

**Anishinaabeg of Naongashiing  
First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2016**

**Anishinaabeg of Naongashiing First Nation**  
**Consolidated Financial Statements**  
**For the year ended March 31, 2016**

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## **Anishinaabeg of Naongashiing First Nation Management's Responsibility for Financial Reporting**

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

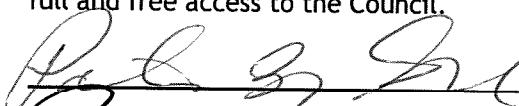
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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 systems of internal accounting and administrative controls of high quality 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.

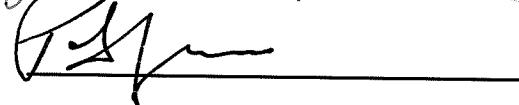
The Anishinaabeg of Naongashiing First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and 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 annual report, the consolidated financial statements and the external auditor's report.

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 Council.



\_\_\_\_\_  
Chief



\_\_\_\_\_  
Councilor

\_\_\_\_\_  
Councilor

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## Independent Auditor's Report

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**To the Members of  
Anishinaabeg of Naongashiing First Nation**

We have audited the accompanying consolidated financial statements of Anishinaabeg of Naongashiing First Nation, as at March 31, 2016, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2016, and the Consolidated Statement of Operations, the Consolidated Statement of Changes in Accumulated Surplus, the Consolidated Statement of Changes in Net Debt and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the 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 the material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anishinaabeg of Naongashiing First Nation as at March 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other Matters Paragraph**

Anishinaabeg of Naongashiing First Nation has also prepared another set of financial statements for the year ended March 31, 2016, in accordance with Canadian Public Sector Accounting Standards. However, these financial statements include unaudited program schedules which present detailed program revenues and expenditures prepared to assist management of Anishinaabeg of Naongashiing First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Anishinaabeg of Naongashiing First Nation and was dated October 6, 2016.

*BDO Canada LLP*

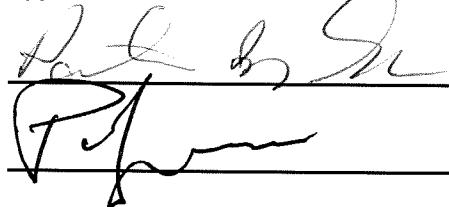
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
October 6, 2016

**Anishinaabeg of Naongashiing First Nation**  
**Consolidated Statement of Financial Position**

<b>March 31</b>	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 481,847	\$ 101,111
Accounts and loans receivable (Note 3)	378,104	189,790
Portfolio investments	10,333	10,333
Government business enterprises, at modified equity (Note 15)	-	1,716,140
	<u>870,284</u>	<u>2,017,374</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	322,928	324,046
Deferred revenue (Note 6)	627,364	229,977
Long-term debt (Note 4)	3,967,250	4,291,894
	<u>4,917,542</u>	<u>4,845,917</u>
<b>Net debt</b>	<u>(4,047,258)</u>	<u>(2,828,543)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	14,291,883	13,157,129
Prepaid expense	11,765	5,686
Inventory	33,431	-
	<u>14,337,079</u>	<u>13,162,815</u>
<b>Contingencies (Note 10)</b>		
<b>Accumulated surplus (Note 7)</b>	<b><u>\$ 10,289,821</u></b>	<b><u>\$ 10,334,272</u></b>

Approved on behalf of Council:



Chief  
Councilor

Councilor

**Anishinaabeg of Naongashiing First Nation  
Consolidated Statement of Operations**

<b>March 31</b>	<b>Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	\$ 1,755,582	\$ 1,619,387	\$ 1,600,502
INAC - fixed contribution funding	299,356	239,536	239,536
INAC - set contribution funding	106,674	200,465	225,325
Fort Frances Area Tribal Health Authority	53,942	117,343	104,360
Rental - housing/equipment	122,060	229,698	135,666
Ministry of Community and Social Services	271,925	232,906	143,414
Ministry of Aboriginal Affairs	-	90,000	175,000
CMHC	244,645	242,592	210,027
Other	160,369	62,322	91,191
Profit sharing revenue	-	453,229	-
Northern Ontario Heritage Fund Corporation	-	-	478,501
Shooniyyaa Wa-Biitong	53,000	61,546	74,002
Health Canada	380,170	338,033	355,892
Casino Rama revenue	425,000	486,453	484,997
Weechi-it-te-win	405,000	454,035	456,485
Ministry of Health	-	16,900	35,930
Administration	35,450	-	-
Keniis Development Corporation	-	288,640	-
	<b>4,313,173</b>	<b>5,133,085</b>	<b>4,810,828</b>
<b>Deferred revenue, beginning of year</b>	<b>-</b>	<b>229,977</b>	<b>39,339</b>
<b>Deferred revenue, end of year (Note 6)</b>	<b>-</b>	<b>(627,364)</b>	<b>(229,977)</b>
	<b>4,313,173</b>	<b>4,735,698</b>	<b>4,620,190</b>
<b>Expenses</b>			
Education	691,410	660,001	781,235
Welfare	374,561	346,544	320,720
Band Support/Operations	888,647	952,890	1,053,857
Operations and Maintenance	298,122	334,381	304,505
Economic Development	540,682	319,742	307,471
Water Treatment Plant	166,135	269,403	257,853
Capital	-	2,252	76,788
Summer Student Employment	15,000	18,104	11,591
National Child Benefit Program	17,229	16,190	13,277
New Relationship Fund	90,000	87,506	97,733
SATF Training Program	12,969	30,270	47,299
Community Care	395,565	398,024	354,670
Health Programs	39,442	28,885	15,625
Medical Programs	299,414	191,746	223,800
Aboriginal Healing and Wellness	64,886	63,599	60,078
CMHC Rental Housing	416,212	441,889	397,132
CMHC Housing Renovations	-	23,520	187,560
Casino Rama	25,000	36,342	37,730
Keniis Development Corporation	-	565,786	-
	<b>4,335,274</b>	<b>4,787,074</b>	<b>4,548,924</b>
<b>Annual surplus (deficit)</b>	<b>\$ (22,101)</b>	<b>\$ (51,376)</b>	<b>\$ 71,266</b>

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**Anishinaabeg of Naongashiing First Nation**  
**Consolidated Statement of Changes in Accumulated Surplus**

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Accumulated surplus, beginning of year	\$ 10,334,272	\$ 10,263,006
Adjustment to First Nation position (Note 1)	6,925	-
Accumulated surplus, beginning of year	10,341,197	10,263,006
Annual surplus (deficit)	(51,376)	71,266
<b>Accumulated surplus, end of year</b>	<b>\$ 10,289,821</b>	<b>\$ 10,334,272</b>

**Anishinaabeg of Naongashiing First Nation  
Consolidated Statement of Changes in Net Debt**

<b>For the year ended March 31</b>	<b>2016</b>	<b>2015</b>
<b>Annual surplus (deficit)</b>	<b>\$ (51,376)</b>	<b>\$ 71,266</b>
Acquisition of tangible capital assets	(1,748,550)	(1,055,032)
Adjustment to First Nation position (Note 1)	6,925	-
Amortization of tangible capital assets	613,796	533,230
	<hr/>	<hr/>
	(1,179,205)	(450,536)
Acquisition of prepaid expenses	(6,079)	(5,686)
Acquisition of inventories	<hr/>	<hr/>
<b>Net changes in net debt</b>	<b>(1,218,715)</b>	<b>(456,222)</b>
<b>Net debt, beginning of year</b>	<b>(2,828,543)</b>	<b>(2,372,321)</b>
<b>Net debt, end of year</b>	<b>\$ (4,047,258)</b>	<b>\$ (2,828,543)</b>

**Anishinaabeg of Naongashiing First Nation  
Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Annual surplus (deficit)	\$ (51,376)	\$ 71,266
Items not affecting cash		
Amortization of tangible capital assets	613,796	533,230
Net loss from commercial enterprises	-	53,255
Adjustment to First Nation position	<u>6,925</u>	<u>-</u>
	<u>569,345</u>	<u>657,751</u>
 Changes in non-cash working capital		
Accounts and loans receivable	(188,314)	173,777
Prepaid expense	(6,079)	(5,686)
Inventories	(33,431)	-
Accounts payable	(1,118)	13,938
Deferred revenue	<u>397,387</u>	<u>190,638</u>
	<u>168,445</u>	<u>372,667</u>
	<u>737,790</u>	<u>1,030,418</u>
 <b>Cash flows from capital activities</b>		
Purchase of capital assets	<u>(1,748,550)</u>	<u>(1,055,032)</u>
 <b>Cash flows from investing activities</b>		
Advances to affiliated enterprises	<u>1,716,140</u>	<u>(757,213)</u>
 <b>Cash flows from financing activities</b>		
Advances of long-term debt	19,028	696,000
Repayment of long-term debt	<u>(343,672)</u>	<u>(428,225)</u>
	<u>(324,644)</u>	<u>267,775</u>
 <b>Net change in cash and cash equivalents</b>	<u>380,736</u>	<u>(514,052)</u>
 <b>Cash and cash equivalents, beginning of year</b>	<u>101,111</u>	<u>615,163</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 481,847</u>	<u>\$ 101,111</u>
 <b>Supplementary information</b>		
Interest paid	<u>\$ 108,510</u>	<u>\$ 137,697</u>

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## **Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies**

**March 31, 2016**

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<b>Basis of Accounting</b>	<p>These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook, and include all Organizations, operations and activities that are:</p> <ol style="list-style-type: none"><li>1) accountable for the administration of their financial affairs and resources directly to the First Nation; and</li><li>2) owned or controlled by the First Nation.</li></ol> <p>This includes all aspects of band operations including provision of social, educational, administration and operational services, as well as, the results of First Nation enterprises on a modified equity method.</p>
<b>Government Transfers</b>	<p>Government transfers, which include legislative grants, are recognized as revenue in the consolidated 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. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.</p>
<b>Basis of Consolidation</b>	<p>The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all government organizations which are owned or controlled by the First Nation. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.</p> <p>The following government organization owned or controlled by the First Nation has been consolidated due to losses and assistance from the First Nation in order to sustain itself as a going concern:</p> <p style="text-align: center;"><b>Keniis Development Corporation</b></p> <p>Government business enterprises are separate legal enterprises that do not rely on the First Nation for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements</p>

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## Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2016

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**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

**Amortization**

Amortization is calculated on the cost, net of contributions on a straight-line basis over the following number of years:

Buildings and housing	25 years
Roads	50 years
Vehicles	5 years
Other	3 - 5 years
Infrastructure	10 - 50 years

**Program Surplus**

Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.

**Long-term Loans Receivable**

Loans are carried at the unpaid principal less allowances for doubtful loans.

**Allowance for Doubtful Loans**

The First Nation maintains specific allowances for doubtful loans that reduce the carrying value of loans identified as impaired to their estimated realizable amounts.

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## Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2016

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<b>Investments</b>	<p>The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings.</p> <p>Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.</p>
<b>Replacement Reserves</b>	<p>The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.</p>
<b>Revenue Recognition</b>	<p>Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.</p> <p>Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.</p> <p>Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.</p>
<b>Financial Instruments</b>	<p>The First Nation's financial instruments consist of cash in bank, accounts and loans receivable, long-term loans receivable, advances to affiliated Companies, investments, accounts payable and accrued liabilities, and long-term debt. 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. The fair value of these financial instruments approximate their carrying values unless otherwise noted.</p>

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## **Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies**

**March 31, 2016**

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<b>Measurement Uncertainty</b>	Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.
<b>Use of Estimates</b>	<p>The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>The estimates used in the preparation of these consolidated financial statements are the useful lives of property, plant and equipment and accrued liabilities.</p>

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## Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

**March 31, 2016**

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### **1. Adjustment to First Nation Position**

During the year, it was noted that there were various outstanding stale dated cheques still on the bank reconciliation relating to prior years. These outstanding cheques have been removed and as a result, surplus for March 31, 2016, has been increased by \$6,925.

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### **2. Cash and Cash Equivalents**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Anishinaabeg of Naongashiing First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

	<b>2016</b>	<b>2015</b>
<b>Internally restricted Reserves</b>	<b>\$ 29,501</b>	<b>\$ 29,501</b>
<b>Unrestricted</b>		
Operating	539,140	71,610
Keniis Development Corporation	(86,794)	-
	<b>452,346</b>	<b>71,610</b>
<b>Total cash and cash equivalents</b>	<b>\$ 481,847</b>	<b>\$ 101,111</b>

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### **3. Accounts and Loans Receivable**

	<b>2016</b>	<b>2015</b>
Accounts receivable		
Advances to band members	\$ 461,982	\$ 254,905
	143,404	122,842
	<b>605,386</b>	<b>377,747</b>
Allowance for doubtful accounts	<b>(227,282)</b>	<b>(187,957)</b>
	<b>\$ 378,104</b>	<b>\$ 189,790</b>

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## Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

**March 31, 2016**

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### 4. Long-term Debt

	2016	2015
<b>Secured debt</b>		
CMHC mortgage with interest at 1.85%, repayable in monthly installments of \$4,002 principal and interest, maturing August 2019.	\$ 746,591	\$ 780,479
CMHC mortgage with interest at 1.04%, repayable in monthly installments of \$3,217 principal and interest, maturing October 2020.	343,287	376,712
CMHC mortgage with interest at 1.65% repayable in monthly installments of \$1,933 principal and interest, maturing June 2017.	330,533	348,121
CMHC mortgage with interest at 1.01% repayable in monthly installments of \$2,154 principal and interest, maturing February 2021.	464,497	482,289
CMHC mortgage with interest at 1.01% repayable in monthly installments of \$2,872 principal and interest maturing February 2021.	621,689	645,193
CMHC mortgage with interest at 1.05% repayable in monthly installments of \$2,638 principal and interest, maturing April 2020.	673,573	637,163
RBC mortgage with interest at 1.69% repayable in monthly installments of \$2,168 principal and interest, maturing February 2018.	48,948	73,912
RBC mortgage with interest at 2.32% repayable in monthly installments of \$3,493 principal and interest, maturing April 2017.	44,816	85,180
RBC loan with interest at 5.00% repayable in monthly installments of \$1,321 principal and interest, maturing October 2018.	38,343	51,900
Keniis Development Corporation truck loan, 5.59% repayable in monthly installments of \$901 principal and interest, maturing February 2018.	19,028	-
	<b><u>\$ 3,331,305</u></b>	<b><u>\$ 3,480,949</u></b>

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## Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

**March 31, 2016**

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**4. Long-term Debt (continued)**

	<b>2016</b>	<b>2015</b>
<b>Carried forward</b>	<b>\$ 3,331,305</b>	<b>\$ 3,480,949</b>
<b>Unsecured debt</b>		
RBC demand loan with interest at 5.3% repayable in annual installments of \$175,000 principal, interest payable monthly, maturing April 2018.	525,000	700,000
Land claim litigation loan, non-interest bearing, unsecured, maturing March 2020 or when litigation is settled, whichever comes first.	110,945	110,945
	<b><u>\$ 3,967,250</u></b>	<b><u>\$ 4,291,894</u></b>

Mortgages are secured by a first charge mortgage against rental properties and Ministerial Guarantees from Indigenous and Northern Affairs Canada.

Principal repayments required over the next five years and thereafter are as follows:

	Principal Repayments	Interest	Total
2017	\$ 431,155	\$ 58,358	\$ 489,513
2018	390,054	48,541	438,595
2019	350,174	6,816	356,990
2020	279,153	6,220	285,373
2021	170,369	5,618	175,987
Thereafter	<u>2,346,345</u>	<u>31,198</u>	<u>2,377,543</u>
	<b><u>\$ 3,967,250</u></b>	<b><u>\$ 156,751</u></b>	<b><u>\$ 4,124,001</u></b>

	<b>2016</b>	<b>2015</b>
Interest expense for the year on long-term debt	<b><u>\$ 108,510</u></b>	<b><u>\$ 137,697</u></b>

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**5. Related Party Transactions**

The First Nation owns 100% of Keniis Development Corporation.

The First Nation owns 16.67% of Miitigoog Limited Partnership. During the fiscal year, the First Nation recorded \$NIL of revenue relating to referral fees from the Corporation.

## Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

**March 31, 2016**

### 6. Deferred Revenue

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31, 2016
Weechi-it-te-win	\$ 123,880	\$ 454,035	\$ 399,064	\$ 178,851
Health Canada	106,097	338,033	215,866	228,264
Casino Rama	-	486,453	266,204	220,249
	<b>\$ 229,977</b>	<b>\$ 1,278,521</b>	<b>\$ 881,134</b>	<b>\$ 627,364</b>

### 7. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2016	2015
Investment in tangible capital assets		
Tangible capital assets	<b>\$ 12,573,333</b>	\$ 13,157,129
Debt relating to tangible capital assets	<b>(3,273,934)</b>	(3,429,049)
Total investment in tangible capital assets	<b>9,299,399</b>	9,728,080
Operations deficit	<b>(1,155,450)</b>	(1,389,280)
Reserve funds (Note 8)	<b>310,531</b>	279,332
Equity in enterprises	<b>1,835,341</b>	1,716,140
	<b>\$ 10,289,821</b>	\$ 10,334,272

**Anishinaabeg of Naongashiiing First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2016**

**8. Replacement Reserve**

	CMHC 18-187-047/ 001-2 19-446-541/001	9 Unit (200) 19-446-541/002	6 Unit (2007) 19-446-541/003	8 Unit (2009) 19-446-541/004	5 Unit (2011) 19-446-541/005	4 Unit (2011) 19-446-541/006	Total
Balance March 31, 2014	\$ 10,500	\$ 107,080	\$ 42,300	\$ 45,600	\$ 21,279	\$ 13,906	\$ 240,665
Allocation to restricted funds	3,500	7,650	6,300	9,600	4,940	6,677	38,667
Expenditures	(1,634)	(165)	-	(715)	-	-	(2,514)
Balance March 31, 2015	12,366	114,565	48,600	54,485	26,219	20,583	276,818
Allocation to restricted funds	3,500	7,650	6,000	9,600	6,175	4,940	5,120
Expenditures	(3,650)	(49)	-	(1,357)	(3,766)	-	(9,272)
Balance March 31, 2016	\$ 12,216	\$ 121,716	\$ 54,600	\$ 62,728	\$ 28,628	\$ 25,523	\$ 5,120
							\$ 310,531

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$310,531. The amount held in a restricted bank account in relation to this reserve is \$28,684; therefore, the reserve is under funded by \$281,847 as of March 31, 2016.

March 31, 2016

**Anishinaabeg of Naongashiiing First Nation  
Notes to Consolidated Financial Statements**

**9. Tangible Capital Assets**

	2016					
	Land	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction
Cost, beginning of year	\$ 482,503	\$ 15,778,932	\$ 928,911	\$ 50,261	\$ 2,367,473	\$ 1,038,973
Additions	-	1,068,973	-	-	-	30,000
Disposals	-	-	-	-	-	(1,068,973)
<b>Cost, end of year</b>	<b>482,503</b>	<b>16,847,905</b>	<b>928,911</b>	<b>50,261</b>	<b>2,367,473</b>	<b>- 20,677,053</b>
Accumulated amortization, beginning of year	-	4,747,481	418,898	43,818	561,177	- 5,771,374
Amortization	-	511,701	46,235	3,222	52,638	- 613,796
Disposals	-	-	-	-	-	-
<b>Accumulated amortization, end of year</b>	<b>- 5,259,182</b>	<b>465,133</b>	<b>47,040</b>	<b>613,815</b>	<b>- 6,385,170</b>	
<b>Net carrying amount, end of year</b>	<b>\$ 482,503</b>	<b>\$ 11,588,723</b>	<b>\$ 463,778</b>	<b>\$ 3,221</b>	<b>\$ 1,753,658</b>	<b>\$ 114,291,883</b>

**Anishinaabeg of Naongashiing First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2016**

**9. Tangible Capital Assets (continued)**

	<b>2015</b>					
	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction	Total
Cost, beginning of year	\$ 14,823,508	\$ 534,524	\$ 40,597	\$ 1,492,194	\$ 875,279	\$ 17,766,102
Additions	- 6,395	9,664	875,279	1,038,973	1,930,311	
Disposals	-	-	-	(875,279)	(875,279)	
Cost, end of year	<b>14,823,508</b>	<b>540,919</b>	<b>50,261</b>	<b>2,367,473</b>	<b>1,038,973</b>	<b>18,821,134</b>
Accumulated amortization, beginning of year	4,266,271	301,836	54,129	508,539	-	5,130,775
Amortization	457,324	33,579	(10,311)	52,638	-	533,230
Disposals	-	-	-	-	-	
Accumulated amortization, end of year	<b>4,723,595</b>	<b>335,415</b>	<b>43,818</b>	<b>561,177</b>	<b>-</b>	<b>5,664,005</b>
Net carrying amount, end of year	<b>\$ 10,099,913</b>	<b>\$ 205,504</b>	<b>\$ 6,443</b>	<b>\$ 1,806,296</b>	<b>\$ 1,038,973</b>	<b>\$ 13,157,129</b>

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## **Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements**

**March 31, 2016**

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### **10. Contingencies**

During the fiscal year, the First Nation had a Recipient Audit done by INAC. The purpose of the audit was to examine documentation in relation to past funding. As of the date of the audit report, the Recipient Audit has not been finalized; however, the maximum funding repayment has been calculated as \$903,535. The likelihood of repayment of any amount is not known. Any adjustment required will be recognized in the year of settlement.

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### **11. Economic Dependence**

Anishinaabeg of Naongashiing First Nation receives a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

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### **12. Federal Assistance Payments**

The CMHC projects have received federal assistance through CMHC pursuant to Section 56.1 of the National Housing Act to enable the project to provide housing to low income individuals. The amount of assistance received in 2016 was \$242,592 (2015 - \$210,027).

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### **13. Expenditure by Object**

	<b>2016</b>	<b>2015</b>
Salaries, wages and employee benefits	\$ 1,266,428	\$ 1,520,848
Materials and supplies	1,889,403	1,379,645
Contracted services	340,588	463,445
Rents and financial expenses	358,224	301,306
Travel	318,635	350,449
Amortization	613,796	533,231
	<hr/>	<hr/>
	<b>\$ 4,787,074</b>	<b>\$ 4,548,924</b>

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## Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

**March 31, 2016**

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### **14. Budget Information**

The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated recovering deficits. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations represent the Financial Plan adopted by Council, with adjustments as follows:

	<b>2016</b>
Financial Plan (budget) by-law surplus for the year	\$ 152,990
Less:	
Amortization	<u>(175,091)</u>
Budget deficit per consolidated statement of operations	<u>\$ (22,101)</u>

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### **15. Government Business Enterprise**

The Government Business Enterprise relates to Keniis Development Corporation, which is a Corporation owned solely by the First Nation. In prior years, the Corporation was classed as a Government Business Enterprise as it met all of the characteristics, including it can, in the normal course of its operations, maintain its operations and meet its financial liabilities from revenues received from sources outside of the government reporting entity. During the fiscal year, this characteristic came into question due to the poor operating results of Keniis Development Corporation. It was determined that Keniis Development Corporation could no longer be classified as a Government Business Enterprise and would be classified as an Other Government Organization on a prospective basis. Other Government Organization's require full consolidation; a policy that was implemented in 2016.

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### **16. Segmented Information**

Anishinaabeg of Naongashiing First Nation is a First Nation government that provides a wide range of services to the members of its community. For management reporting purposes the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following significant segments have been identified and as such are separately disclosed:

#### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

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## **Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements**

**March 31, 2016**

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### **16. Segmented Information (continued)**

#### **Operations and Maintenance**

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

#### **Medical and Other Health Services**

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long-term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

#### **Band Support**

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

#### **Capital**

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

#### **Other Services**

The First Nation provides a wide array of other services, including youth employment projects, economic development, housing activities and others.

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

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

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### **17. Comparative Figures**

The comparative amounts presented in the consolidated financial statements have been restated to conform to the current year's presentation.

**Anishinaabeg of Naongashiiing First Nation  
2016 Segment Disclosure**

	March 31, 2016						
	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
<b>Revenue</b>							
INAC	\$ 534,057	\$ 179,654	\$ 716,072	\$ 69,588	\$ 219,212	\$ 340,805	\$ 2,059,388
Canada	-	-	-	16,900	-	580,625	597,525
Ontario	-	24,644	-	232,906	-	90,000	347,550
Casino Rama	-	-	-	-	-	486,453	486,453
Trust income	-	-	-	-	-	-	-
Other Aboriginal organizations	-	-	-	12,462	-	620,462	632,924
Interest, rentals and other	28,375	6,138	-	-	-	974,732	1,009,245
Administration	305,731	-	-	-	-	(305,731)	-
Transfers	28,075	-	-	-	-	(28,075)	-
	<b>896,238</b>	<b>210,436</b>	<b>716,072</b>	<b>331,856</b>	<b>219,212</b>	<b>2,759,271</b>	<b>5,133,085</b>
Deferred revenue, beginning of year	-	-	-	-	-	229,977	229,977
Deferred revenue, end of year	-	-	-	-	-	(627,364)	(627,364)
	<b>896,238</b>	<b>210,436</b>	<b>716,072</b>	<b>331,856</b>	<b>219,212</b>	<b>2,361,884</b>	<b>4,735,698</b>
<b>Expenditures</b>							
Salaries, wages and benefits	383,523	50,977	109,720	60,919	-	661,289	1,266,428
Materials, supplies and capital	172,976	144,346	203,463	276,770	2,252	1,089,596	1,889,403
Contracted services	-	-	340,588	-	-	-	340,588
Rents and financial expenses	281,013	-	-	-	-	77,211	358,224
Travel	87,753	-	6,230	8,855	-	215,797	318,635
Amortization	27,625	139,058	-	-	-	447,113	613,796
	<b>952,890</b>	<b>334,381</b>	<b>660,001</b>	<b>346,544</b>	<b>2,252</b>	<b>2,491,006</b>	<b>4,787,074</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (56,652)</b>	<b>\$ (123,945)</b>	<b>\$ 56,071</b>	<b>\$ (14,688)</b>	<b>\$ 216,960</b>	<b>\$ (129,122)</b>	<b>\$ (51,376)</b>

**Anishinaabeg of Naongashiiing First Nation  
2015 Segment Disclosure**

	March 31, 2015							
	Operations and Support Maintenance		Education		Welfare		Capital	
	Band	Support Maintenance	Education	Education	Welfare	Capital	Other	Total
<b>Revenue</b>								
INAC	\$ 307,699	\$ 177,560	\$ 933,197	\$ 72,841	\$ 216,655	\$ 357,411	\$ 2,065,363	
Canada	-	-	-	35,930	-	565,919	601,849	
Ontario	-	2,244	-	143,414	-	653,501	799,159	
Casino Rama	-	-	-	-	-	484,997	484,997	
Trust income	-	-	-	-	-	-	-	
Other Aboriginal organizations	-	-	-	12,464	-	622,383	634,847	
Interest, rentals and other	-	2,626	-	-	-	221,987	224,613	
Administration	262,054	-	-	-	-	(262,054)	-	
Referral fees	-	-	-	-	-	-	-	
Transfers	344,690	-	(63,840)	-	-	(280,850)	-	
	914,443	182,430	869,357	264,649	216,655	2,363,294	4,810,828	
Deferred revenue, beginning of year	-	-	-	-	-	39,339	39,339	
Deferred revenue, end of year	-	-	-	-	-	(229,977)	(229,977)	
	914,443	182,430	869,357	264,649	216,655	2,172,656	4,620,190	
<b>Expenditures</b>								
Salaries, wages and benefits	482,394	51,192	126,776	83,878	802	775,806	1,520,848	
Materials, supplies and capital	156,301	135,430	190,305	226,802	75,986	594,821	1,379,645	
Contracted services	-	-	463,445	-	-	-	463,445	
Rents and financial expenses	220,718	-	-	-	-	80,588	301,306	
Travel	169,782	-	709	10,040	-	169,918	350,449	
Amortization	24,661	117,883	-	-	-	390,687	533,231	
	1,053,856	304,505	781,235	320,720	76,788	2,011,820	4,548,924	
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (139,413)</b>	<b>\$ (122,075)</b>	<b>\$ 88,122</b>	<b>\$ (56,071)</b>	<b>\$ 139,867</b>	<b>\$ 160,836</b>	<b>\$ 71,266</b>	

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## Review Engagement Report

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**To the Chief, Council and Members of  
Anishinaabeg of Naongashiing First Nation**

At the request of Anishinaabeg of Naongashiing First Nation, we have reviewed the Schedule of Salary, Honoraria and Travel for the Band for the year ended March 31, 2016, calculated pursuant to the requirements of the Indigenous and Northern Affairs Canada Year End Reporting Handbook. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Band.

A review does not constitute an audit and consequently we do not express an audit opinion on this Schedule of Salary, Honoraria and Travel.

As a result of the uncertainty as to the definition of travel expenses, we were unable to complete our review of travel expenses and, therefore, the amounts included in this Schedule are based solely on the information provided by the Band. Had we been able to complete our review based on a clear definition of what constitutes travel expenses, we might have determined that adjustments were necessary to travel expenses.

Except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to complete our review of travel expenses, as described in the preceding paragraph, nothing has come to our attention that causes us to believe that this Schedule of Salary, Honoraria and Travel is not, in all material respects, in accordance with the requirements of the Indigenous and Northern Affairs Canada Year End Reporting Handbook.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
October 6, 2016

**Anishinaabeg of Naongashiiing First Nation  
Schedule of Salary, Honoraria and Travel  
for Elected Officials  
(Unaudited)**

**For the year ended March 31, 2016**

<b>Elected or Appointed Officials</b>		<b>Duration (Months)</b>	<b>Salary/ Honoraria</b>	<b>Travel</b>	<b>Other</b>	<b>Total</b>
Patricia Big George	Chief	12	\$ 78,446	\$ 16,227	\$ -	\$ 94,673
Robert Handorgan	Council	12	\$ 69,392	\$ 7,966	\$ -	\$ 77,358
Patrick Handorgan Sr.	Council	12	\$ 66,708	\$ 9,000	\$ -	\$ 75,708