

Consolidated Financial Statements of

**CHIPPEWAS OF SAUGEEN  
FIRST NATION**

And Independent Auditors' Report thereon

Year ended March 31, 2019

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Chippewas of Saugeen First Nation (the "First Nation") are the responsibility of the First Nation's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The First Nation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the First Nation. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the First Nation's consolidated financial statements.

Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
Chippewas of Saugeen First Nation

### ***Opinion***

We have audited the consolidated financial statements of Chippewas of Saugeen First Nation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



### ***Responsibility of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 2, 2019

# CHIPPEWAS OF SAUGEEN FIRST NATION

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Year ended March 31, 2019

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## Consolidated Financial Statements

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# CHIPPEWAS OF SAUGEEN FIRST NATION


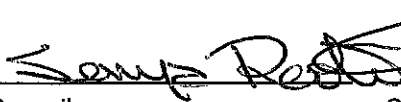
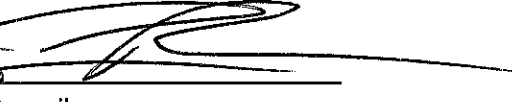
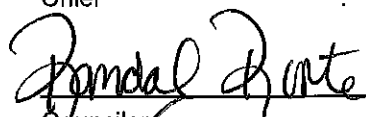
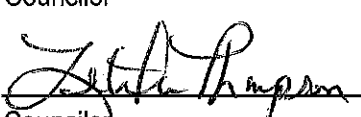
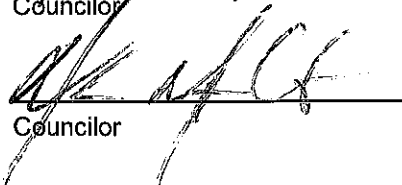
Exhibit A - Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 9,743,957	5,496,304
Accounts receivable (note 3)	4,146,956	3,902,403
Inventory	104,533	111,215
Investments (note 2)	3,039,315	2,015,019
Portfolio investments (note 4)	36,750,000	36,750,000
Mortgages receivable (note 5)	2,411,048	2,494,776
Consolidated revenue fund (note 12)	9,706,071	9,486,217
	<u>65,901,880</u>	<u>60,255,934</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	6,278,373	4,792,763
Deferred revenue (note 6)	3,903,789	3,331,707
Long-term debt (note 7)	32,538,599	34,022,756
	<u>42,720,761</u>	<u>42,147,226</u>
<b>Net financial assets</b>	<u>23,181,119</u>	<u>18,108,708</u>
<b>Non-financial assets</b>		
Prepaid expenses	99,643	82,072
Tangible capital assets (note 8)	24,159,599	23,957,513
	<u>24,259,242</u>	<u>24,039,585</u>
<b>Contingent liabilities (note 10)</b>		
<b>Accumulated surplus (note 11)</b>	<u>\$ 47,440,361</u>	<u>42,148,293</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 _____ Chief	 _____ Councilor	 _____ Councilor
 _____ Councilor	 _____ Councilor	_____ Councilor
 _____ Councilor		

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget (note 13)	2019 Actual	2018 Actual
Revenue:			
Government transfers - Provincial	\$ 1,797,901	4,427,967	4,815,377
- Federal	8,420,685	8,761,375	9,105,590
Investment income	3,759,296	4,668,706	4,001,932
Rental income	230,900	228,121	198,598
Cottage lease income	3,800,000	3,838,202	3,842,757
Business operations	3,921,998	3,864,690	4,178,919
Other	3,023,880	6,561,630	4,136,419
Total revenue	24,954,660	32,350,691	30,279,592
Expenses:			
Revenue Fund	10,052,231	11,915,288	9,791,355
Education	4,045,433	4,101,641	4,109,758
Capital Housing	304,198	319,993	466,637
Social Services	1,000,000	1,828,087	1,818,602
Land Management	3,304,975	3,445,532	3,700,923
Saugeen Ojibway Nation	-	717,464	725,840
Driftwood Corporation	87,876	130,497	166,479
Gas Bar	3,477,726	3,260,619	3,395,352
Red Road Café & Grill Corporation	-	27,319	25,539
Saugeen Ojibway Nation Finance Corporation	1,217,186	1,312,183	1,217,186
Total expenses	23,489,625	27,058,623	25,417,671
Excess of revenue over expenses	1,465,035	5,292,068	4,861,921
Accumulated surplus, beginning of year	42,148,293	42,148,293	37,286,372
Accumulated surplus, end of year	\$ 43,613,328	47,440,361	42,148,293

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, 2019, with comparative information for 2018

	2019 Budget (note 13)	2019 Actual	2018 Actual
Excess of revenue over expenses	\$ 1,465,035	5,292,068	4,861,921
Acquisition of tangible capital assets	(1,950,664)	(1,269,747)	(2,089,134)
Amortization of tangible capital assets	1,067,661	1,067,661	999,044
	582,032	5,089,982	3,771,831
Acquisition of prepaid expenses	-	(99,643)	(82,072)
Use of prepaid expenses	-	82,072	58,322
Change in net financial assets	582,032	5,072,411	3,748,081
Net financial assets, beginning of year	18,108,708	18,108,708	14,360,627
Net financial assets, end of year	\$ 18,690,740	23,181,119	18,108,708

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Operating transactions:		
Excess of revenue over expenses	\$ 5,292,068	4,861,921
Adjustment for:		
Amortization of tangible capital assets	1,067,661	999,044
	6,359,729	5,860,965
Change in non-cash working capital:		
Increase in accounts receivable	(244,553)	(989,591)
Decrease (increase) in inventory	6,682	(1,717)
Increase in accounts payable and accrued liabilities	1,485,610	1,545,474
Increase (decrease) in deferred revenue	572,082	(702,259)
Increase in prepaid expenses	(17,571)	(23,750)
	8,161,979	5,689,122
Capital transactions:		
Cash used to acquire tangible capital assets	(1,269,747)	(2,089,134)
	(1,269,747)	(2,089,134)
Financing transactions:		
Principal payments on long-term debt	(1,484,157)	(1,434,934)
Decrease in mortgages receivable	83,728	116,922
	(1,400,429)	(1,318,012)
Investing transactions:		
Change on accrued interest on portfolio investments	-	467,528
Increase in consolidated revenue fund	(219,854)	(208,060)
Acquisition of investments	(1,024,296)	(563,696)
	(1,244,150)	(304,228)
Net increase in cash and short-term investments	4,247,653	1,977,748
Cash and short-term investments, beginning of year	5,496,304	3,518,556
Cash and short-term investments, end of year	\$ 9,743,957	5,496,304

See accompanying notes to consolidated financial statements.

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

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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 Ojibway 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 consolidated 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 SAUGEEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

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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) Donation are recognized when collected
- (iii) Other revenue including rental income and 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 obligations 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 and accumulated surplus as the stipulation liabilities are settled.
- (v) Investment income is recognized in the period earned.

#### (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, 2019

### 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
Broadband	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, 2019

### 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. Investments:

The investments consist of term deposits that are recorded at cost and earn rates of return ranging from 1% to 2% per annum.

### 3. Accounts receivable:

	2019	2018
Trade receivables	\$ 1,787,901	1,214,471
Saugeen Ojibway Nation programs	242,186	324,450
Member loans	370,512	349,317
Harmonized Sales Tax	165,288	136,330
Department of Health and Welfare Canada	122,068	30,636
Indigenous Services Canada	743,822	957,932
Huronian and Area Aboriginal Board of Management	58,120	77,397
Aboriginal Labour Force Development Circle	122,057	131,248
Other government agencies	766,511	902,792
	4,378,465	4,124,573
Less: allowance for doubtful accounts	(231,509)	(222,170)
	\$ 4,146,956	3,902,403

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, 2019

### 4. Portfolio investment:

	2019	2018
Class A BLMP Interest	\$ 25,000,000	25,000,000
Class B BLMP Interest	11,000,000	11,000,000
Accrued Interest	750,000	750,000
	<u>\$ 36,750,000</u>	<u>36,750,000</u>

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:

	2019	2018
Mortgages receivable	\$ 4,252,649	4,336,377
Allowance for uncollectible mortgages	(1,841,601)	(1,841,601)
	<u>\$ 2,411,048</u>	<u>2,494,776</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.

# CHIPPEWAS OF SAUGEEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 6. Deferred revenue:

	2019	2018
Revenue	\$ 2,271,167	2,017,547
Capital housing program	856,654	842,296
SON projects	638,000	471,864
Education	137,968	–
	<b>\$ 3,903,789</b>	<b>3,331,707</b>

### 7. Long-term debt:

	2019	2018
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	\$ 175,300	211,306
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	191,306	195,300
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	22,475,154	23,172,878
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	9,696,839	10,443,272
	<b>\$ 32,538,599</b>	<b>34,022,756</b>

Principal repayments are estimated as follows:

2020	\$ 1,484,359
2021	1,555,262
2022	1,607,976
2023	1,662,565
2024	1,719,094
Thereafter	24,509,343



# CHIPPEWAS OF SAUGEEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 8. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 604,168	-	-	604,168
Land improvements	513,585	-	-	513,585
Buildings	10,741,416	689,451	-	11,430,867
Machinery and equipment	5,771,049	254,831	(120,676)	5,905,204
Vehicles	1,962,620	325,465	(42,418)	2,245,667
Roads	2,602,840	-	-	2,602,840
Water system	18,131,963	-	-	18,131,963
Broadband	974,796	-	-	974,796
<b>Total</b>	<b>\$ 41,302,437</b>	<b>1,269,747</b>	<b>(163,094)</b>	<b>42,409,090</b>

Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization	Balance at March 31, 2019
Land	\$ -	-	-	-
Land improvements	394,545	-	11,885	406,430
Buildings	5,564,430	-	339,251	5,903,681
Machinery and equipment	4,134,664	(120,676)	283,775	4,297,763
Vehicles	1,403,491	(42,418)	47,293	1,408,366
Roads	2,295,242	-	53,341	2,348,583
Water system	3,437,388	-	312,620	3,750,008
Broadband	115,164	-	19,496	134,660
<b>Total</b>	<b>\$ 17,344,924</b>	<b>(163,094)</b>	<b>1,067,661</b>	<b>18,249,491</b>

	Net book value, March 31, 2018	Net book value, March 31, 2019
Land	\$ 604,168	604,168
Land improvements	119,040	107,155
Buildings	5,176,986	5,527,186
Machinery and equipment	1,636,385	1,607,441
Vehicles	559,129	837,301
Roads	307,598	254,257
Water system	14,694,575	14,381,955
Broadband	859,632	840,136
<b>Total</b>	<b>\$ 23,957,513</b>	<b>24,159,599</b>

# CHIPPEWAS OF SAUGEEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 8. Tangible capital assets (continued):

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>\$ 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>\$ 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>\$ 22,867,423</b>	<b>23,957,513</b>

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 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 ("SONFC") 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 SONFC. On December 17, 2014, SONFC purchased units of B2M Limited Partnership. SONFC has a December 31<sup>st</sup> year-end but has review engagement completed each quarter. The summarized information below has been updated from the year ended December 31, 2018 to March 31, 2019.

	2019	2018
Financial Position:		
Current assets	\$ 6,886,742	5,780,646
Non-current assets	72,000,000	72,000,000
	78,886,742	77,780,646
Current liabilities	3,149,318	2,028,925
Long-term debt	64,343,986	67,232,300
	67,493,304	69,261,225
Net assets	\$ 11,393,438	8,519,421
Results of operations:		
Revenue	\$ 8,595,231	7,438,591
Expenses	5,721,214	4,565,375
Net earnings	2,874,017	2,873,216
Accumulated surplus, beginning of year	8,519,421	5,646,205
Accumulated surplus, end of year	\$ 11,393,438	8,519,421

# CHIPPEWAS OF SAUGEEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 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 \$7,628 (2018 - \$12,638).

### 11. Accumulated surplus:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 23,792,993	23,510,906
Consolidated revenue fund	9,706,071	9,486,217
Business enterprises	5,696,721	4,259,711
Other	2,691,485	(159,237)
	41,887,270	37,097,597
Reserves:		
Arena	35,233	35,233
Education bursary	114,380	114,380
Police building	232,071	231,902
Loan guarantee	106,189	103,054
Ontario First Nations Limited Partnership	5,065,218	4,566,127
	5,553,091	5,050,696
	\$ 47,440,361	42,148,293

# CHIPPEWAS OF SAUGEEN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 12. Consolidated revenue fund:

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

	Revenue	Capital	Total
Balance, beginning of year	\$ 9,174,524	311,693	9,486,217
Interest	219,854	–	219,854
Balance, end of year	\$ 9,394,378	311,693	9,706,071

### 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.

Approved expense budget:	
Total expenses per budget	\$ 24,372,628
Less:	
Capital acquisition	(1,950,664)
Add:	
Amortization of tangible capital assets	1,067,661
Expense budget per financial statements	\$ 23,489,625

### 14. Comparative information:

Certain 2018 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, 2019

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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, 2019

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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 was incorporated to receive, maintain and distribute funds from their partners interest. SONFC 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 SAUGEEEN FIRST NATION

Note 15 - Segmented Information (continued)

Year ended March 31, 2019

	Revenue	Education	Capital Housing	Social Services	Land Management	Saugeen Ojibway Nation	Driftwood Corporation	Gas Bar	Red Road Café & Grill	Saugeen Ojibway Nation Finance Corporation	2019 Total
Revenue	\$ 15,529,197	3,991,913	261,064	1,828,087	3,842,468	630,452	147,883	3,370,433	-	2,749,194	32,350,691
Expenses:											
Salaries, benefits and honorarium	5,681,264	539,069	157,624	282,074	-	1,618	-	276,223	-	45,105	6,982,977
Materials, supplies and rentals	2,702,995	1,211,811	46,776	16,069	-	128,304	3,754	23,183	5,981	10,000	4,148,873
Cost of goods sold	-	-	-	-	-	-	-	2,881,049	-	-	2,881,049
Contractual and professional	3,454,274	311,304	113,250	-	-	512,026	90,900	-	-	71,749	4,553,503
Travel and training	261,559	7,844	3,225	31,129	-	59,177	-	2,003	-	-	364,937
Tuition and student support	-	1,987,932	-	-	-	-	-	-	-	-	1,987,932
Other	2,197,106	36,712	34,236	1,498,815	20,201	16,339	2,077	59,538	1,104	-	3,866,128
Band fund allocation	(3,284,207)	-	(141,124)	-	3,425,331	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	20,234	1,185,329	1,205,563
Amortization	902,297	6,969	106,006	-	-	-	33,766	18,623	-	-	1,067,661
	11,915,288	4,101,641	319,993	1,828,087	3,445,532	717,464	130,497	3,260,619	27,319	1,312,183	27,058,623
Excess (deficiency) of revenue over expenses	\$ 3,613,909	(109,728)	(58,929)	-	396,936	(87,012)	17,386	109,814	(27,319)	1,437,011	5,292,068



# CHIPPEWAS OF SAUGEEN FIRST NATION

Note 15 - Segmented Information (continued)

Year ended March 31, 2019

	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
Revenue	\$ 12,113,459	4,032,095	1,333,381	1,790,610	3,846,720	550,689	387,330	3,556,514	15,000	2,653,794	30,279,592
Expenses:											
Salaries, benefits and honorarium	5,396,755	654,268	237,739	274,821	-	30,033	27,378	266,813	-	17,143	6,904,950
Materials, supplies and rentals	2,130,089	1,145,733	204,310	70,634	-	6,536	10,784	21,776	5,981	6,764	3,602,607
Cost of goods sold	-	-	-	-	-	-	-	3,047,788	-	-	3,047,788
Contractual and professional	2,636,403	375,180	75,964	325	-	592,534	98,893	-	-	73,739	3,853,038
Travel and training	314,035	10,453	2,511	31,414	-	73,737	-	4,540	-	-	436,690
Tuition and student support	-	1,891,823	-	-	-	-	-	-	-	-	1,891,823
Other	1,951,069	24,976	43,737	1,441,408	-	23,000	1,607	41,879	2,133	(117,426)	3,412,383
Band fund allocation	(3,526,284)	-	(159,639)	-	3,700,923	-	-	-	-	-	15,000
Interest on long-term debt	-	-	-	-	-	-	-	-	17,425	1,236,966	1,254,391
Amortization	889,288	7,325	62,015	-	-	-	27,817	12,556	-	-	999,001
	9,791,355	4,109,758	466,637	1,818,602	3,700,923	725,840	166,479	3,395,352	25,539	1,217,186	25,417,671
Excess (deficiency) of revenue over expenses	\$ 2,322,104	(77,663)	866,744	(27,992)	145,797	(175,151)	220,851	161,162	(10,539)	1,436,608	4,861,921