763
Acquisition of tangible capital assets	(1,244,050)	(857,257)	(989,627)
Amortization of tangible capital assets	-	1,169,707	1,077,861
Loss on disposal of tangible capital assets	-	-	8,752
Proceeds on disposal of tangible capital assets	-	-	28,555
	<u>(1,244,050)</u>	<u>(1,439,208)</u>	<u>1,787,304</u>
Acquisition of prepaid expenses	-	(30,427)	-
Acquisition of inventories held for use	-	(94,091)	-
Use of prepaid expenses	-	-	134,573
	<u>-</u>	<u>(124,518)</u>	<u>134,573</u>
Change in net financial assets	<u>(1,244,050)</u>	<u>(1,563,726)</u>	<u>1,921,877</u>
Net financial assets, beginning of year, as previously reported	-	29,574,296	15,176,303
Prior period adjustment (Note 2)	-	-	12,476,116
Net financial assets, beginning of year, as restated	<u>29,574,296</u>	<u>29,574,296</u>	<u>27,652,419</u>
Net financial assets, end of year	<u>\$ 28,330,246</u>	<u>\$ 28,010,570</u>	<u>\$ 29,574,296</u>

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

Mississaugas of the New Credit First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015 (Restated- Note 2)
Operating transactions		
Annual (deficit) surplus	\$ (1,751,658)	\$ 1,661,763
Items not involving cash:		
Amortization of tangible capital assets	1,169,707	1,077,861
Loss on disposal of tangible capital assets	-	8,752
Loss from investments in government business enterprises	3,096	93,459
Change in non-cash operating balances:		
Accounts receivable	69,190	(26,953)
Prepaid expenses	(30,427)	134,573
Inventory held for use	(94,091)	-
Accounts payable and accrued liabilities	(261,201)	139,707
Deferred revenue	(551,902)	216,074
Toronto Purchase Trust funds payable	(2,337,678)	1,359,656
Due from Community Trust Land Claim Fund	(1,032,548)	(529,020)
	<u>(4,817,512)</u>	<u>4,135,872</u>
Capital transactions		
Acquisition of tangible capital assets	(857,257)	(989,627)
Proceeds on disposal of tangible capital assets	-	28,555
	<u>(857,257)</u>	<u>(961,072)</u>
Investing transactions		
Change in portfolio investments	385,451	(6,185,697)
Advances (repayments) of loans receivable	13,824	(356,799)
Advances to First Nation members	(187,436)	(62,699)
Increase in restricted cash - Social Housing reserves	(18,859)	(48,321)
Change in restricted cash - Toronto Purchase Trust funds	3,290,307	(1,910,741)
	<u>3,483,287</u>	<u>(8,564,257)</u>
Financing transaction		
Repayment of loans payable	(68,360)	(62,943)
Decrease in cash during the year	(2,259,842)	(5,452,400)
Cash, beginning of year	7,484,762	12,937,162
Cash, end of year	\$ 5,224,920	\$ 7,484,762

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

Mississaugas of the New Credit First Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies

a) 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.

b) Reporting Entity

The Mississaugas of the New Credit First Nation (the "First Nation") reporting entity includes the First Nation government and all entities that are controlled by the First Nation.

c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity of accounting, only the First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in the First Nation's financial statements include:

- New Credit Variety & Gas - wholly owned
- Country Style - wholly owned

Organization accounted for on a modified equity basis include:

- The New Credit Business Development Group - wholly owned

d) 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. When the loss is known with sufficient precision and there is no realistic prospect of recovery the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectible.

e) Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down to market value when there has been a loss in value that is other than a temporary decline.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (Continued)

f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset as follows:

Buildings	- 40 years
Income Producing Properties	- 40 years
Income Producing Properties - CMHC	- 25 years
Infrastructure	- 25 years
Equipment and Furniture	- 5 to 10 years
Vehicles	- 10 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's 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 consolidated statement of operations.

Assets under construction are not amortized until the asset is available to be put into service.

g) Pension Plan

The First Nation provides a defined contribution pension 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.

h) Loan Guarantees

The First Nation has guaranteed mortgages of certain band members. When it is determined that a loss is likely, a provision for loss is recorded. The provision is determined using the best estimates available and taking into consideration all known circumstances. A provision for loan losses is reviewed by management on an annual basis.

i) Non-financial Assets

Non-financial assets are used to provide the First Nation's services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold. The First Nation's non-financial assets include tangible capital assets, inventory held for use and prepaid expenses.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Significant Accounting Policies (Continued)

j) Measurement Uncertainty

The preparation of the consolidated financial statements 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 period. Significant estimates include assumptions used in estimating provisions for accounts receivable, Due from First Nation members and loans receivable. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Actual results could differ from these estimates.

k) Revenue Recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

Government transfers are recognized as revenue 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, other than government transfers, are deferred when restrictions are placed on their use by the external 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 being performed is deferred and recognized when the fee is earned or service performed.

2. Prior Period Adjustments

During the current year, the First Nation determined that two of its components, (New Credit Variety & Gas and Country Style) should be consolidated rather than reported using the modified equity method.

Additionally, the First Nation determined that certain government transfers being deferred did not give rise to a liability.

Lastly, the First Nation determined that funds received under the Toronto Purchase Trust agreement that are not payable to members at year end do not give rise to a liability.

As a result, the consolidated statement of financial position, consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows have been adjusted to report these changes.

In addition, the comparative amounts presented in the consolidated financial statements have been restated to conform to the current year's presentation.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

2. Prior Period Adjustments (Continued)

These errors have been corrected retroactively with restatement of the prior period. These corrections have the following effect on the consolidated financial statements.

	As Previously Reported	Adjustments	As restated
Cash	\$ 23,615,744	\$ (16,130,982)	\$ 7,484,762
Restricted cash	-	12,310,732	12,310,732
Accounts receivable	1,007,701	40	1,007,741
Investment in government business enterprises	1,554,716	(1,648,175)	(93,459)
Portfolio investments	13,422,488	4,883,382	18,305,870
Loans receivable	733,832	(308,453)	425,379
Accounts payable and accrued liabilities	1,209,148	452,183	1,661,331
Deferred revenue	1,479,379	(571,853)	907,526
Toronto Purchase Trust funds payable	25,086,779	(15,171,779)	9,915,000
Inventory held for use	-	111,500	111,500
Tangible capital assets	21,165,990	834,042	22,000,032
Income from portfolio investments	358,537	(27,191)	331,346
Transfers from deferred revenue	1,145,018	(453,567)	691,451
Other income	3,050,870	(79,525)	2,971,345
Toronto Purchase Trust revenue	8,899,386	2,479,463	11,378,849
Sales from business enterprises	-	15,141,819	15,141,819
Community Trust Land Claim revenue	-	529,020	529,020
Council administration	1,692,469	(19,406)	1,673,063
Public works and housing	2,189,811	1,474	2,191,285
Economic development	1,023,701	(932)	1,022,769
Health and social services	2,686,469	(84,821)	2,601,648
Education	4,190,962	7,606	4,198,568
Land, membership and research	605,919	(146,514)	459,405
Childcare	899,860	1,290	901,150
Consultation and accommodation	966,654	(334,928)	631,726
Toronto Purchase Trust expenses	7,901,494	1,359,656	9,261,150
Expenses from business enterprises	-	14,764,448	14,764,448
Income (loss) from government business enterprises	289,623	(383,082)	(93,459)
Annual surplus	2,699	1,659,064	1,661,763
Accumulated surplus, beginning of the year	35,958,800	14,136,810	50,095,610
Accumulated surplus, end of the year	36,413,838	15,343,535	51,757,373
Net financial assets, beginning of the year	15,176,303	12,476,116	27,652,419
Cash flows from operating transactions	856,325	3,279,547	4,135,872
Cash flows from capital transactions	(960,133)	(939)	(961,072)
Cash flows from investing transactions	(2,028,737)	(6,535,520)	(8,564,257)
Cash flows from financing transactions	3,066,941	(3,129,884)	(62,943)

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

3. Restricted Cash

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the 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 in the operations and allocated to the New Housing and Sanitation Reserve fund in the First Nation's accumulated surplus.

Under the terms of the Toronto Purchase Trust agreement, the First Nation shall use the funds retained in the bank account to fund the Community Wellness Policy and Estate Policy. All remaining funds are to be spent by Council on researching, negotiating further land claims, education, health, housing, culture, economic and community development.

The following table presents the amount of cash that is externally and internally restricted.

	<u>2016</u>	<u>2015</u>
		(Restated- Note 2)
Social Housing reserves - externally restricted	\$ 161,933	\$ 143,073
Toronto Purchase Trust funds - internally restricted	<u>8,877,351</u>	<u>12,167,659</u>
	<u>\$ 9,039,284</u>	<u>\$ 12,310,732</u>

4. Accounts Receivable

	<u>2016</u>	<u>2015</u>
		(Restated- Note 2)
Trade receivables	\$ 952,396	\$ 1,582,470
Less: Allowance for doubtful accounts	<u>(13,845)</u>	<u>(574,729)</u>
	<u>\$ 938,551</u>	<u>\$ 1,007,741</u>

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

5. Due from First Nation Members

	2016	2015
New homes	\$ 3,250,663	\$ 2,914,883
Sanitation loans	14,713	25,788
Renovation loans	526,334	663,603
	\$ 3,791,710	\$ 3,604,274

New housing allotments are 75-100% repayable to the borrower. During the year, allotments of \$330,000 (2015 - \$110,000) were provided of which \$330,000 (2015 - \$110,000) is repayable. The outstanding loans are secured by a Transfer of Lands to Council which remains in effect until all terms and conditions have been met. The repayable portion of these allotments bears interest at the rate of 5-6% per annum.

Sanitation and renovation allotments for existing homes are 25-100% repayable by the borrower. These loans bear interest at the rate of 5-6% of the gross loan amount plus an additional charge of 2% per month on any amount in arrears. Any allotment exceeding \$10,000 is secured by a Transfer of Lands to Council until the terms and conditions attached to the loan have been met.

6. Portfolio Investments

	2016		2015	
				(Restated- Note 2)
	Cost	Market Value	Cost	Market Value
Equities	\$ 3,074,113	\$ 3,560,353	\$ 2,888,879	\$ 3,496,358
Mutual Funds	14,846,306	15,358,596	15,416,991	16,225,616
	\$ 17,920,419	\$ 18,918,949	\$ 18,305,870	\$ 19,721,974

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

7. Loans Receivable

	2016	2015
		(Restated- Note 2)
Kuiper/Winger Property	\$ -	\$ 31,920
SN Technologies Corp.	165,000	150,000
New Credit Business Development Group	246,555	243,459
	\$ 411,555	\$ 425,379

Loan receivable from SN Technology Corp. bears interest at 20% per annum, is unsecured and is due on or before May 1, 2016.

Loan receivable from New Credit Business Development Group is non-interest bearing, unsecured and has no set terms of repayment.

8. Accounts Payable and Accrued Liabilities

	2016	2015
		(Restated- Note 2)
Trade accounts payable	\$ 1,051,310	\$ 1,511,893
Accrued salaries and benefits payable	279,048	99,831
Other	69,772	49,607
	\$ 1,400,130	\$ 1,661,331

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

9. Investment in Government Business Enterprises

The First Nation owns 100% of 8392692 Canada Inc. (o/a The New Credit Business Development Group). The entity is being developed to invest in and/or operate various on-reserve and off-reserve business ventures. As at March 31, 2016 the enterprise has not commenced operations. The following table presents condensed supplementary financial information for this enterprise as at March 31, 2016:

	<u>2016</u>	<u>2015</u>
Financial Position		
Other assets	\$ 150,000	\$ 150,000
Total assets	\$ 150,000	\$ 150,000
Loan payable	\$ 246,555	\$ 243,459
Total liabilities	246,555	243,459
Deficiency	(96,555)	(93,459)
Total liabilities and deficiency	\$ 150,000	\$ 150,000
Operations		
Revenue	\$ -	\$ -
Expenses	3,096	93,459
Net loss	\$ (3,096)	\$ (93,459)

The New Credit Business Development Group's loan payable to the First Nation is non-interest bearing, unsecured and has no set terms of repayment.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

10. Loans Payable

	<u>2016</u>	<u>2015</u>
CMHC construction loan payable, guaranteed by INAC, secured by five housing units, repayable \$2,038 per month including interest of 1.71%, fixed for a term of 5 years beginning September 1, 2012 with a 20 year amortization	\$ 349,397	\$ 367,730
CMHC construction loan payable, guaranteed by INAC, secured by five housing units, repayable \$2,404 per month including interest of 1.85%, fixed for a term of 5 years beginning August 1, 2014 with a 20 year amortization	447,659	468,047
CMHC construction loan payable, guaranteed by INAC, secured by eight housing units, repayable \$3,392 per month including interest of 1.39%, fixed for a term of 5 years beginning June 1, 2015 with a 20 year amortization	<u>685,168</u>	<u>714,807</u>
	<u>\$ 1,482,224</u>	<u>\$ 1,550,584</u>

Principal repayments for the next five years and thereafter, assuming the loans are renewed with the same terms currently in place which is expected, are as follows:

2017	\$ 94,008
2018	94,008
2019	94,008
2020	94,008
2021	94,008
Thereafter	<u>1,012,184</u>
	<u>\$ 1,482,224</u>

**Mississaugas of the New Credit First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

11. Tangible Capital Assets

	Land	Buildings	Income Producing Properties	Income Producing - CMHC	Infrastructure	Equipment and Furniture	Vehicles	Construction in Progress	Total 2016	Total 2015
										(Restated- Note 2)
Cost, beginning of year	\$ 555,265	\$ 6,237,729	\$ 7,474,667	\$ 1,875,000	\$ 15,006,362	\$ 2,242,790	\$ 660,682	\$ 45,492	\$ 34,097,987	\$ 33,202,020
Additions	-	-	-	-	355,234	248,987	113,635	139,401	857,257	989,627
Disposals	-	-	-	-	-	-	-	-	-	93,660
Cost, end of year	555,265	6,237,729	7,474,667	1,875,000	15,361,596	2,491,777	774,317	184,893	34,955,244	34,097,987
Accumulated amortization, beginning of year	-	3,005,893	1,654,572	324,416	5,922,182	811,771	379,121	-	12,097,955	11,075,508
Amortization	-	152,622	181,485	68,361	577,653	139,113	50,473	-	1,169,707	1,077,861
Disposals	-	-	-	-	-	-	-	-	-	55,414
Accumulated amortization, end of year	-	3,158,515	1,836,057	392,777	6,499,835	950,884	429,594	-	13,267,662	12,097,955
Net book value, end of year	\$ 555,265	\$ 3,079,214	\$ 5,638,610	\$ 1,482,223	\$ 8,861,761	\$ 1,540,893	\$ 344,723	\$ 184,893	\$ 21,687,582	\$ 22,000,032

Mississaugas of the New Credit First Nation

Notes to Consolidated Financial Statements

March 31, 2016

12. Economic Dependence

The First Nation is dependent upon subsidy payments from various government agencies to finance its continuing operations.

13. Accumulated Surplus

	<u>2016</u>	<u>2015</u> (Restated- Note 2)
Internally restricted		
Invested in tangible capital assets	\$ 21,687,582	\$ 22,000,032
Reserve funds (Note 14)	6,581,092	5,140,590
Toronto Purchase Trust fund (Note 15)	13,120,165	15,171,779
Other trust funds (Note 16)	5,113,096	7,741,322
	<u>46,501,935</u>	<u>50,053,723</u>
Externally restricted		
Community Trust Land Claim Fund	1,595,986	563,438
Band Trust Fund - Ottawa	282,964	280,027
	<u>1,878,950</u>	<u>843,465</u>
Unappropriated members' equity	<u>1,624,830</u>	<u>860,185</u>
Accumulated surplus at end of year	<u>\$ 50,005,715</u>	<u>\$ 51,757,373</u>

The invested in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

The Community Trust Land Claim Fund represents funds receivable from the Mississaugas of the New Credit First Nation Community Trust (the "Trust"). The Trust is governed by their own Board of Trustees who are responsible for administering the Trust's assets in accordance with the Trust agreement. The agreement states that land claim proceeds received in 1997 are to be held for the long-term benefit of the members of the First Nation. The Trust is a separate legal entity and as such, the operations of the Trust have not been included in the First Nation's consolidated financial statements.

Under the terms of the Trust's agreement with the First Nation, the net annual income of the Trust will be allocated to the First Nation on or before December 31 of each year. The amount due from the Trust at year end is non-interest bearing, unsecured, and is to be paid to the First Nation upon project approval from the Board of Trustees of the Trust.

The Band Trust Fund - Ottawa represents trust funds held in Ottawa trust accounts derived from capital or revenue sources.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

14. Reserve Funds

	2016	2015
Community buildings reserve	\$ 289,510	\$ 278,275
Replacement of road equipment reserve	112,371	71,214
New housing and sanitation reserve	3,963,162	3,961,971
Sustainable economic development fund	915,024	376,649
Water and sewer reserve	155,914	272,203
Hydro One Networks Inc. reserve	157,727	180,278
Consultation and accommodation reserve	987,384	-
	\$ 6,581,092	\$ 5,140,590

Reserve funds represent funds set aside by council resolution for specific purposes.

15. Toronto Purchase Trust

On February 22, 2010, Her Majesty the Queen in Right of Canada ("Canada") signed the Mississaugas of the New Credit First Nation Toronto Purchase Specific Claim and Brant Tract Specific Claim Settlement Agreement ("Settlement Agreement") with the First Nation. Under the terms of the Settlement Agreement, Canada agreed to pay compensation to the First Nation for breaching the terms of the Toronto Purchase Claim in 1805 and for lack of compensation received related to the Brant Tract claim in 1797. As compensation for this settlement, Canada paid \$144,386,724 into a Trust Account governed by the Mississaugas of the New Credit First Nation Toronto Purchase Trust Agreement ("Trust Agreement"). The First Nation members gave assent and ratification of the terms of the Settlement Agreement and the Trust Agreement on May 29, 2010 and June 7, 2010.

The Settlement Agreement required the First Nation to establish the Mississaugas of the New Credit First Nation Toronto Purchase Trust ("the Trust") to hold the compensation and any income there from for the benefit of the current and future generation of members of the First Nation. The Trust is a separate legal entity and as such, the operations of the Trust have not been included in these consolidated financial statements. Under the terms of the Trust Agreement, the net annual income of the Trust will be allocated to the First Nation on or before December 31 of each year and paid within sixty days of December 31.

During the year, \$7,439,360 (2015 - \$11,081,827) was transferred to the First Nation from the Trust. The Trust funds payable at year end are as follows:

	2016	2015
		(Restated- Note 2)
Wellness policy payments	\$ 5,825,000	\$ 8,069,699
Amounts owing to members turning 18 years old	652,322	685,301
Initial payment upon agreement finalization	1,100,000	1,160,000
	\$ 7,577,322	\$ 9,915,000

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

16. Other Trust Funds

	<u>2016</u>	<u>2015</u>
New Credit Community Trust Fund (T.H.L.S.)	\$ 681,386	\$ 687,567
Gaming Revenue - Sharing Fund	<u>4,431,710</u>	<u>7,053,755</u>
	<u>\$ 5,113,096</u>	<u>\$ 7,741,322</u>

The New Credit Community Trust Fund (T.H.L.S.) represents funds received from the Town of Haldimand and are to be used for the benefit of the First Nation as determined by Council.

The Gaming Revenue - Sharing Fund represents funds received from the OLG Sharing and Financial Agreement that are to be used for community development, health, education, economic and cultural development as determined by Council.

17. Government Transfers

	<u>2016</u>	<u>2015</u>
Federal government transfers		
Health Canada	\$ 856,515	\$ 831,782
Aboriginal Labour Force Development Circle	116,429	116,429
Other	<u>267,785</u>	<u>561,107</u>
	<u>\$ 1,240,729</u>	<u>\$ 1,509,318</u>
Provincial government transfers		
Ministry of Community and Social Services	\$ 675,629	\$ 536,702
Ministry of Children and Youth Services	444,754	424,050
Ministry of Health and Long-term Care	211,264	195,836
Ministry of Education	633,034	592,788
Other	<u>230,898</u>	<u>294,101</u>
	<u>\$ 2,195,579</u>	<u>\$ 2,043,477</u>

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

18. Pension Plans

The First Nation provides a defined contribution pension plan for eligible members of its staff. Members are required to contribute 3.05% of their salary up to a maximum of 8% of their base salary. The First Nation matches 100% of the amounts contributed by members which are 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. The First Nation contributed during the year \$244,943 (2015 - \$228,428) to the plan and there were no significant changes to the plan during the year.

19. Budgeted Figures

The Financial Plan (budget) adopted by the Chief and Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statement of operations and consolidated statement of changes in net financial assets represent the budget adopted by Chief and Council with adjustments as follows:

	2016
Financial Plan (budget) surplus for the year	\$ 2,980,591
Add:	
Capital expenditures	1,244,050
Less:	
Budgeted transfers from accumulated surplus	<u>(4,224,641)</u>
Budget surplus per consolidated statement of operations and accumulated surplus	<u>\$ -</u>

20. Contingencies

Various lawsuits have been filed against the First Nation for incidents which arose in the ordinary course of business. In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

Where differences exist between the funding agency's net approved expenses and their actual net expenses, the resolution of these variances will be negotiated between the agency and the First Nation. Any resultant adjustments will be recognized in the year in which the changes are confirmed by the agency.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

21. Segmented Disclosure

The First Nation provides a wide range of services to its members such as education, health and social services, economic development, public works and housing and other general services. Distinguishable functional segments have been separately disclosed in the segmented information.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1.

The nature of the segments and activities they encompass are as follows:

a) Council Administration

The Council administration department oversees the delivery of all services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

b) Education

The education department provides direct elementary school services and secondary education by entering into service contracts with provincially funded area school boards. In addition, the department provides sponsorship to students attending post secondary institutions.

c) Health and Social Services

The health department provides a diverse bundle of services directed towards the well-being of members, including such activities as pre-natal care, nursing, health representation, traditional healing, family violence and many other smaller programs designed to enhance the health of members. The social services department is responsible for administering social assistance payments as well as providing services directed towards members.

d) Economic Development

The economic development department is responsible for promoting economic growth within the First Nation. Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency.

e) Public Works

The public works department is responsible for the infrastructure, including roads, water, sewer and building maintenance. The housing department is responsible for affordable housing.

Mississaugas of the New Credit First Nation Notes to Consolidated Financial Statements

March 31, 2016

21. Segmented Disclosure (Continued)

f) Employment and Training

The employment and training department focuses on programs that improve and develop on the general and employment skills for the First Nation's members. The programs offered are recreational or cultural programs, English as a second language and career development programs, which are held at multi-purpose centres and community centres.

g) Consultation and Accommodation

The consultation and accommodation departments mandate is to engage with governments and private sector proponents on land and resource matters that may impact the rights and interests of the First Nation.

h) Land, Membership and Research

The land, membership and research department is responsible for issuing status cards, registering members and processing land transfers.

i) Childcare

The childcare department provides services for the children of the First Nation aged 0-5 years old.

**Mississaugas of the New Credit First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

21. Segmented Disclosure (Continued)

	Council Administration	Public Works and Housing	Economic Development	Health/Social Services	Education	Land, Membership & Research	Childcare	Employment & Training	Consultation & Accommodation	Total
Revenue										
Indigenous and Northern Affairs Canada	\$ 789,660	\$ 1,000,293	\$ 130,508	\$ 142,767	\$ 3,641,966	\$ 100,620	\$ 127,942	\$ -	\$ -	\$ 5,933,756
Federal government transfers	-	-	-	862,810	-	-	116,429	261,490	-	1,240,729
Provincial government transfers	-	103,023	125,000	1,331,647	-	-	633,034	-	2,875	2,195,579
Income from portfolio investments	113,499	-	-	-	-	-	-	336	-	113,835
Other income	371,342	507,658	449,031	207,576	215,437	36,633	107,414	-	2,111,871	4,006,962
Transfers from deferred revenue	-	398,327	39,688	-	683,851	48,221	-	-	-	1,170,087
	\$ 1,274,501	\$ 2,009,301	\$ 744,227	\$ 2,544,800	\$ 4,541,254	\$ 185,474	\$ 984,819	\$ 261,826	\$ 2,114,746	\$ 14,660,948

**Mississaugas of the New Credit First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

21. Segmented Disclosure (Continued)

	Council Administration	Public Works and Housing	Economic Development	Health/Social Services	Education	Land, Membership & Research	Childcare	Employment & Training	Consultation & Accommodation	Total
Expenditures										
Salaries and wages	\$ 1,121,630	\$ 587,285	\$ 230,764	\$ 1,586,862	\$ 1,412,938	\$ 260,748	\$ 797,078	\$ -	\$ 792,238	\$ 6,789,543
Administration	128,596	64,341	57,121	53,401	298,645	57,362	59,291	70,592	15,758	805,107
Advertising	4,108	-	561,024	1,630	3,675	-	-	-	890	571,327
Contracted services	-	-	-	140,818	-	-	1,347	-	389,429	531,594
General supplies	20,446	-	-	109,970	21,741	-	50,898	-	-	203,055
Insurance	5,039	40,466	24,141	10,897	2,451	-	5,449	-	-	88,443
Other	257,067	6,573	94,205	60,545	85,195	8,010	-	-	11,722	523,317
Professional fees	201,385	72,064	355,503	6,694	97,163	34,542	21,283	-	150,818	939,452
Rental	-	30,437	44,742	69,576	-	-	-	-	19,143	163,898
Repairs and maintenance	42,874	1,169,157	71,514	64,578	15,951	3,712	59,065	-	3,558	1,430,409
Telephone	33,616	7,425	4,695	21,527	14,248	6,690	-	-	9,637	97,838
Travel	120,083	2,050	149,047	56,159	177,666	4,312	-	-	9,415	518,732
Training	5,102	2,300	-	133,772	14,855	-	14,255	210,653	12,989	393,926
Tuition allowance	-	-	-	-	2,266,418	-	-	-	-	2,266,418
Utilities	-	412,629	63,674	105,606	12,000	-	1,092	-	4,932	599,933
Welfare payments	-	-	-	319,605	-	-	-	-	-	319,605
	\$ 1,939,946	\$ 2,394,727	\$ 1,656,430	\$ 2,741,640	\$ 4,422,946	\$ 375,376	\$ 1,009,758	\$ 281,245	\$ 1,420,529	\$ 16,242,597