

Consolidated Financial Statements of

**CHIPPEWAS OF SAUGEEN  
FIRST NATION**

Year ended March 31, 2018

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

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

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

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

\_\_\_\_\_  
Chief

\_\_\_\_\_  
Councilor

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Councilor

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Councilor

\_\_\_\_\_  
Councilor



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## INDEPENDENT AUDITORS' REPORT

To the Members of Chippewas of Saugeen First Nation

We have audited the accompanying consolidated financial statements of Chippewas of Saugeen First Nation which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Chippewas of Saugeen First Nation as at March 31, 2018 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*  
\_\_\_\_

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
July 30, 2018

# CHIPPEWAS OF SAUGEEN FIRST NATION

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Year ended March 31, 2018

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### Consolidated Financial Statements

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# CHIPPEWAS OF SAUGEEN FIRST NATION

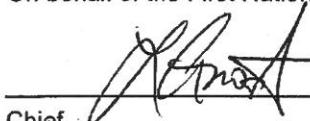
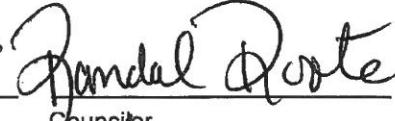
## Exhibit A - Consolidated Statement of Financial Position

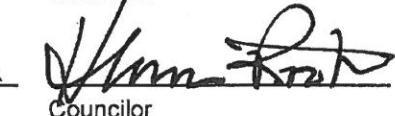
March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Cash and short-term investments (note 2)	\$ 5,496,304	3,518,556
Accounts receivable (note 3)	3,902,403	2,912,812
Inventory	111,215	109,498
Investments	2,015,019	1,451,323
Portfolio investments (note 4)	36,750,000	37,217,528
Mortgages receivable (note 5)	2,494,776	2,611,698
<u>Consolidated revenue fund (note 12)</u>	<u>9,486,217</u>	<u>9,278,157</u>
	60,255,934	57,099,572
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	4,792,763	3,247,289
Deferred revenue (note 6)	3,331,707	4,033,966
<u>Long-term debt (note 7)</u>	<u>34,022,756</u>	<u>35,457,690</u>
	42,147,226	42,738,945
<b>Net financial assets</b>	<b>18,108,708</b>	<b>14,360,627</b>
<b>Non-financial assets</b>		
Prepaid expenses	82,072	58,322
<u>Tangible capital assets (note 8)</u>	<u>23,957,513</u>	<u>22,867,423</u>
	24,039,585	22,925,745
<b>Contingent liabilities (note 10)</b>		
<b>Accumulated surplus (note 11)</b>	<b>\$ 42,148,293</b>	<b>37,286,372</b>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

    
 Chief Councilor Councilor

    
 Chief Councilor Councilor


 Councilor

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
(note 13)			
<b>Revenue:</b>			
Government transfers - Provincial	\$ 3,204,031	4,822,627	3,585,841
- Federal	8,805,787	9,105,590	7,013,367
Investment income	3,495,921	4,001,932	3,698,821
Rental income	167,200	198,598	182,370
Cottage lease income	3,900,000	3,842,757	3,978,155
Business operations	4,787,000	5,244,421	5,276,918
Other	2,851,039	4,129,169	2,744,968
<b>Total revenue</b>	<b>27,210,978</b>	<b>31,345,094</b>	<b>26,480,440</b>
<b>Expenses:</b>			
Revenue Fund	9,074,400	9,791,355	8,737,814
Education	4,045,789	4,109,758	3,881,406
Capital Housing	470,622	466,637	188,253
Social Services	1,419,262	1,818,602	1,646,258
Land Management	3,733,636	3,700,923	3,762,264
Saugeen Ojibway Nation	-	725,840	436,724
Driftwood Corporation	280,821	166,479	129,161
Gas Bar	3,907,559	3,395,352	3,212,777
Red Road Café & Grill Corporation	-	25,539	111,947
Saugeen Ojibway Nation Finance Corporation	2,597,219	2,282,688	2,597,219
<b>Total expenses</b>	<b>25,529,308</b>	<b>26,483,173</b>	<b>24,703,823</b>
<b>Excess of revenue over expenses</b>	<b>1,681,670</b>	<b>4,861,921</b>	<b>1,776,617</b>
Accumulated surplus, beginning of year	37,286,372	37,286,372	35,509,755
<b>Accumulated surplus, end of year</b>	<b>\$ 38,968,042</b>	<b>42,148,293</b>	<b>37,286,372</b>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

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

Year ended March 31, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
(note 13)			
Excess of revenue over expenses	\$ 1,681,670	4,861,921	1,776,617
Acquisition of tangible capital assets	(2,664,016)	(2,089,134)	(518,322)
Amortization of tangible capital assets	999,044	999,044	1,041,962
Gain on disposal of tangible capital assets	-	-	(11,500)
<u>Proceeds on disposal of tangible capital assets</u>	<u>-</u>	<u>-</u>	<u>11,500</u>
	16,698	3,771,831	2,300,257
Acquisition of prepaid expenses	-	(82,072)	(58,322)
Use of prepaid expenses	-	58,322	61,615
Change in net financial assets	16,698	3,748,081	2,303,550
Net financial assets, beginning of year	14,360,627	14,360,627	12,057,077
<b>Net financial assets, end of year</b>	<b>\$ 14,377,325</b>	<b>18,108,708</b>	<b>14,360,627</b>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
<b>Operating transactions:</b>		
Excess of revenue over expenses	\$ 4,861,921	1,776,617
Adjustment for:		
Amortization of tangible capital assets	999,044	1,041,962
Loss on disposal of tangible capital assets	-	(11,500)
	<u>5,860,965</u>	<u>2,807,079</u>
<b>Change in non-cash working capital:</b>		
Increase in accounts receivable	(989,591)	(1,509,513)
Decrease (increase) in inventory	(1,717)	38,919
Increase in accounts payable and accrued liabilities	1,545,474	1,252,484
Increase (decrease) in deferred revenue	(702,259)	1,790,959
Decrease (increase) in prepaid expenses	(23,750)	3,293
	<u>5,689,122</u>	<u>4,383,221</u>
<b>Capital transactions:</b>		
Proceeds on sale of tangible capital assets	-	11,500
Cash used to acquire tangible capital assets	(2,089,134)	(518,322)
	<u>(2,089,134)</u>	<u>(506,822)</u>
<b>Financing transactions:</b>		
Principal payments on long-term debt	(1,434,934)	(1,366,787)
Decrease in mortgages receivable	116,922	242,919
	<u>(1,318,012)</u>	<u>(1,123,868)</u>
<b>Investing transactions:</b>		
Change on accrued interest on portfolio investments	467,528	26,104
Increase in trust funds	(208,060)	(176,121)
Acquisition of investments	(563,696)	(509,658)
	<u>(304,228)</u>	<u>(659,675)</u>
<b>Net increase in cash and short-term investments</b>	<b>1,977,748</b>	<b>2,092,856</b>
<b>Cash and short-term investments, beginning of year</b>	<b>3,518,556</b>	<b>1,425,700</b>
<b>Cash and short-term investments, end of year</b>	<b>\$ 5,496,304</b>	<b>3,518,556</b>

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

### 1. Significant accounting policies:

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

#### (a) Reporting entity:

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

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

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

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

Saugeen Ojibway Nation Finance Corporation – 50%

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 1. Significant accounting policies (continued):

#### (b) Investments:

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

#### (c) Revenue recognition:

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

- (i) Revenue from land leases is recognized in accordance with the term of the lease agreements.
- (ii) Donations are recognized when collected
- (iii) Other revenue generated from the sale of goods and the provision of services is recognized when performance of the service has been completed or transfer of title of the goods has taken place.
- (iv) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized on the consolidated statement of operation as the stipulation liabilities are settled.

#### (d) Inventory:

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

#### (e) Non-financial assets:

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 1. Significant accounting policies (continued):

#### (f) Tangible capital assets:

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

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

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

#### (g) Use of estimates:

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 1. Significant accounting policies (continued):

#### (h) Prior year funding adjustments:

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

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

### 2. Cash and short-term investments:

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

### 3. Accounts receivable:

	2018	2017
Trade receivables	\$ 1,214,471	1,273,945
Saugeen Ojibway Nation programs	324,450	256,460
Member loans	349,317	399,957
Harmonized Sales Tax	136,330	82,474
Department of Health and Welfare Canada	30,636	7,395
Indigenous and Northern Affairs Canada	957,932	656,606
Huronia and Area Aboriginal Board of Management	77,397	78,383
Aboriginal Labour Force Development Circle	131,248	55,305
Other government agencies	902,792	324,528
	4,124,573	3,135,053
Less: allowance for doubtful accounts	(222,170)	(222,241)
	\$ 3,902,403	2,912,812

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 4. Portfolio investment:

	2018	2017
Class A BLMP Interest	\$ 25,000,000	25,000,000
Class B BLMP Interest	11,000,000	11,000,000
Accrued Interest	750,000	1,217,528
	<hr/> <b>\$ 36,750,000</b>	<hr/> <b>37,217,528</b>

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

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

### 5. Mortgages receivable:

	2018	2017
Mortgages receivable	\$ 4,336,377	4,470,372
Allowance for uncollectible mortgages	(1,841,601)	(1,858,674)
	<hr/> <b>\$ 2,494,776</b>	<hr/> <b>2,611,698</b>

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 6. Deferred revenue:

	2018	2017
Revenue	\$ 2,017,547	2,260,500
Capital housing program	842,296	1,537,552
SON projects	471,864	235,914
	<hr/> \$ 3,331,707	4,033,966

### 7. Long-term debt:

	2018	2017
Tecumseh mortgage payable in annual payments of \$10,000, increasing to \$40,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	\$ 211,306	231,306
Tecumseh mortgage payable in annual in payments of \$10,000, increasing to \$25,000 by 2024 plus interest at prime plus 2%, secured by premises and land lease, due 2024	195,300	215,300
The Canada Life Insurance Company of Canada Tranche A Loan payable in quarterly payments of \$393,540 including interest at 3.824%, due November 2039	23,172,878	23,844,539
The Canada Life Insurance Company of Canada Tranche B Loan payable in quarterly payments of \$266,770 including interest at 3.152%, due November 2029	10,443,272	11,166,545
	<hr/> \$ 34,022,756	35,457,690

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

2019	\$ 1,118,444
2020	1,542,200
2021	1,594,449
2022	1,648,557
2023	1,704,598

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 8. Tangible capital assets:

Cost		Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$	604,168	-	-	604,168
Land improvements		513,585	-	-	513,585
Buildings		9,578,202	1,163,214	-	10,741,416
Machinery and equipment		5,020,311	787,638	(36,900)	5,771,049
Vehicles		1,824,338	138,282	-	1,962,620
Roads		2,602,840	-	-	2,602,840
Water system		18,131,963	-	-	18,131,963
Broadband		974,796	-	-	974,796
<b>Total</b>	<b>\$</b>	<b>39,250,203</b>	<b>2,089,134</b>	<b>(36,900)</b>	<b>41,302,437</b>
Accumulated Amortization		Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$	-	-	-	-
Land improvements		382,659	-	11,886	394,545
Buildings		5,274,278	-	290,152	5,564,430
Machinery and equipment		3,896,380	(36,900)	275,184	4,134,664
Vehicles		1,367,126	-	36,365	1,403,491
Roads		2,241,901	-	53,341	2,295,242
Water system		3,124,768	-	312,620	3,437,388
Broadband		95,668	-	19,496	115,164
<b>Total</b>	<b>\$</b>	<b>16,382,780</b>	<b>(36,900)</b>	<b>999,044</b>	<b>17,344,924</b>
		Net book value, March 31, 2017		Net book value, March 31, 2018	
Land	\$	604,168		604,168	
Land improvements		130,926		119,040	
Buildings		4,303,924		5,176,986	
Machinery and equipment		1,123,931		1,636,385	
Vehicles		457,212		559,129	
Roads		360,939		307,598	
Water system		15,007,195		14,694,575	
Broadband		879,128		859,632	
<b>Total</b>	<b>\$</b>	<b>22,867,423</b>		<b>23,957,513</b>	

# CHIPPEWAS OF SAUGEEN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 8. Tangible capital assets (continued):

Cost		Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$	604,168	-	-	604,168
Land improvements		513,585	-	-	513,585
Buildings		9,488,390	89,812	-	9,578,202
Machinery and equipment		4,781,266	239,045	-	5,020,311
Vehicles		1,783,474	189,465	(148,601)	1,824,338
Roads		2,602,840	-	-	2,602,840
Water system		18,131,963	-	-	18,131,963
Broadband		974,796	-	-	974,796
<b>Total</b>	<b>\$</b>	<b>38,880,482</b>	<b>518,322</b>	<b>(148,601)</b>	<b>39,250,203</b>
Accumulated Amortization		Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$	-	-	-	-
Land improvements		370,774	-	11,885	382,659
Buildings		4,960,436	-	313,842	5,274,278
Machinery and equipment		3,591,728	-	304,652	3,896,380
Vehicles		1,489,601	(148,601)	26,126	1,367,126
Roads		2,188,560	-	53,341	2,241,901
Water system		2,812,148	-	312,620	3,124,768
Broadband		76,172	-	19,496	95,668
<b>Total</b>	<b>\$</b>	<b>15,489,419</b>	<b>(148,601)</b>	<b>1,041,962</b>	<b>16,382,780</b>
		Net book value, March 31, 2016		Net book value, March 31, 2017	
Land	\$	604,168		604,168	
Land improvements		142,811		130,926	
Buildings		4,527,954		4,303,924	
Machinery and equipment		1,189,538		1,123,931	
Vehicles		293,873		457,212	
Roads		414,280		360,939	
Water system		15,319,815		15,007,195	
Broadband		898,624		879,128	
<b>Total</b>	<b>\$</b>	<b>23,391,063</b>		<b>22,867,423</b>	

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 9. Government Business Enterprise:

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

#### Saugeen Ojibway Nation Finance Corporation

Saugeen Ojibway Nation Finance Corporation was incorporated on March 22, 2013 under the laws of the Province. Chippewas of Saugeen First Nation owns 50% and Chippewas of Nawash First Nation own 50% of the outstanding shares of Saugeen Ojibway Nation Finance Corporation. On December 17, 2014, the company purchased units of B2M Limited Partnership. Saugeen Ojibway Nation Finance Corporation has a December 31<sup>st</sup> year-end but has quarterly review done each quarter. The summarized information below has been updated from the year ended March 31, 2018.

	2018	2017
<b>Financial Position:</b>		
Current assets	\$ 5,780,646	5,829,786
Non-current assets	72,000,000	72,000,000
	77,780,646	77,829,786
Current liabilities	2,028,925	2,161,414
Long-term debt	67,232,300	70,022,167
	69,261,225	72,183,581
<b>Net assets</b>	<b>\$ 8,519,421</b>	<b>5,646,205</b>
 <b>Results of operations:</b>		
Revenue	\$ 7,438,591	6,941,841
Expenses	4,565,375	5,194,438
Net earnings	2,873,216	1,747,403
Accumulated surplus, beginning of year	5,646,205	3,898,802
<b>Accumulated surplus, end of year</b>	<b>\$ 8,519,421</b>	<b>5,646,205</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 10. Contingent liabilities:

#### Loan guarantees:

The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation member's business loans in the amount of \$12,638 (2017 - \$17,378).

### 11. Accumulated surplus:

	2018	2017
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 23,550,906	22,420,817
Consolidated revenue fund	9,486,217	9,278,157
Business enterprises	4,259,711	2,823,103
Other	249,081	(2,154,828)
	<b>37,545,915</b>	<b>32,367,249</b>
<b>Reserves:</b>		
Arena	35,233	35,233
Education bursary	114,380	114,380
Police building	231,902	231,747
Loan guarantee	103,054	101,322
Ontario First Nations Limited Partnership	4,197,809	4,436,441
	<b>4,682,378</b>	<b>4,919,123</b>
	<b>\$ 42,228,293</b>	<b>37,286,372</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 12. Consolidated revenue fund:

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

	Revenue	Capital	Total
Balance, beginning of year	\$ 8,966,464	311,693	9,278,157
Interest	208,060	-	208,060
Balance, end of year	\$ 9,174,524	311,693	9,486,217

### 13. Budget figures:

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

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Approved expense budget:	
Total expenses per budget	\$ 27,194,280
Less:	
Capital acquisition	(2,664,016)
Add:	
Amortization of tangible capital assets	999,044
Expense budget per financial statements	\$ 25,529,308

### 14. Comparative information:

Certain 2017 comparative information have been reclassified where necessary to conform to the current year presentation.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### **15. Segmented information:**

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

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

#### **Revenue**

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

#### **Education**

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

#### **Capital Housing**

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

#### **Social Services**

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

#### **Land Management**

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

#### **Saugeen Ojibway Nation**

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

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 15. Segmented information (continued):

#### **Driftwood Corporation**

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

#### **Gas Bar**

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

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

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

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

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

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

## CHIPPEWAS OF SAUOEE FIRST NATION

Note 15 - Segmented Information (continued)

Year ended March 31, 2018

	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2018 Total
<b>Revenue</b>	<b>\$ 12,113,459</b>	<b>4,032,095</b>	<b>1,333,381</b>	<b>1,790,610</b>	<b>3,846,720</b>	<b>550,689</b>	<b>387,330</b>	<b>3,556,514</b>	<b>15,000</b>	<b>3,719,296</b>	<b>31,345,094</b>
<b>Expenses:</b>											
Salaries, benefits and honorarium	5,346,755	654,288	237,739	274,821	-	30,033	27,378	266,813	-	17,143	6,854,950
Materials, supplies and rentals	2,130,089	1,145,733	233,853	70,634	-	6,536	10,784	21,776	5,981	6,763	3,632,149
Cost of goods sold	-	-	-	-	-	-	-	3,047,788	-	-	3,047,788
Contractual and professional	2,630,403	375,180	75,964	325	-	592,554	98,893	-	-	-	73,739
314,035	10,453	2,511	31,414	-	-	73,737	-	4,540	-	-	-
-	1,891,823	-	-	-	-	-	-	-	-	-	436,690
Travel and training	2,007,069	24,976	14,194	1,441,408	-	23,000	1,607	41,879	2,133	948,077	1,891,823
(3,526,284)	-	(159,639)	-	3,700,923	-	-	-	-	-	4,504,343	15,000
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	1,254,391
Amortization	889,288	7,325	62,015	-	-	-	27,817	12,556	-	-	999,001
9,791,355	4,109,798	466,637	1,818,602	3,700,923	725,840	166,479	3,395,352	25,539	2,282,688	26,483,173	
<b>0</b>	<b>\$ 2,322,104</b>	<b>(77,663)</b>	<b>866,744</b>	<b>(27,982)</b>	<b>145,797</b>	<b>(175,151)</b>	<b>220,851</b>	<b>161,162</b>	<b>(10,539)</b>	<b>1,436,608</b>	<b>4,861,921</b>

## CHIPPEWAS OF SAUGEEN FIRST NATION

Note 15 - Segmented Information (continued)

Year ended March 31, 2018

	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2017 Total
Revenue	\$ 9,711,853	3,823,594	214,014	1,520,430	3,981,570	338,108	149,648	3,270,302	-	3,470,921	26,480,440
Expenses:											
Salaries, benefits and honorarium	5,394,171	565,627	98,028	268,665	-	44,073	11,637	241,735	-	5,113	6,629,049
Materials, supplies and rentals	1,915,335	1,009,130	77,584	29,900	-	14,537	2,194	16,325	6,610	980	3,073,105
Cost of goods sold	-	-	-	-	-	-	-	2,891,610	-	-	2,891,610
Contractual and professional	2,126,103	407,114	44,426	26,749	-	319,360	86,400	-	33,671	-	3,092,855
Travel and training	293,024	18,023	2,123	-	-	54,864	-	4,141	-	75,781	3,078
Tuition and student support	-	1,830,910	-	-	-	-	-	-	-	402,002	-
Other	1,768,363	46,440	22,678	1,320,944	-	3,890	1,113	43,438	2,749	1,226,697	1,830,910
Band fund allocation	(3,642,840)	-	(119,424)	-	3,762,264	-	-	-	-	4,436,312	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-
Amortization	883,688	4,162	62,828	-	-	-	27,817	15,028	20,448	1,285,570	1,306,018
	8,737,814	3,881,406	188,253	1,846,258	3,762,264	436,724	129,161	3,212,777	111,947	48,469	1,041,962
Excess (deficiency) of revenue over expenses	\$ 974,039	(57,812)	25,761	(125,828)	219,306	(98,616)	20,487	57,525	(111,947)	873,702	1,778,617