

**Chippewas of
Saugeen First Nation
Consolidated Financial Statements
For the year ended March 31, 2014**

Chippewas of Saugeen First Nation
Consolidated Financial Statements
For the year ended March 31, 2014

	Contents
Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Statement of Funds Held in Trust in Ottawa	9
Summary of Significant Accounting Policies	10 - 13
Notes to Consolidated Financial Statements	14 - 31

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Chippewas of Saugeen First Nation and all the information in this report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for local governments based upon recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has selected those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Full Council.

The Chief and Council, composed of Band members, reviews the First Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report. The Chief and Council also approves the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. BDO Canada LLP have full and free access to the Chief and Council of Chippewas of Saugeen First Nation.

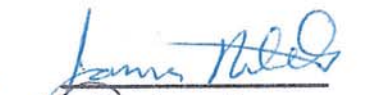
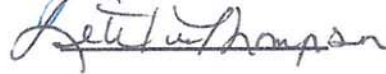
Chief



Council








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Independent Auditor's Report

**To the Chief, Council and Members of
Chippewas of Saugeen First Nation**

We have audited the accompanying consolidated financial statements of Chippewas of Saugeen First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows, and funds held in trust in Ottawa 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 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 presentation of the consolidated financial statements.

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



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Chippewas of Saugeen First Nation as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

July 28, 2014

Owen Sound, Ontario

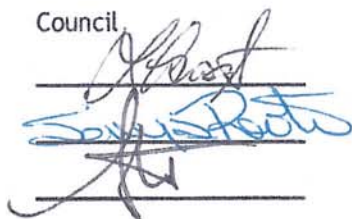
Chippewas of Saugeen First Nation
Consolidated Statement of Financial Position

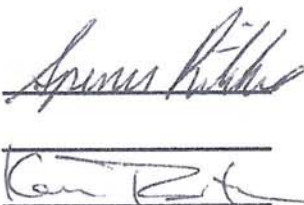
March 31	2014	2013
Financial assets		
Cash and temporary investments (Note 1)	\$ 677,465	\$ 1,179,384
Accounts receivable (Note 2)	675,254	1,452,103
Due from federal government (Note 3)	354,462	356,499
Due from provincial government (Note 4)	222,466	284,506
Inventory	108,553	84,325
Investments (market value \$100,744, 2013 - \$101,923)	100,722	91,218
Mortgages receivable (Note 5)	2,294,179	2,646,392
Trust Funds (Page 9, Note 11)	9,134,429	8,825,376
	<u>13,567,530</u>	<u>14,919,803</u>
Financial Liabilities		
Accounts payable and accrued liabilities	3,672,266	3,260,437
Landfill liability post closure costs (Note 10)	214,942	265,260
Current portion of long-term debt (Note 7)	125,000	25,000
Deferred revenue (Note 6)	2,111,327	1,891,884
Long-term debt (Note 7)	151,829	175,531
	<u>6,275,364</u>	<u>5,618,112</u>
Net financial assets (Page 7)	<u>7,292,166</u>	<u>9,301,691</u>
Non financial assets		
Prepaid expenses	89,602	252,744
Tangible capital assets (Note 9)	25,201,090	25,054,174
	<u>25,290,692</u>	<u>25,306,918</u>
Accumulated surplus (Page 6, Note 12)	<u>\$ 32,582,858</u>	<u>\$ 34,608,609</u>

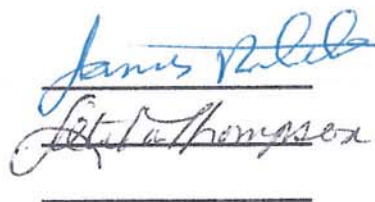
Chief



Council







Chippewas of Saugeen First Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Revenue			
Grants (Note 17)	\$ 9,292,084	\$ 9,438,517	\$ 9,143,092
Other Income			
Gas bar sales	4,200,000	3,804,337	4,002,815
Land leases	3,300,000	3,414,164	3,392,929
Service fees	1,067,000	1,128,876	1,113,916
Saugeen Ojibway Nation projects	-	1,774,208	2,153,082
Casino Rama distributions	1,335,610	880,284	888,380
Trust fund change (Page 11)	-	309,053	181,819
Miscellaneous	144,330	288,041	289,011
Sauble park receipts	369,875	271,771	383,059
Rental income - land and buildings	166,200	184,629	150,873
Road revenue	100,000	99,491	69,181
Restaurant sales	-	68,363	-
Interest income	41,600	55,221	51,923
Solar income	-	20,987	-
Band Budget	155,562	-	-
Departmental allocations	234	(12,301)	(272,629)
(Increase) decrease in deferred revenue	66,810	(155,152)	(106,832)
	10,947,221	12,131,972	12,297,527
Total revenues	20,239,305	21,570,489	21,440,619
Expenses (Note 23)			
Revenue Fund	10,968,715	11,925,779	11,575,940
Education	3,441,760	3,732,078	3,564,724
Capital Housing Program	764,101	524,209	591,165
Social Services	1,300,000	1,066,064	1,283,649
Land Management	-	16,336	-
Saugeen Ojibway Nation	-	2,166,265	2,427,699
Driftwood Corporation	-	144,121	174,146
Gas Bar	4,094,934	3,739,439	3,938,607
Red Road Cafe & Grill Corporation	-	281,949	-
	20,569,510	23,596,240	23,555,930
Annual deficit (Note 15)	(330,205)	(2,025,751)	(2,115,311)
Accumulated surplus, beginning of year	34,608,609	34,608,609	36,723,920
Accumulated surplus, end of year	\$ 34,278,404	\$ 32,582,858	\$ 34,608,609

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chippewas of Saugeen First Nation
Consolidated Statement of Changes in Net Financial Assets/(Debt)

For the year ended March 31	2014	2014	2013
	Budget	Actual	Actual
Annual deficit (Page 8)	\$ (330,205)	\$ (2,025,751)	\$ (2,115,311)
Acquisition of tangible capital assets	(364,681)	(1,318,131)	(1,295,239)
Amortization of tangible capital assets	-	1,143,646	1,101,837
Gain(loss) on disposal of tangible capital assets	-	3,024	(45,000)
Proceeds on disposal of capital assets	-	24,545	45,000
	<u>(364,681)</u>	<u>(146,916)</u>	<u>(193,402)</u>
Payment of prepaid expenses	<u>-</u>	<u>163,142</u>	<u>(203,265)</u>
Decrease in net financial assets	(694,886)	(2,009,525)	(2,511,978)
Net financial assets, beginning of the year	<u>9,301,691</u>	<u>9,301,691</u>	<u>11,813,669</u>
Net financial assets, end of the year	<u>\$ 8,606,805</u>	<u>\$ 7,292,166</u>	<u>\$ 9,301,691</u>

Chippewas of Saugeen First Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual deficit (Page 8)	\$ (2,025,751)	\$ (2,115,311)
Items not involving cash		
Amortization	1,143,646	1,101,837
Loss on disposal of assets	3,024	(45,000)
	<u>(879,081)</u>	<u>(1,058,474)</u>
 Changes in non-cash working capital balances		
Accounts receivable	776,849	823,120
Due from federal government	2,037	99,049
Due from provincial government	62,040	67,920
Inventory	(24,228)	14,183
Prepaid expenses	163,142	(203,265)
Accounts payable and accrued liabilities	411,829	1,361,542
Landfill liability post-closure costs	(50,318)	(65,413)
Deferred revenue	219,443	57,199
	<u>1,560,794</u>	<u>2,154,335</u>
	<u>681,713</u>	<u>1,095,861</u>
 Capital transactions		
Cash used to acquire capital assets	(1,318,131)	(1,295,239)
Proceeds on sale of capital assets	24,545	45,000
	<u>(1,293,586)</u>	<u>(1,250,239)</u>
 Investing activities		
Increase in trust funds	(309,053)	(181,819)
(Purchase) redemption of investments	(9,504)	28,592
	<u>(318,557)</u>	<u>(153,227)</u>
 Financing activities		
Proceeds of long-term debt	100,000	-
Repayment of long-term debt	(23,702)	(25,226)
Decrease (increase) in mortgages receivable	352,213	441,089
	<u>428,511</u>	<u>415,863</u>
 Net change in cash and cash equivalents	(501,919)	108,258
Cash and cash equivalents, beginning of year	1,179,384	1,071,126
Cash and cash equivalents, end of year	<u>\$ 677,465</u>	<u>\$ 1,179,384</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chippewas of Saugeen First Nation
Statement of Funds Held in Trust in Ottawa

For the year ended March 31	2014	2013
Capital Fund		
Balance, end of the year	\$ 311,693	\$ 311,693
Revenue Fund		
Revenue		
Interest income	\$ 255,179	\$ 205,749
Other income	53,874	-
	<u>309,053</u>	<u>205,749</u>
Expenses		
Funerals	-	23,930
Excess of revenues over expenses for the year	309,053	181,819
Balance, beginning of the year	<u>8,513,683</u>	<u>8,331,864</u>
Balance, end of the year	<u>\$ 8,822,736</u>	<u>\$ 8,513,683</u>
Total funds held in trust in Ottawa	<u>\$ 9,134,429</u>	<u>\$ 8,825,376</u>

Chippewas of Saugeen First Nation Summary of Significant Accounting Policies

March 31

Basis of Presentation

These consolidated financial statements of Chippewas of Saugeen First Nation are the representation of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and in accordance with the Year End Reporting Handbook prescribed by Aboriginal Affairs and Northern Development Canada.

Fund Accounting

The First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund or program established by legal, contractual or voluntary actions. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements. Details of the various operations of each fund are set out in the supplementary schedules.

Reporting Entity and Principles of Financial Reporting

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

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

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

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

Basis of Consolidation

The amounts represented in the continuity of trust funds have been consolidated in the summary statement of financial position, in accordance with the Year End Reporting Handbook prescribed by Aboriginal Affairs and Northern Development Canada. The operations have not been consolidated in the statement of financial activities.

Chippewas of Saugeen First Nation Summary of Significant Accounting Policies

March 31

Basis of Accounting	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.
Financial Instruments	The First Nation's financial instruments consist of cash and temporary investments, accounts receivable, due from federal and provincial governments, mortgages receivable, investments, accounts payable and accrued liabilities, and long term debt. The fair value of these financial instruments approximate their carrying values, unless otherwise noted. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.
Revenue Recognition	Revenues are reported on the accrual basis of accounting Revenues are recognized as follows: a) Revenue from land leases is recognized in accordance with the term of the lease agreements. b) Donations are recognized when collected. c) Other revenue generated from the sale of goods and the provision of services is recognized when performance of the service has been completed or transfer of title of the goods has taken place. d) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operation as the stipulation liabilities are settled.
Government Funding	Funding provided by Federal and Provincial Government Organizations are subject to review of year end settlement forms and adjustments by Canada and the Province. Adjustments to funding, if any, are recorded in the year in which they occur.

Chippewas of Saugeen First Nation Summary of Significant Accounting Policies

March 31

Temporary Investments	Temporary investments are recorded at cost plus accrued interest which approximates market value.																				
Investments	Investments are recorded at cost.																				
Inventory	Inventory is stated at the lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.																				
Mortgages Receivable	Mortgages are recorded at cost. Monthly principal payments are required in accordance with mortgage documents. Mortgages are non-interest bearing. The balances are reviewed periodically for collectibility, with recognition of an expense in the period that a mortgage is deemed to be uncollectible.																				
Tangible Capital Assets	Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used: <table><tr><td>Land improvements</td><td>25 years</td></tr><tr><td>Vehicles</td><td>5 years</td></tr><tr><td>Machine & equipment</td><td>5 years</td></tr><tr><td>Roads</td><td></td></tr><tr><td> Gravel</td><td>25 years</td></tr><tr><td> Pavement and sidewalks</td><td>20 years</td></tr><tr><td> Street lights</td><td>30 years</td></tr><tr><td> Culverts</td><td>40 years</td></tr><tr><td>Buildings</td><td>25 years</td></tr><tr><td>Water system</td><td>58 years</td></tr></table> Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.	Land improvements	25 years	Vehicles	5 years	Machine & equipment	5 years	Roads		Gravel	25 years	Pavement and sidewalks	20 years	Street lights	30 years	Culverts	40 years	Buildings	25 years	Water system	58 years
Land improvements	25 years																				
Vehicles	5 years																				
Machine & equipment	5 years																				
Roads																					
Gravel	25 years																				
Pavement and sidewalks	20 years																				
Street lights	30 years																				
Culverts	40 years																				
Buildings	25 years																				
Water system	58 years																				
Deferred Revenue	Revenue restricted by legislation, regulation or agreement and not available for general purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.																				

Chippewas of Saugeen First Nation

Summary of Significant Accounting Policies

March 31

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

The principal estimates used in the preparation of these consolidated financial statements are the determination of the allowance for doubtful accounts, inventory costing and obsolescence, estimated useful life of capital assets, and valuation of capital assets and solid waste landfill liability. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

1. Cash and Temporary Investments

	<u>2014</u>	<u>2013</u>
Restricted	\$ 3,166,833	\$ 2,649,392
Unrestricted	(2,489,368)	(1,470,008)
	<u>\$ 677,465</u>	<u>\$ 1,179,384</u>

Included in long-term investments are restricted funds of \$41,465 (2013 - \$40,745). Investments have a market value of \$209,805 at the end of the year.

2. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Trade receivables	\$ 444,973	\$ 477,871
Saugeen Ojibway Nation programs	85,044	762,049
Member loans	312,922	300,661
Band funds	-	54,144
Goods and services tax	171,541	139,378
	<u>1,014,480</u>	<u>1,734,103</u>
Allowance for doubtful accounts	(339,226)	(282,000)
	<u>\$ 675,254</u>	<u>\$ 1,452,103</u>

The First Nation provides loans to members, both employee and non-employees for various purposes. The repayment and interest terms vary and are unsecured.

3. Due from Federal Government

	<u>2014</u>	<u>2013</u>
Department of Health and Welfare	\$ 214,161	\$ 33,530
Aboriginal Affairs and Northern Development Canada - CFA	140,301	322,969
	<u>\$ 354,462</u>	<u>\$ 356,499</u>

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

4. Due from Provincial Government

	2014	2013
Huron and Area Aboriginal Board of Management	\$ -	\$ 78,804
Aboriginal Labour Force Development Circle	27,555	18,370
Ministry of Community and Social Services	173,400	6,711
Ontario Library Services	-	16,687
Other government agencies	21,511	163,934
	<u>\$ 222,466</u>	<u>\$ 284,506</u>

5. Mortgages Receivable

	2014	2013
Mortgage receivable	\$ 4,128,179	\$ 4,228,392
Allowance for uncollectible mortgages	(1,834,000)	(1,582,000)
	<u>\$ 2,294,179</u>	<u>\$ 2,646,392</u>

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

The First Nation may be exposed to credit risk on mortgages receivable as they are concentrated within their local community.

6. Deferred Revenue

	2014	2013
Revenue	\$ 1,498,547	\$ 1,386,646
Land management	138,737	143,911
Capital housing program	474,043	361,327
	<u>\$ 2,111,327</u>	<u>\$ 1,891,884</u>

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

7. Long-term Debt

	<u>2014</u>	<u>2013</u>
Tecumseh mortgage, prime plus 2%, repayable in annual principal instalments of \$25,000, secured by premises and land lease, due 2016	\$ 176,829	\$ 200,531
Tecumseh mortgage, prime plus 2%, repayable in full in 2016, secured by premises and land lease	100,000	-
	<u>276,829</u>	<u>200,531</u>
Less: Current portion	<u>125,000</u>	<u>25,000</u>
	<u>\$ 151,829</u>	<u>\$ 175,531</u>

Demand loans are included in the current portion. In the absence of demand for repayment principal payments required on long-term debt for the next five years and thereafter are due as follows:

2015	\$ 125,000
2016	25,000
2017	25,000
2018	25,000
2019	25,000
Thereafter	<u>51,829</u>
	<u>\$ 276,829</u>

8. Credit Facility Agreement

The Band has an operating line of credit of \$400,000 with Scotiabank, bearing interest at prime plus 0.25%. At March 31, 2014, the facility was undrawn.

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

9. Tangible Capital Assets		2014								
		Land	Land Improvement	Building	Machinery & Equipment	Vehicles	Streets	Water	Broadband	Total
Cost, beginning of year		\$604,168	\$513,585	\$8,929,482	\$3,782,147	\$1,906,001	\$2,596,956	\$18,131,963	\$974,796	\$37,439,098
Additions		-	-	507,201	810,930	-	-	-	-	1,318,131
Disposals		-	-	-	-	(45,949)	-	-	-	(45,949)
Cost, end of year		604,168	513,585	9,436,683	4,593,077	1,860,052	2,596,956	18,131,963	974,796	38,711,280
Accumulated amortization, beginning of year		-	335,003	4,033,615	2,688,067	1,430,794	2,005,472	1,874,288	17,685	12,384,924
Amortization		-	11,943	293,168	360,052	81,949	64,419	312,620	19,495	1,143,646
Disposals		-	-	-	-	(18,380)	-	-	-	(18,380)
Accumulated amortization, end of year		-	346,946	4,326,783	3,048,119	1,494,363	2,069,891	2,186,908	37,180	13,510,190
Net carrying amount, end of year		\$604,168	\$166,639	\$5,109,900	\$1,544,958	\$365,689	\$527,065	\$15,945,055	\$937,616	\$25,201,090

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

9. Tangible Capital Assets - (continued)

	2013									
	Land	Land Improvement	Land	Building	Machinery & Equipment	Vehicles	Streets	Water	Broadband	Total
Cost, beginning of year	\$604,168	\$513,585	\$8,215,121	\$3,473,331	\$1,906,001	\$2,593,716	\$18,131,963	\$884,274	\$36,322,159	
Additions	-	-	714,361	487,116	-	3,240	-	90,522	1,295,239	
Disposals	-	-	-	(178,300)	-	-	-	-	(178,300)	
Cost, end of year	604,168	513,585	8,929,482	3,782,147	1,906,001	2,596,956	18,131,963	974,796	37,439,098	
Accumulated amortization, beginning of year	-	316,271	3,756,659	2,559,398	1,326,176	1,941,215	1,561,668	-	11,461,387	
Amortization	-	18,732	276,956	306,969	104,618	64,257	312,620	17,685	1,101,837	
Disposals	-	-	-	(178,300)	-	-	-	-	(178,300)	
Accumulated amortization, end of year	-	335,003	4,033,615	2,688,067	1,430,794	2,005,472	1,874,288	17,685	12,384,924	
Net carrying amount, end of year	\$604,168	\$178,582	\$4,895,867	\$1,094,080	\$475,207	\$591,484	\$16,257,675	\$957,111	\$25,054,174	

Chippewas of Saugeen First Nation

Notes to Financial Statements

March 31

9. Tangible Capital Assets - (continued)

The Band holds various works of art and historical treasures of cultural significance. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

10. Solid Waste Landfill Closure and Post-Closure Liabilities

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$214,942 (2013 - \$265,260) and represents the present value of closure and post-closure costs for landfills at Saugeen First Nation, using the prime business rate of 2.60%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$570,000 leaving an amount to be recognized of \$355,058. There is an estimated 35% capacity remaining at the open landfill site and is anticipated to be filled in approximately 15-20 years. Post-closure care is estimated to continue for a period of 25 years.

11. Funds Held in Trust in Ottawa

The Ottawa Trust Accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

12. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	<u>2014</u>	<u>2013</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization (Note 9)	\$ 25,201,090	\$ 25,054,174
Capital assets financed by long-term liabilities and to be funded in future years (Note 7)	<u>(276,829)</u>	<u>(200,531)</u>
Total invested in capital assets	24,924,261	24,853,643
Funds held in trust (Page 9)	9,134,429	8,825,376
Members deficit (Note 14)	(5,239,214)	(2,782,754)
Unfunded landfill liability post closure costs (Note 10)	<u>(214,942)</u>	<u>(265,260)</u>
	28,604,534	30,631,005
Reserves and reserve funds (Note 13)	<u>3,978,324</u>	<u>3,977,604</u>
Accumulated surplus	<u>\$ 32,582,858</u>	<u>\$ 34,608,609</u>

13. Reserve Funds Set Aside for Specific Purpose by Council

	<u>2014</u>	<u>2013</u>
Reserve funds		
Arena fund	\$ 35,233	\$ 35,233
Education bursary	110,403	108,740
Police building reserve	231,201	229,301
Fishing loan reserve	9,074	9,074
Commercial fishing reserve	59,500	59,500
Secondary Roads reserve (deficit)	(79,123)	(79,123)
Reserve for loan guarantee	97,451	95,730
Casino Rama distributions	<u>3,514,585</u>	<u>3,519,149</u>
	<u>\$ 3,978,324</u>	<u>\$ 3,977,604</u>

14. Members' Interest

	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ (2,782,754)	\$ (931,425)
Change in members' deficit (Note 15)	<u>(2,456,460)</u>	<u>(1,851,329)</u>
Balance, end of the year	<u>\$ (5,239,214)</u>	<u>\$ (2,782,754)</u>

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

15. Change in Members' Interest

	2014 Budget	2014 Actual	2013 Actual
Annual deficit (Page 7)	\$ (330,205)	\$ (2,025,751)	\$ (2,115,311)
Capital acquisitions, disposals and write-down	(364,681)	(1,290,562)	(1,295,239)
Amortization	-	1,143,646	1,101,837
Proceeds from long-term debt	-	100,000	-
Debt principal repayments	-	(23,702)	(25,226)
Change in reserves	-	(720)	729,842
Change in unfunded liabilities	-	(50,318)	(65,413)
Change in trust fund (page 11)	-	(309,053)	(181,819)
	<u>(364,681)</u>	<u>(430,709)</u>	<u>263,982</u>
Change in members' interest	\$ (694,886)	\$ (2,456,460)	\$ (1,851,329)

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2014 budget amounts for Chippewas of Saugeen First Nation approved by Council have been restated to conform to the presentation of the consolidated statements of operations and changes in net debt. The above is a reconciliation of the budget approved by Council.

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

16. Grants

	2014	2014	2013
	Budget	Actual	Actual
Operating and Capital			
Province of Ontario			
Aboriginal Healing & Wellness Strategy	\$ 399,821	\$ 395,669	\$ 401,578
Ministry of Community & Social Services	1,956,733	1,563,432	1,625,166
Ministry of Transportation	-	169,270	67,370
Jobs Ontario	-	138,371	108,595
Other	603,702	471,010	304,907
	<u>2,960,256</u>	<u>2,737,752</u>	<u>2,507,616</u>
 Federal Government			
Aboriginal Affairs and Northern Development Canada			
- set	2,700,307	2,654,866	2,676,756
- fixed	2,264,329	2,818,830	2,873,105
- grants	413,859	414,383	400,959
	<u>5,378,495</u>	<u>5,888,079</u>	<u>5,950,820</u>
 Total Aboriginal Affairs and Northern Development Canada			
	5,378,495	5,888,079	5,950,820
 Aboriginal Affairs and Northern Development Canada Funding Adjustments	-	1,596	(119,058)
Health and Welfare Canada	785,523	827,003	809,395
Canada Mortgage and Housing Corporation	52,800	-	-
Other funding adjustments	115,010	(15,913)	(5,681)
	<u>6,331,828</u>	<u>6,700,765</u>	<u>6,635,476</u>
 Total operating and capital grants	<u>\$ 9,292,084</u>	<u>\$ 9,438,517</u>	<u>\$ 9,143,092</u>

17. Pension Agreements

The Band makes contributions to a multi-employer pension plan on behalf of its staff. This plan is a defined contribution plan which specifies the amount of the contributions the employee can submit during the contribution period. Employer contributions are equal to 100% of employee contributions. The amount contributed to the pension plan for the period ending March 31, 2014 was \$167,259 (2013 - \$162,959).

Chippewas of Saugeen First Nation

Notes to Financial Statements

March 31

18. Economic Dependence

The First Nation receives a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

19. Contingent Liabilities

- (a) Chippewas of Saugeen First Nation has been named as a defendant in litigation by individuals, the Attorney General of Canada and the Chippewas of Nawash Unceded First Nation. As against the Saugeen First Nation, the only relief sought are various declarations in relation to some of the fishing islands and costs.
 - (b) At March 31, 2014 the Band has guaranteed the loans of Band members in the amount \$64,818.
-

20. Contractual Commitments

- (a) The Band has entered into a 10 year contractual agreement with 5 year renewable terms with Saugeen Shores to supply water.
 - (b) The Band has a 3 year contract for school bus services which expires in June 2015. This contract will require annual payments of \$253,424.
 - (c) The Band has entered into an agreement with a contracting company for the construction of seven homes. The agreement is for a total cost of \$900,000 to be paid in 2015.
-

21. Comparative Amounts

Comparative amounts have been reclassified to conform to current year presentation.

22. Restatement of Prior Period

During the year additional information was provided that required prior year's revenues and legal fee expenses to be restated in the Saugeen Ojibway Nation fund. Funding was paid directly to Saugeen Ojibway Nation's lawyers to cover legal fees and therefore was not recorded on the financial statements. The financial statement amounts that are presented for comparative purposes have been restated to correct this error as follows:

Increase in revenues	\$ 732,151
Increase in expenses	<u>\$ (732,151)</u>
Change in annual deficit	<u>\$ -</u>

Chippewas of Saugeen First Nation

Notes to Financial Statements

March 31

23. Segmented Information

The First Nation is a diversified aboriginal entity that provides a wide range of services to its band members and local community such as educational and social assistance, water treatment, recreational and health programs, housing and community services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Revenue

Revenue manages the administrative functions and various programs that are offered for the betterment of the members of the community. The programs offered include community operations, medical and social services, capital, infrastructure, economic development and recreation. Revenue includes the revenues and expenses that relate to the operations of the First Nation itself and can not be directly attributed to a specific segment.

Education

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

Capital Housing

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

Social Services

Social services provides general welfare assistance and homemaker services.

Land Management

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

Chippewas of Saugeen First Nation
Notes to Financial Statements

March 31

23. Segmented Information (continued)

Saugeen Ojibway Nation

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

Driftwood Corporation

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

Gas Bar

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

The Red Road Cafe & Grill Corporation

Red Road has been incorporated to operate a restaurant.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The revenues and expenses that are directly attributable to a particular segment are allocated to that segment. There have been no revenue or expense allocations between segments.

Chippewas of Saugeen First Nation
Consolidated Statement of Revenues by Segment

For the year ended March 31, 2014

	Total	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood	Gas Bar	Red Road
Revenue										
Grants	\$ 9,438,517	\$ 4,440,907	\$ 3,685,721	\$ 202,708	\$ 1,085,088	\$ -	\$ -	\$ 24,093	\$ -	\$ -
Gas bar sales	3,804,337	-	-	-	-	-	-	-	3,804,337	-
Lands leases	3,414,164	-	-	-	-	3,414,164	-	-	-	-
Service fees	1,128,876	1,068,480	-	-	-	-	-	60,396	-	-
Power projects	1,774,208	-	-	-	-	-	1,774,208	-	-	-
Casino Rama funds	880,284	880,284	-	-	-	-	-	-	-	-
Trust Funds	309,053	309,053	-	-	-	-	-	-	-	-
Miscellaneous	288,041	288,041	-	-	-	-	-	-	-	-
Sauble park receipts	271,771	271,771	-	-	-	-	-	-	-	-
Rental income	184,629	146,229	-	38,400	-	-	-	-	-	-
Road revenue	99,491	99,491	-	-	-	-	-	-	-	-
Restaurant income	68,363	-	-	-	-	-	-	-	-	68,363
Interest income	55,221	37,872	-	14,344	-	3,005	-	-	-	-
Solar income	20,987	-	-	-	-	-	-	20,987	-	-
Band budget	-	3,835,000	-	-	-	(3,835,000)	-	-	-	-
Dept allocations	(12,301)	2,699	-	-	-	-	(15,000)	-	-	-
Net deferred revenue	(155,152)	(42,436)	-	(112,716)	-	-	-	-	-	-
Total Revenue	\$ 21,570,489	\$ 11,337,391	\$ 3,685,721	\$ 142,736	\$ 1,085,088	\$ (417,831)	\$ 1,759,208	\$ 105,476	\$ 3,804,337	\$ 68,363

Chippewas of Saugeen First Nation

Consolidated Statement of Expenses by Segment

For the year ended March 31, 2014

	Total	Revenue	Education	Capital Housing	Social Services Management	Land	Saugeen Ojibway Nation	Driftwood	Gas Bar	Red Road
Expenses										
Advertising and promo	\$ 77,946	\$ 61,400	\$ -	\$ 2,916	\$ -	\$ -	\$ -	\$ -	\$ 2,111	\$ 11,519
Amortization	1,143,650	1,035,086	355	67,935	-	-	-	19,496	8,696	12,082
Bad debts	373,818	73,274	-	250,944	-	16,336	31,464	1,800	-	-
Bank charges	41,219	18,484	157	652	-	-	-	88	18,496	3,342
Benefits	575,024	490,205	48,294	14,733	-	-	8,965	-	8,843	3,984
Committee expenses	82,530	82,498	32	-	-	-	-	-	-	-
Cost of goods sold	3,472,360	-	-	-	-	-	-	-	3,428,499	43,861
Council per diems	554,055	539,805	-	-	-	-	14,250	-	-	-
Council travel	114,775	56,833	-	-	-	-	57,942	-	-	-
Curriculum enrichment	56,494	-	56,494	-	-	-	-	-	-	-
Equipment rental	3,363	1,350	-	-	-	-	-	-	-	2,013
Insurance	194,650	194,650	-	-	-	-	-	-	-	-
Interest distribution	670,875	670,875	-	-	-	-	-	-	-	-
Interest on debt	10,467	-	-	-	-	-	-	-	-	10,467
Legal - land claims	782,788	782,788	-	-	-	-	-	-	-	-
Legal and audit	2,176,681	271,632	-	-	-	-	1,882,668	-	-	22,381
Miscellaneous	193,475	179,023	-	460	41	-	5,177	-	3,566	5,208
National child benefit reinvestment	70,020	-	-	-	70,020	-	-	-	-	-
Office supplies	169,980	116,417	-	293	-	-	34,474	-	8,776	10,020
Postage	27,071	27,058	-	-	-	-	-	-	-	13
Program supplies	792,169	765,025	22,125	2,563	-	-	-	566	-	1,890
Purchased services	1,486,234	911,187	392,147	66,861	-	-	6,014	86,400	2,263	21,362
Rama disbursements	884,622	884,622	-	-	-	-	-	-	-	-
Rent	7,100	-	-	1,602	-	-	-	-	-	5,498
Repairs and minor capital	278,680	214,279	-	13,093	-	-	1,010	34,573	12,577	3,148
Salaries	4,729,093	3,784,234	425,627	74,978	-	-	121,467	-	227,107	95,680
	\$ 18,969,139	\$ 11,160,725	\$ 945,231	\$ 497,030	\$ 70,061	\$ 16,336	\$ 2,163,431	\$ 142,923	\$ 3,720,934	\$ 252,468

Chippewas of Saugeen First Nation
Consolidated Statement of Expenses by Segment

For the year ended March 31, 2014

	Total	Revenue	Education	Capital Housing	Social Services Management	Land	Saugeen Ojibway Nation	Driftwood	Gas Bar	Red Road
Expenses cont'd										
Brought forward	\$ 18,969,139	\$ 11,160,725	\$ 945,231	\$ 497,030	\$ 70,061	\$ 16,336	\$ 2,163,431	\$ 142,923	\$ 3,720,934	\$ 252,468
Social administration	98,578	-	-	-	98,578	-	-	-	-	-
Social assistance	897,425	-	-	-	897,425	-	-	-	-	-
Staff training	61,661	42,733	9,963	2,565	-	-	-	-	-	6,400
Staff travel	85,248	68,728	6,346	4,642	-	-	-	-	5,413	119
Student support	889,360	-	889,360	-	-	-	-	-	-	-
Tuition fees	1,871,644	-	1,871,644	-	-	-	-	-	-	-
Uniforms	10,028	8,827	-	-	-	-	-	-	1,201	-
Utilities	486,834	427,977	-	19,972	-	-	2,834	1,198	11,891	22,962
Vehicle expenses	145,025	145,025	-	-	-	-	-	-	-	-
Workers compensation	81,298	71,764	9,534	-	-	-	-	-	-	-
Total expenses	23,596,240	11,925,779	3,732,078	524,209	1,066,064	16,336	2,166,265	144,121	3,739,439	281,949
Annual surplus (deficit)	\$(2,025,751)	\$ (588,388)	\$ (46,357)	\$(381,473)	\$ 19,024	\$ (434,167)	\$ (407,057)	\$ (38,645)	\$ 64,898	\$(213,586)

Chippewas of Saugeen First Nation
Consolidated Statement of Revenues by Segment

For the year ended March 31, 2013

	Total	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood	Gas Bar
Revenue	\$ 9,143,092	\$ 4,074,336	\$ 3,587,039	\$ 183,029	\$ 1,261,029	\$ -	\$ -	\$ 37,659	\$ -
Grants	4,002,815	-	-	-	-	-	-	-	-
Gas bar sales	3,392,929	-	-	-	-	3,392,929	-	-	4,002,815
Lands leases	2,153,082	-	-	-	-	-	2,153,082	-	-
Power projects	1,113,916	1,067,711	-	-	-	-	-	46,205	-
Service fees	888,380	888,380	-	-	-	-	-	-	-
Casino Rama funds	383,059	383,059	-	-	-	-	-	-	-
Sauble park receipts	289,011	289,011	-	-	-	-	-	-	-
Miscellaneous	181,819	181,819	-	-	-	-	-	-	-
Trust Funds	150,873	112,273	-	38,600	-	-	-	-	-
Rental income	69,181	69,181	-	-	-	-	-	-	-
Road revenue	51,923	45,590	-	3,143	-	-	-	-	-
Interest income	-	3,960,000	-	20,000	-	3,190	-	-	-
Band budget	(106,832)	24,300	-	(131,132)	-	(3,980,000)	-	-	-
Net deferred revenue	(272,629)	(182,643)	-	-	-	-	(89,986)	-	-
Dept allocations									
Total Revenue	\$ 21,440,619	\$ 10,913,017	\$ 3,587,039	\$ 113,640	\$ 1,261,029	\$ (583,881)	\$ 2,063,096	\$ 83,864	\$ 4,002,815

Chippewas of Saugeen First Nation
Consolidated Statement of Expenses by Segment

For the year ended March 31, 2013

	Total	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood	Gas Bar
Expenses									
Advertising and promo	\$ 41,931	\$ 42,530	\$ -	\$ 330	\$ -	\$ -	\$ -	\$ -	(929)
Amortization	1,101,837	962,037	-	71,714	-	-	-	41,849	26,237
Bad debts	138,107	(40,785)	-	211,845	-	-	(32,964)	11	-
Bank charges	39,865	17,915	141	205	-	-	-	-	21,604
Benefits	541,646	477,907	30,775	18,680	-	-	8,112	456	5,716
Committee expenses	128,320	125,207	113	-	-	-	3,000	-	-
Cost of goods sold	3,641,747	-	-	-	-	-	-	-	3,641,747
Council per diems	605,077	532,168	-	-	-	-	72,909	-	-
Council travel	218,688	71,672	-	-	-	-	147,016	-	-
Curriculum enrichment	30,843	-	30,843	-	-	-	-	-	-
Equipment rental	9,718	9,718	-	-	-	-	-	-	-
Homemakers	287,521	-	-	-	287,521	-	-	-	-
Insurance	190,824	187,019	-	-	-	-	3,805	-	-
Interest distribution	660,750	660,750	-	-	-	-	-	-	-
Interest on debt	10,248	-	-	-	-	-	-	10,248	-
Legal - land claims	891,541	891,541	-	-	-	-	-	-	-
Legal and audit	2,222,881	270,961	-	-	-	-	1,951,920	-	-
Miscellaneous	49,193	42,447	-	(1,266)	-	-	2,558	-	5,454
National child benefit									
reinvestment	92,526	-	-	-	92,526	-	-	-	-
Office supplies	244,663	97,243	-	1,351	-	-	44,524	93,600	7,945
Postage	24,028	24,028	-	-	-	-	-	-	-
Program supplies	968,831	933,436	18,977	8,060	-	-	-	8,358	-
Purchased services	1,264,164	849,271	321,315	87,546	-	-	6,213	-	(181)
Rama disbursements	965,649	965,649	-	-	-	-	-	-	-
Rent	5,265	-	-	-	-	-	-	5,265	-
Repairs and									
minor capital	288,416	263,809	-	9,300	-	-	1,217	5,378	8,712
Salaries	4,563,253	3,487,558	484,207	164,807	-	-	212,420	8,824	205,437
	\$ 19,227,532	\$ 10,872,081	\$ 886,371	\$ 572,572	\$ 380,047	\$ -	\$ 2,420,730	\$ 173,989	\$ 3,921,742

Chippewas of Saugeen First Nation
Consolidated Statement of Expenses by Segment

For the year ended March 31, 2013

	Total	Revenue	Education	Capital Housing	Social Services Management	Land	Saugeen Ojibway Nation	Driftwood	Gas Bar
Expenses cont'd									
Brought forward	\$ 19,227,532	\$ 10,872,081	\$ 886,371	\$ 572,572	\$ 380,047	\$ -	\$ 2,420,730	\$ 173,989	\$ 3,921,742
Social administration	95,492	-	-	-	95,492	-	-	-	-
Social assistance	808,110	-	-	-	808,110	-	-	-	-
Staff training	63,016	43,638	15,645	3,182	-	-	-	-	551
Staff travel	108,012	100,712	4,554	(1,565)	-	-	-	-	4,311
Student support	900,464	-	900,464	-	-	-	-	-	-
Tuition fees	1,745,063	-	1,745,063	-	-	-	-	-	-
Uniforms	7,948	7,161	-	-	-	-	-	-	787
Utilities	356,245	320,927	-	16,976	-	-	6,969	157	11,216
Vehicle expenses	140,038	140,038	-	-	-	-	-	-	-
Workers compensation	104,010	91,383	12,627	-	-	-	-	-	-
Total Expenses	23,555,930	11,575,940	3,564,724	591,165	1,283,649	-	2,427,699	174,146	3,938,607
Annual surplus (deficit)	\$(2,115,311)	\$(662,923)	\$ 22,315	\$(477,525)	\$(22,620)	\$(583,881)	\$(364,603)	\$(90,282)	\$ 64,208