

**Chippewas of Nawash
Unceded First Nation
Consolidated Financial Statements**
March 31, 2015

**Chippewas of Nawash
Unceded First Nation
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For the year ended March 31, 2015

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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.

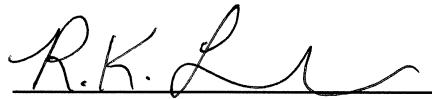
The Chippewas of Nawash Unceded First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial 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.

July 29, 2015



Chief



Band Administrator

Independent Auditors' Report

To the Chief and Council 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, 2015, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Chippewas of Nawash Unceded First Nation as at March 31, 2015 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 entity derives revenues from their contractual interest in the Gaming Revenue Sharing and Financial Agreement. As outlined in Note 22, the Ontario First Nation Limited Partnership Fund, cash and investments relating to this agreement were previously not reflected in the consolidated financial statements. An adjustment has been made retroactively to reflect these transactions.

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Cambridge, Ontario

July 29, 2015

MNP

**Chippewas of Nawash
Unceded First Nation
Consolidated Statement of Financial Position
As at March 31, 2015**

	2015	2014
	(Restated)	(Note 22)
Financial assets		
Current		
Cash and cash equivalents (Note 3)	6,291,633	5,466,907
Accounts receivable (Note 4)	407,938	163,157
Housing loans receivable (Note 5)	2,163,797	2,184,428
Other accounts receivable	2,301,350	444,246
	11,164,718	8,258,738
Funds held in trust (Note 6)	438,268	403,413
Portfolio investment (Note 7)	36,000,000	-
Total financial assets	47,602,986	8,662,151

**Chippewas of Nawash
Unceded First Nation**
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Liabilities		
Current		
Bank indebtedness (Note 8)	50,000	35,000
Accounts payable and accruals (Note 9)	3,018,780	2,164,627
Deferred revenue (Note 10)	2,266,461	1,871,468
Payable to funding agencies	92,954	77,422
Current portion of long-term debt (Note 11)	1,249,113	895,972
	6,677,308	5,044,489
Long-term debt (Note 11)	38,318,822	1,275,833
Total financial liabilities	44,996,130	6,320,322
Net financial assets	2,606,856	2,341,829
Contingent liabilities (Note 12)		
Non-financial assets		
Tangible capital assets (Note 13)	18,030,542	18,193,583
Prepaid expenses	110,710	170,008
Total non-financial assets	18,141,252	18,363,591
Surplus	20,748,108	20,705,420

Approved on behalf of the First Nation

	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor
	Councillor		Councillor

**Chippewas of Nawash
Unceded First Nation
Consolidated Statement of Operations**
For the year ended March 31, 2015

	2015 <i>Budget</i> <i>(Note 18)</i>	2015	2014 (Restated) <i>(Note 22)</i>
Revenue			
Federal government			
Aboriginal Affairs and Northern Development Canada	4,606,388	5,215,187	9,068,652
Health Canada	869,194	1,011,009	998,380
Canadian Mortgage and Housing Corporation	-	131,635	133,741
Other federal government funding	47,240	53,575	52,699
Provincial government	2,755,494	3,475,411	3,453,999
Ontario First Nations Limited Partnership funds	4,251,532	1,133,057	1,104,614
Saugeen Ojibway Nation projects	1,920,817	2,062,099	1,438,989
Other	2,139,181	2,881,369	2,932,871
Saugeen Ojibway Nation Finance Corporation investment income	-	902,152	-
Deferred revenue - prior year	2,387,761	1,871,468	2,117,617
Deferred revenue - current year	(60,000)	(2,266,461)	(1,871,468)
Repayment of funding	-	(164,157)	(23,937)
	18,917,607	16,306,344	19,406,157
Expenses			
Amortization	-	619,142	415,006
Band Government	1,737,344	2,052,049	1,442,867
Community Services	2,260,924	1,806,065	1,891,234
Economic Development	508,796	846,632	904,458
Education	3,104,884	3,170,218	3,191,053
Employment Programs	50,000	403,363	411,139
Health	1,911,132	1,880,229	1,988,396
Housing	272,337	281,741	274,220
Interest	-	434,488	52,165
Land Claims	-	173,088	381,794
Public Works	2,758,413	1,303,940	1,091,784
Saugeen Ojibway Nation Finance Corporation expenses	-	64,500	-
Saugeen Ojibway Nation projects	2,300,566	1,956,701	2,003,132
Social Services	862,898	1,263,480	1,291,707
	15,767,294	16,255,636	15,338,955
Surplus before other items	3,150,313	50,708	4,067,202
Other income (expense)			
Loss on disposal of tangible capital assets	-	-	(90,551)
Change in CMHC reserves	-	(42,875)	(17,189)
Change in trust accounts	-	34,855	35,020
	-	(8,020)	(72,720)
Surplus	3,150,313	42,688	3,994,482

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

**Chippewas of Nawash
Unceded First Nation**
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2015

	2015	2014
Accumulated surplus, beginning of year, as previously stated	20,705,420	14,673,572
Correction of error (Note 22)	-	2,037,366
Accumulated surplus, beginning of year, as restated	20,705,420	16,710,938
Surplus	42,688	3,994,482
Accumulated surplus, end of year	20,748,108	20,705,420

**Chippewas of Nawash
Unceded First Nation**
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2015

	2015 Budget (Note 18)	2015	2014 (Restated) (Note 22)
Annual surplus	3,150,313	42,688	3,994,482
Purchases of tangible capital assets	-	(456,100)	(4,455,704)
Amortization of tangible capital assets	-	619,142	415,006
Loss on disposal of tangible capital assets	-	-	90,551
Acquisition of prepaid expenses	-	-	(105,153)
Use of prepaid expenses	-	59,297	-
Increase (decrease) in net financial assets	3,150,313	265,027	(60,818)
Net financial assets, beginning of year	2,606,856	2,341,829	2,402,647
Net financial assets, end of year	5,757,169	2,606,856	2,341,829

**Chippewas of Nawash
Unceded First Nation
Consolidated Statement of Cash Flows**
For the year ended March 31, 2015

	2015	2014 (Restated) (Note 22)
Cash provided by (used for) the following activities		
Operating activities		
Surplus	42,688	3,994,482
Non-cash items		
Amortization	619,142	415,006
Loss on disposal of capital assets	-	90,551
Allowance for doubtful loan	5,000	29,000
Discount on housing loans	18,733	20,756
Change in trust balance	(34,855)	(35,020)
	650,708	4,514,775
Changes in working capital accounts		
Accounts receivable	(244,781)	494,376
Prepaid expenses	59,297	(105,153)
Other accounts receivable	(1,857,104)	(247,890)
Accounts payable and accruals	854,152	(483,895)
Deferred revenue	394,993	(246,149)
Payable to funding agencies	15,532	39,143
Housing loan advances	(224,533)	(199,089)
Housing loan repayment	221,432	235,741
	(130,304)	4,001,859
Financing activities		
Advances of long-term debt	37,500,000	35,000
Repayment of long-term debt	(103,870)	(97,096)
	37,396,130	(62,096)
Capital activities		
Purchases of tangible capital assets	(456,100)	(4,455,704)
Investing activities		
Increase in portfolio investment	(36,000,000)	-
Increase (decrease) in cash resources	809,726	(515,941)
Cash resources, beginning of year	5,431,907	5,947,848
Cash resources, end of year	6,241,633	5,431,907
Cash resources are composed of:		
Cash and cash equivalents	6,291,633	5,466,907
Bank indebtedness	(50,000)	(35,000)
	6,241,633	5,431,907

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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, and 50% of the operations of the Saugeen Ojibway Nation Finance Corporation ("SONFC"), an entity that is jointly owned under a nominee agreement. 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
- Saugeen Ojibway Nation Finance Corporation

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 equivalents include balances with banks and short term investments with maturities of one year 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.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

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.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

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.

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 consolidated 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.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

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 \$106,424 (2014 - \$128,950).

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.

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 consolidated 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.

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.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

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 consolidated 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.

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*.

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

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. 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. There has not been a reversal of such remeasurement during the year and thus no separate statement is disclosed.

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, 2015, externally restricted apartment replacement and subsidy cash amounted to \$78,373 (2014 - \$116,395).

As joint owner of Saugeen Ojibway Nation Finance Corporation, a credit agreement requires that on any given date, the First Nation must keep an amount in the reserve account equal to the next two quarterly blended payments of principal and interest.

At March 31, 2015, the First Nation's 50% portion of Saugeen Ojibway Nation Finance Corporation's restricted cash amounted to \$1,359,266.

	2015	2014
Cash and term deposits	5,720,324	4,911,100
Short term investments	571,309	555,807
	6,291,633	5,466,907

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

4. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	246,268	-
Canadian Mortgage and Housing Corporation	10,844	11,145
Health Canada	53,387	35,692
Ministry of Community and Social Services	21,233	21,003
Other government agencies	67,277	46,347
Parks and Environment Canada	8,929	48,970
	407,938	163,157

5. Housing loans receivable

Housing loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	<i>2015 Net recoverable value</i>	<i>2014 Net recoverable value</i>
Housing loans	3,183,797	(1,020,000)	2,163,797	2,184,428

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.

	2015	2014
Capital Trust		
Balance, beginning and end of year	181,336	181,336
Revenue Trust		
Balance, beginning of year	222,077	187,057
Interest	34,855	35,020
Balance, end of year	256,932	222,077
	438,268	403,413

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

7. Portfolio investment

	2015	2014
Class A BMLP Interest	25,000,000	-
Class B BMLP Interest	11,000,000	-
	36,000,000	-

On December 17, 2014 Saugeen Ojibway Nation Finance Corporation (a nominee corporation owned 50% by the First Nation) purchased 50,000,000 Class A Units and 22,000,000 Class B Units representing 34.19% interest of B2M Limited Partnership.

The partnership owns and operates a high voltage electrical transmission tower line between Kincardine and Milton, Ontario.

8. Bank indebtedness

The Band has a line of credit with TD Commercial Banking with an authorized limit of \$300,000 (2014 - \$300,000) at prime plus 0.5% (2014 - prime plus 0.5%). At March 31, 2015, there was \$nil (2014 - \$nil) balance outstanding on this loan.

The Cape Croker Park has a separate line of credit with TD Commercial Banking with an authorized limit of \$50,000 at prime plus 0.5%. At March 31, 2015, there was \$50,000 (2014 - \$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.

9. Accounts payable and accruals

	2015	2014
Trade payables	2,727,673	1,913,586
Tenant deposits	2,750	12,508
Accrued salaries and benefits payable	288,357	238,533
	3,018,780	2,164,627

10. Deferred revenue

	2015	2014
Federal government	565,540	1,015,853
Provincial government	191,034	208,021
Other	1,509,887	647,594
	2,266,461	1,871,468

**Chippewas of Nawash
Unceded First Nation**
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Long-term debt

	2015	2014
Tecumseh Development Corporation term loan repayable \$1,076 per month, interest at 5.00% due June 2016	16,627	27,441
CMHC mortgage, phase 2 rental housing to be repaid over 25 years with interest at 2.78% and monthly blended payments of \$3,095, a renewal date of August 1, 2015, due 2035	575,377	596,303
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	673,087	698,425
CMHC term loan, Senior Apartment Complex to be repaid over 25 years with interest at 2.61% and monthly blended payments of \$5,578, a renewal date of September 1, 2014, due 2029	802,844	849,636
Tranche A Loan, interest at 3.825%, payable in blended quarterly payments of \$393,540, due November 2039	25,000,000	-
Tranche B Loan, interest at 3.152%, payable in blended quarterly payments of \$266,770, due November 2029	12,500,000	-
	39,567,935	2,171,805
<u>Less: current portion</u>	<u>1,249,113</u>	<u>895,972</u>
	38,318,822	1,275,833

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

2016	1,249,113
2017	2,603,057
2018	1,446,047
2019	1,496,127
2020	2,096,838

Interest on long-term debt amounted to \$434,488 (2014 - \$52,165).

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

The First Nation liability under the Tranche A and B loans is limited to its beneficial interest in the B2M Limited Partnership which is held by the Saugeen Ojibway Nation Finance Corporation on behalf of the First Nation and the sole recourse of the lender in the event of default under the loan is limited to the B2M Limited Partnership interest and the property related thereto that has been pledged by the Saugeen Ojibway Nation Finance Corporation as security for the loan and the First Nation has no other payment obligations under this loan.

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12. 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.

13. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Buildings and improvements	15,782,742	21,721	-	1,847,752	13,956,711
Machinery and equipment	1,489,960	112,510	10,248	687,683	904,539
Vehicles	1,777,867	58,994	61,885	729,114	1,045,862
Infrastructure	2,382,513	262,875	-	570,038	2,075,350
Software	68,686	-	-	20,606	48,080
	21,501,768	456,100	72,133	3,855,193	18,030,542
	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
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

Amortization expense of \$619,142 (2014 - \$415,006) was recorded in statement of operations.

14. 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 \$22,000 (2014 - \$21,420), to ensure replacement of buildings financed by CMHC. At March 31, 2015, \$64,471 (2014 - \$111,271) has been set aside to fund this reserve. The unfunded portion at March 31, 2015 was \$nil (2014 - \$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, 2015, \$nil (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.

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15. Government transfers

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

	2015	2014
Aboriginal Affairs and Northern Development Canada	5,215,187	9,068,652
Health Canada	1,011,009	998,380
Canada Mortgage and Housing Corporation	131,635	133,741
Parks Canada	6,335	-
Environment Canada	47,240	48,970
Heritage Canada	-	3,729
Provincial government transfers	3,475,411	3,453,999
	9,886,817	13,707,471

16. Defined contribution pension plans

Defined contribution pension plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute a minimum of 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 \$106,424 (2014 - \$128,950) for retirement benefits. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2015.

17. 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 twelve 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.

18. 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 February 3, 2014.

19. 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.

**Chippewas of Nawash
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20. Saugeen Ojibway Nation Finance Corporation

The Chippewas of Nawash Unceded First Nation holds an investment of 50 common shares of Saugeen Ojibway Nation Finance Corporation ("SONFC"), which represents a 50% ownership interest. As required by the nominee agreement, the proportion of SONFC's operations owned by the Nation is required to be consolidated in these financial statements.

	2015	2014
Cash	1,459,205	-
Accounts receivable	900,000	-
Portfolio investment	36,000,000	-
Accounts payable and accrued charges	(409,226)	-
Long term debt	(37,500,000)	-
 Surplus	 449,979	 -
 Total revenue	 (902,152)	 -
Total expenses	452,173	-
 Surplus for the year	 (449,979)	 -

21. Financial instruments

Financial instruments consist of recorded amounts of accounts receivable and other like amounts that will result in future cash receipts, as well as accounts payable and accrued liabilities, borrowings and other amounts that will result in future cash outlays.

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The interest rate risk reflects the sensitivity of the First Nation's consolidated annual surplus that arise from fluctuations in interest rates and the degree of volatility in these rates. The First Nation does not use derivative financial instruments to reduce its exposure to interest rate risk.

The First Nation is exposed to interest rate risk through its bank indebtedness which is subject to variable rates of interest. During the year, the First Nation's exposure to interest rate risk increased as its variable rate borrowings increased. The First Nation's exposure to interest rate risk is partially mitigated as its long-term debt is at fixed interest rates.

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22. Correction of error

The entity derives revenues from their contractual interest in the Gaming Revenue Sharing and Financial Agreement. The OFNLP Fund, cash and investments relating to this agreement were previously not reflected in the consolidated financial statements. An adjustment has been retroactively to reflect these transactions.

The adjustment in 2014 results in an increase in cash of \$544,976, increase in investments of \$555,807, decrease in liabilities of \$187,629, decrease in OFNLP revenue of \$748,953 and an increase in accumulated surplus of \$2,037,366.

23. Comparative figures

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

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Notes to the Consolidated Financial Statements

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24. Segment disclosure and expenditures by object

	General/Band Support \$	Health \$	Education \$	Social Assistance \$	2015 Consolidated Total \$
REVENUES:					
Aboriginal Affairs and Northern Development Canada - CFA	2,057,943	50,271	2,890,173	216,800	5,215,187
Heritage Canada	6,335	-	-	-	6,335
Health Canada	-	1,011,009	-	-	1,011,009
Parks Canada	-	-	-	-	-
Environment Canada	47,240	-	-	-	47,240
Canada Mortgage and Housing Corporation	131,635	-	-	-	131,635
Province of Ontario	2,032,414	397,247	-	1,045,750	3,475,411
Band and other revenues	6,583,284	155,169	228,519	11,703	6,978,675
Add: Previous year deferred revenue	1,702,307	113,865	-	55,296	1,871,468
Less: current year deferred revenue	(2,082,895)	(144,377)	-	(39,187)	(2,266,459)
Government funding of deficit	(80,234)	(19,500)	(38,555)	(25,868)	(164,157)
	<u>10,398,029</u>	<u>1,563,684</u>	<u>3,080,137</u>	<u>1,264,494</u>	<u>16,306,344</u>
EXPENDITURES:					
Salaries and benefits	2,934,878	828,509	894,888	191,743	4,850,018
Materials, supplies, subcontracts	2,093,888	416,501	40,312	21,656	2,572,357
Professional fees	1,417,548	8,824	16,011	1,630	1,444,013
Interest on long-term debt	434,488	-	-	-	434,488
Provincial school tuition	-	-	532,345	-	532,345
Post-secondary support	-	-	1,172,829	-	1,172,829
Assistance payments	-	-	-	638,804	638,804
Employment support and training	-	-	-	188,414	188,414
Other	3,848,309	283,991	524,625	221,815	4,878,740
Investment in tangible capital assets	(362,976)	-	-	-	(362,976)
	<u>10,366,135</u>	<u>1,537,825</u>	<u>3,181,010</u>	<u>1,264,062</u>	<u>16,349,032</u>
Surplus (deficit)	31,894	25,859	(100,873)	432	(42,688)
	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	4,930,785	252,101	222,271	6,317	5,411,474
Add: Previous year deferred revenue	1,881,028	113,865	50,822	71,902	2,117,617
Less: current year deferred revenue	(1,637,307)	(113,865)	-	(55,296)	(1,806,468)
Government recovery of surplus	(11,517)	-	(12,420)	-	(23,937)
	<u>13,185,324</u>	<u>1,746,535</u>	<u>3,179,952</u>	<u>1,294,346</u>	<u>19,406,157</u>
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	3,335,327	353,738	617,600	283,510	4,590,175
Investment in tangible capital assets	(4,455,704)	-	-	-	(4,455,704)
	<u>9,146,869</u>	<u>1,682,938</u>	<u>3,292,396</u>	<u>1,289,472</u>	<u>15,411,675</u>
Surplus (deficit)	4,038,455	63,597	(112,444)	4,874	3,994,482