

**Chippewas of Nawash
Unceded First Nation
Consolidated Financial Statements**
March 31, 2014

**Chippewas of Nawash
Unceded First Nation
Contents**

For the year ended March 31, 2014

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	3
Consolidated Statement of Change in Net Financial Assets.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements	6

Management's Responsibility

To the Chief and Council of Chippewas of Nawash Unceded First Nation

The accompanying consolidated financial statements of Chippewas of Nawash Unceded First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Chippewas of Nawash Unceded First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for the appointment of the Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

August 13, 2014

Originals signed by:

Anthony Chegahno

Acting Chief

Originals signed by:

Jessica Nadjiwon-Smith

Band Administrator

Independent Auditors' Report

To the Members of Chippewas of Nawash Unceded First Nation:

We have audited the accompanying consolidated financial statements of Chippewas of Nawash Unceded First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 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 the auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

The entity derives revenues from their contractual interest in the Gaming Revenue Sharing and Financial Agreement. As outlined in Note 2, OFNLP Fund, cash and investments relating to this agreement have not been reflected in these financial statements. Recording these assets would result in a \$544,976 increase in bank and closing accumulated surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Chippewas of Nawash Unceded First Nation as at March 31, 2014, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The prior year's comparative financial information was audited by another firm of Chartered Professional Accountants, who issued a qualified opinion dated July 29, 2013.

Cambridge, Ontario

August 13, 2014

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**Chippewas of Nawash
Unceded First Nation**
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Current		
Cash and cash equivalents (Note 3)	4,366,125	4,219,638
Accounts receivable (Note 4)	163,157	657,533
Housing loans receivable (Note 5)	2,184,428	2,270,837
Other accounts receivable	444,246	196,356
	7,157,956	7,344,364
Funds held in trust (Note 6)	403,413	368,393
Total financial assets	7,561,369	7,712,757
Liabilities		
Current		
Bank indebtedness (Note 7)	35,000	-
Accounts payable and accruals (Note 8)	2,361,901	2,957,679
Deferred revenue (Note 9)	1,871,468	2,117,617
Payable to funding agencies	77,422	38,279
Current portion of long-term debt (Note 10)	895,972	92,000
	5,241,763	5,205,575
Long-term debt (Note 10)	1,275,833	2,141,901
Total financial liabilities	6,517,596	7,347,476
Net financial assets	1,043,773	365,281
Contingent liabilities (Note 11)		
Non-financial assets		
Tangible capital assets (Note 12)	18,193,583	14,243,435
Prepaid expenses	170,008	64,856
Total non-financial assets	18,363,591	14,308,291
Accumulated surplus	19,407,364	14,673,572

Approved on behalf of the First Nation

Originals signed by:

Anthony Chegahno	Acting Chief
Cheryl Johnston	Councillor
Veronica Smith	Councillor
Carlene Keeshig	Councillor

Originals signed by:

Paul Jones	Councillor
Kathy Jones	Councillor
Chris Solomon (Sr.)	Councillor
Greg Nadjiwon	Councillor

**Chippewas of Nawash
Unceded First Nation**

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	2014 Budget (Note 17)	2014	2013
Revenue			
Federal government			
Aboriginal and Northern Development Canada	4,322,438	9,068,652	9,547,680
Health Canada	1,065,409	998,380	1,000,701
Canadian Mortgage and Housing Corporation	-	133,741	133,741
Other federal government funding	68,570	52,699	109,454
Provincial government	3,092,816	3,453,999	3,348,410
OFNLP funds	2,733,904	1,784,028	1,156,942
SON projects	1,580,559	1,438,989	455,459
Other	1,901,908	2,985,221	3,031,525
Deferred revenue - prior year	2,117,617	2,117,617	1,596,153
Deferred revenue - current year	(150,000)	(1,871,468)	(2,117,617)
Repayment of funding	-	(23,937)	(63,273)
	16,733,221	20,137,921	18,199,175
Expenses			
Amortization	-	415,006	360,447
Band Government	2,008,353	1,710,318	693,808
Community Services	2,344,102	1,891,234	2,282,783
Economic Development	986,000	904,458	747,570
Education	3,176,004	3,191,053	3,148,405
Employment Programs	50,000	411,139	431,470
Health	1,971,931	1,682,938	1,729,002
Housing	314,190	312,230	472,489
Interest	-	52,165	53,185
Land Claims	300,000	381,794	595,343
Public Works	1,903,634	1,091,784	1,065,402
SON projects	1,580,559	1,995,583	967,593
Social Services	209,929	1,291,707	1,349,584
	14,844,702	15,331,409	13,897,081
Operating surplus before other items	1,888,519	4,806,512	4,302,094
Other income (expense)			
Loss on disposal of tangible capital assets	-	(90,551)	-
Change in CMHC reserves	-	(17,189)	(53,036)
Change in trust accounts	-	35,020	11,694
	-	(72,720)	(41,342)
Operating surplus	1,888,519	4,733,792	4,260,752
Accumulated operating surplus, beginning of year	14,673,572	14,673,572	10,412,820
Accumulated operating surplus, end of year	16,562,091	19,407,364	14,673,572

The accompanying notes are an integral part of these financial statements

**Chippewas of Nawash
Unceded First Nation**

Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014 Budget (Note 17)	2014	2013
Annual operating surplus	1,888,519	4,733,792	4,260,752
Purchases of tangible capital assets	-	(4,455,704)	(3,862,204)
Amortization of tangible capital assets	-	415,006	360,447
Loss on disposal of tangible capital assets	-	90,551	-
Acquisition of prepaid expenses	-	(105,153)	-
Use of prepaid expenses	-	-	18,267
Increase in net financial assets	1,888,519	678,492	777,262
Net financial assets (net debt), beginning of year	365,281	365,281	(411,981)
Net financial assets, end of year	2,253,800	1,043,773	365,281

**Chippewas of Nawash
Unceded First Nation**
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Operating surplus	4,733,792	4,260,752
Non-cash items		
Amortization	415,006	360,447
Loss on disposal of capital assets	90,551	-
Portion of Coldwater Narrows Settlement applied to loan	-	(470,782)
Allowance for doubtful loan	29,000	28,000
Discount on housing loans	20,756	22,943
Change in trust balance	(35,020)	(11,694)
	5,254,085	4,189,666
Changes in working capital accounts		
Accounts receivable	494,376	89,406
Prepaid expenses	(105,153)	18,267
Other accounts receivable	(247,890)	401,920
Accounts payable and accruals	(595,777)	733,939
Deferred revenue	(246,149)	521,464
Payable to funding agencies	39,143	38,279
Housing loan advances	(199,089)	(115,603)
Housing loan repayment	235,741	258,824
	4,629,287	6,136,162
Financing activities		
Advances from Tecumseh Community Development Corporation	35,000	-
Repayment of current portion of long-term debt	(97,096)	(97,764)
	(62,096)	(97,764)
Capital activities		
Purchases of tangible capital assets	(4,455,704)	(3,862,204)
Increase in cash resources	111,487	2,176,194
Cash resources, beginning of year	4,219,638	2,043,444
Cash resources, end of year	4,331,125	4,219,638
Cash resources are composed of:		
Cash and cash equivalents	4,366,125	4,219,638
Bank indebtedness	(35,000)	-
	4,331,125	4,219,638

The accompanying notes are an integral part of these financial statements

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Chippewas of Nawash Unceded First Nation (the "First Nation") is located in the province of Ontario and provides various services to its members. The First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity consolidated

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Chippewas of Nawash Unceded First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Chippewas of Nawash Unceded First Nation Revenue Fund
- Chippewas of Nawash Unceded First Nation Board of Education
- Chippewas of Nawash Unceded First Nation Capital Housing Program

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is disclosed as restricted cash.

Loans receivable

Loans receivable are recorded at cost less any valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed capital assets are recorded into revenues at their fair values on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Amortization

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and improvements	straight-line	30 to 75 years
Machinery and equipment	straight-line	10 to 20 years
Vehicles	straight-line	10 to 20 years
Infrastructure	straight-line	3 to 75 years
Software	straight-line	5 to 10 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. Contributions are discretionary, and are based on 4 - 11% of participants' contributions, matching up to a maximum of 7%. The First Nation follows the policy of funding retirement plan contributions as accrued. During the year, the First Nation's contributions totaled \$128,950 (2013 - \$135,000).

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Ontario First Nations Limited Partnership (OFNLP) revenue

The First Nation only recognizes OFNLP revenues when they are transferred or allocated to the Band's operating bank account from the OFNLP fund bank account. At March 31, 2014, there was a balance of \$544,976 in the OFNLP bank account.

Service and user fees

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Rent and other

Other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 revenue and expenses during the reporting period.

Accounts receivable and member loans are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Payable to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies review of the financial statements

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in surplus in the years in which they become known.

Segments

The First Nation is a diversified governmental institution that provides a wide range of services to its Band Members, including band support, health services, education and social assistance. For management reporting purposes, the First Nation's operations and activities are organized and reported by departments.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

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

Band Support

The band support department oversees the delivery of all governmental 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 and management and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the First Nation including such activities as long-term care, health centres, diabetes, fetal alcohol syndrome, mental health, smoke-free programs, traditional healing, home care and training designed to enhance the health of the members.

Education

The education department provides education management services to the members of the First Nation as well as overseeing the operation of the local school and providing support to post secondary students.

Social Assistance

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2 *Significant accounting policies*.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost or cost.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Chippewas of Nawash Unceded First Nation must set aside funds annually for the repair, maintenance and replacement of work out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

At March 31, 2014, externally restricted apartment replacement and subsidy cash is equivalent to \$116,395 (2013 - \$121,194).

4. Accounts receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	-	230,782
Canadian Mortgage and Housing Corporation	11,145	11,145
Health Canada	35,692	975
Huron Area Aboriginal Management Board	-	75,345
Ministry of Community and Social Services	21,003	18,976
Other government agencies	46,347	315,476
Parks and Environment Canada	48,970	4,834
	163,157	657,533

5. Housing loans receivable

Housing loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	2014 Net recoverable value	2013 Net recoverable value
Housing loans	2,184,429	(1,015,000)	2,184,429	2,270,837

Housing loans to members are non-interest bearing, secured by the related property and are repayable in various monthly instalment amounts.

6. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Chief and Council.

	2014	2013
Capital Trust		
Balance, beginning of year	181,336	181,336
Balance, end of year	181,336	181,336
Revenue Trust		
Balance, beginning of year	187,057	175,363
Interest	35,020	11,694
Balance, end of year	222,077	187,057
	403,413	368,393

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Bank indebtedness

The Band has a line of credit with TD Commercial Banking with an authorized limit of \$300,000 at prime + 0.5%. At March 31, 2014, there was no balance outstanding on this loan.

The Park has a separate line of credit with TD Commercial Banking with an authorized limit of \$50,000 at prime + 0.5%. At March 31, 2014, there was \$35,000 outstanding on this line of credit.

Both lines of credit are secured by a General Security Agreement on all property and an accompanying borrowing resolution.

8. Accounts payable and accruals

	2014	2013
Trade payables	1,923,231	2,668,953
Tenant deposits	12,508	10,024
Accrued salaries and benefits payable	238,533	175,755
Due to OFNLP fund	187,629	102,947
	2,361,901	2,957,679

9. Deferred revenue

	2014	2013
Federal government	1,015,853	1,095,556
Provincial government	208,021	249,702
Other	647,594	772,359
	1,871,468	2,117,617

10. Long-term debt

	2014	2013
Tecumseh Development Corporation term loan repayable \$1,076 per month, interest at 5.00% due June 2016	27,441	-
CMHC mortgage, phase 2 rental housing to be repaid over 25 years with interest of 2.78% and monthly blended payments of \$3,095, a renewal date of August 1, 2015, due 2035	596,303	616,659
CMHC mortgage, phase 3 rental housing to be repaid over 25 years with interest at 1.64% and blended monthly payments of \$3,047, a renewal date of February 1, 2017, due 2037	698,425	723,352
CMHC term loan, Senior Apartment Complex to be repaid over 25 years with interest of 2.61% and monthly blended payments of \$5,578, a renewal date of September 1, 2014, due 2029	849,636	893,890
	2,171,805	2,233,901
Less: current portion	895,972	92,000
	1,275,833	2,141,901

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next three years, assuming all term debt is subject to contractual terms of repayment, are estimated as follows:

2015	895,972
2016	47,270
2017	1,201,258

Interest on long-term debt amounted to \$52,165 (2013 - \$53,184).

CMHC mortgages payable are secured by various properties and guarantees from Council. The Tecumseh Development Corporation term loan is unsecured.

11. Contingent liabilities

The 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.

In addition, in the normal course of operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's consolidated financial statements.

12. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
Buildings and improvements	11,796,392	4,115,828	129,478	1,518,327	14,264,415
Machinery and equipment	1,315,674	174,286	-	596,728	893,232
Vehicles	1,612,277	165,590	-	671,492	1,106,375
Infrastructure	2,382,513	-	-	507,901	1,874,612
Software	68,686	-	-	13,737	54,949
	17,175,542	4,455,704	129,478	3,308,185	18,193,583

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
Buildings and improvements	8,312,426	3,483,968	-	1,387,720	10,408,674
Machinery and equipment	1,043,173	272,500	-	517,470	798,203
Vehicles	1,612,276	-	-	557,059	1,055,217
Infrastructure	2,345,463	37,050	-	462,989	1,919,524
Software	-	68,686	-	6,869	61,817
	13,313,338	3,862,204	-	2,932,107	14,243,435

Amortization expense of \$415,006 (2013 - \$360,447) was recorded in statement of operations.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Replacement reserve

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- A replacement reserve, established by an annual allocation of \$21,420, to ensure replacement of buildings financed by CMHC. At March 31, 2014, \$111,271 has been set aside to fund this reserve. The unfunded portion at March 31, 2014 was Nil (2013 - \$Nil).
- A subsidy surplus reserve established by retaining excess federal assistance payments received, plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance. At March 31, 2014, \$3,154 has been set aside to fund this reserve.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

14. Government transfers

During the year, the First Nation recognized the following government transfers:

	2014	2013
Aboriginal Affairs and Northern Development Canada	9,068,652	9,547,680
Health Canada	998,380	1,000,701
Canada Mortgage and Housing Corporation	133,741	133,741
Parks Canada	-	2,400
Environment Canada	48,970	48,340
Heritage Canada	3,729	58,714
Provincial government transfers	3,453,999	3,348,410
	13,707,471	14,139,986

15. Defined contribution plans

Defined contribution pension plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 4% of their salary up to a maximum of 11% of their basic salary. The First Nation contributes a matching contribution of up to 7% 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. During the year, the First Nation contributed \$128,950 (2013 - \$135,000) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2014

16. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the Organization its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The Organization holds a unit in the Ontario First Nations Limited Partnership and a share in a related company Ontario First Nations General Partner Inc. – the carrying values of which are nominal and are therefore not recorded in these non-consolidated financial statements.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Chippewas of Nawash Unceded First Nation at the meeting held on May 7, 2014.

18. Economic dependence

Chippewas of Nawash Unceded First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

19. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

20. Segment disclosure and expenditures by object

	General/Band Support \$	Health \$	Education \$	Social Assistance \$	2014 Consolidated Total \$
REVENUES:					
Aboriginal Affairs and Northern Development Canada - CFA	5,827,873	46,700	2,919,279	274,800	9,068,652
Heritage Canada	3,729	-	-	-	3,729
Health Canada	-	998,380	-	-	998,380
Parks Canada	-	-	-	-	-
Environment Canada	48,970	-	-	-	48,970
Canada Mortgage and Housing Corporation	133,741	-	-	-	133,741
Province of Ontario	2,008,022	449,354	-	996,623	3,453,999
Band and other revenues	5,727,549	252,101	222,271	6,317	6,208,238
Add: Previous year deferred revenue	1,881,028	113,865	50,822	71,902	2,117,617
Less: current year deferred revenue	(1,702,307)	(113,865)	-	(55,296)	(1,871,468)
Government recovery of surplus	(11,517)	-	(12,420)	-	(23,937)
	13,917,088	1,746,535	3,179,952	1,294,346	20,137,921

EXPENDITURES:					
Salaries and benefits	2,527,501	1,003,075	895,527	202,252	4,628,355
Materials, supplies, subcontracts	6,358,059	319,303	39,294	18,826	6,735,482
Professional fees	1,329,521	6,822	17,809	1,875	1,356,027
Interest on long-term debt	52,165	-	-	-	52,165
Provincial school tuition	-	-	603,900	-	603,900
Post-secondary support	-	-	1,118,266	-	1,118,266
Assistance payments	-	-	-	612,550	612,550
Employment support and training	-	-	-	170,459	170,459
Other	3,255,061	353,738	617,600	283,510	4,509,909
Investment in tangible capital assets	(4,455,704)	-	-	-	(4,455,704)
	9,066,603	1,682,938	3,292,396	1,289,472	15,331,409
Excess (deficiency) of revenue over expenditures	4,850,485	63,597	(112,444)	4,874	4,806,512

	General/Band Support \$	Health \$	Education \$	Social Assistance \$	2013 Consolidated Total \$
REVENUES:					
Aboriginal Affairs and Northern Development Canada - CFA	6,145,229	46,700	3,008,451	347,300	9,547,680
Heritage Canada	58,714	-	-	-	58,714
Health Canada	-	1,000,701	-	-	1,000,701
Parks Canada	2,400	-	-	-	2,400
Environment Canada	48,340	-	-	-	48,340
Canada Mortgage and Housing Corporation	133,741	-	-	-	133,741
Province of Ontario	1,891,622	433,432	-	1,023,356	3,348,410
Band and other revenues	4,196,405	259,928	179,988	7,605	4,643,926
Add: Previous year deferred revenue	1,422,476	72,160	69,049	32,468	1,596,153
Less: current year deferred revenue	(1,881,028)	(113,865)	(50,822)	(71,902)	(2,117,617)
Government recovery of surplus	(535)	(18,347)	(43,153)	(1,238)	(63,273)
	12,017,364	1,680,709	3,163,513	1,337,589	18,199,175

EXPENDITURES:					
Salaries and benefits	2,531,758	898,457	927,038	178,170	4,535,423
Materials, supplies, subcontracts	6,169,719	423,541	49,910	24,952	6,668,122
Professional fees	1,138,996	20,208	18,805	4,400	1,182,409
Interest on long-term debt	53,185	-	-	-	53,185
Provincial school tuition	-	-	602,992	-	602,992
Post-secondary support	-	-	1,023,338	-	1,023,338
Assistance payments	-	-	-	794,069	794,069
Employment support and training	-	-	-	183,832	183,832
Other	1,622,997	386,795	541,430	164,693	2,715,915
Investment in tangible capital assets	(3,862,204)	-	-	-	(3,862,204)
	7,654,451	1,729,001	3,163,513	1,350,116	13,897,081
Excess (deficiency) of revenue over expenditures	4,362,913	(48,292)	-	(12,527)	4,302,094