

**Anishinaabeg of Naongashiing
First Nation
Consolidated Financial Statements
For the year ended March 31, 2017**

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Consolidated Financial Statements
For the year ended March 31, 2017

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

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.

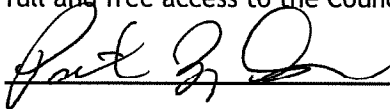
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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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BDO Canada LLP
607 Portage Avenue
Fort Frances ON P9A 0A7 Canada

Independent Auditor's Report

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, 2017, which are comprised of the Consolidated Statement of Financial Position as at March 31, 2017, 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, 2017, 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, 2017, 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 September 21, 2017.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
September 21, 2017

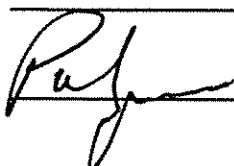
Anishinaabeg of Naongashiing First Nation Consolidated Statement of Financial Position

March 31	2017	2016
Financial assets		
Cash and cash equivalents (Note 2)	\$ 605,534	\$ 481,847
Accounts and loans receivable (Note 3)	1,423,211	378,104
Portfolio investments	10,333	10,333
	<u>2,039,078</u>	<u>870,284</u>
Liabilities		
Accounts payable and accrued liabilities	370,882	322,928
Deferred revenue (Note 6)	1,062,732	399,100
Long-term debt (Note 4)	3,906,017	3,967,250
	<u>5,339,631</u>	<u>4,689,278</u>
Net debt	<u>(3,300,553)</u>	<u>(3,818,994)</u>
Non-financial assets		
Tangible capital assets (Note 9)	13,744,889	14,291,883
Prepaid expense	23,081	11,765
Inventory	51,695	33,431
	<u>13,819,665</u>	<u>14,337,079</u>
Contingencies (Note 10)		
Accumulated surplus (Note 7)	<u>\$ 10,519,112</u>	<u>\$ 10,518,085</u>

Approved on behalf of Council:

 _____ Chief

_____ Councilor

 _____ Councilor

Anishinaabeg of Naongashiing First Nation

Consolidated Statement of Operations

March 31	Budget	2017	2016
	(Note 14)		
Revenue			
Indigenous and Northern Affairs Canada	\$ 1,733,044	\$ 1,652,448	\$ 1,619,387
INAC - fixed contribution funding	243,836	1,223,472	330,536
INAC - set contribution funding	41,100	34,600	109,465
Fort Frances Area Tribal Health Authority	122,967	119,177	117,343
Rental - housing/equipment	118,800	240,622	229,698
Ministry of Community and Social Services	253,000	205,179	232,906
Ministry of Aboriginal Affairs	90,000	90,000	90,000
CMHC	244,645	896,496	242,592
Other	25,000	37,441	62,322
Profit sharing revenue	387,413	396,577	453,229
Shooniyaa Wa-Biitong	54,000	53,222	61,546
Health Canada	305,611	346,278	338,033
Casino Rama revenue	425,000	551,421	486,453
Weechi-it-te-win	456,485	574,734	454,035
Ministry of Health	-	16,900	16,900
Administration	28,368	-	-
Keniis Development Corporation	-	456,466	288,640
	4,529,269	6,895,033	5,133,085
Deferred revenue, beginning of year	-	399,100	123,880
Deferred revenue, end of year (Note 6)	-	(1,062,732)	(399,100)
	4,529,269	6,231,401	4,857,865
Expenses			
Education	688,710	681,494	660,001
Welfare	359,920	300,656	346,544
Band Support/Operations	764,748	675,286	774,524
Operations and Maintenance	316,197	280,581	334,381
Economic Development	393,720	359,533	183,561
Water Treatment Plant	188,300	190,551	164,509
Capital	-	2,367	2,252
National Child Benefit Program	19,229	18,683	16,190
New Relationship Fund	90,000	79,601	87,506
SATF Training Program	12,969	5,000	5,000
Community Care	417,565	521,486	398,024
Health Programs	39,442	39,752	28,885
Medical Programs	238,225	286,963	312,038
Aboriginal Healing and Wellness	64,886	64,686	63,599
CMHC Rental Housing	398,429	1,109,870	441,889
CMHC Other Programs	-	63,450	-
Casino Rama	45,000	709,339	266,204
Keniis Development Corporation	-	697,270	565,786
Land Management	215,825	143,806	136,181
	4,253,165	6,230,374	4,787,074
Annual surplus	\$ 276,104	\$ 1,027	\$ 70,791

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

For the year ended March 31	2017	2016
Accumulated surplus, beginning of year	\$10,518,085	\$ 10,334,272
Adjustment to First Nation position (Note 1)	-	113,022
Accumulated surplus, beginning of year	10,518,085	10,447,294
Annual surplus (deficit)	1,027	70,791
Accumulated surplus, end of year	\$10,519,112	\$ 10,518,085

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

For the year ended March 31	2017	2016
Annual surplus (deficit)	\$ 1,027	\$ 70,791
Acquisition of tangible capital assets	(178,625)	(30,000)
Adjustment to First Nation position (Note 1)	-	113,022
Amortization of tangible capital assets	725,619	613,796
	548,021	767,609
Acquisition of prepaid expenses	(11,316)	(6,079)
Acquisition of inventories	(18,264)	(33,431)
Net changes in net debt	518,441	728,099
Net debt, beginning of year	(3,818,994)	(4,547,093)
Net debt, end of year	\$ (3,300,553)	\$ (3,818,994)

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Annual surplus (deficit)	\$ 1,027	\$ 70,791
Items not affecting cash		
Amortization of tangible capital assets	725,619	613,796
Adjustment to First Nation position	-	113,022
	<u>726,646</u>	<u>797,609</u>
Changes in non-cash working capital		
Accounts and loans receivable	(1,045,107)	(188,314)
Prepaid expense	(11,316)	(6,079)
Inventories	(18,264)	(33,431)
Accounts payable	47,954	(1,118)
Deferred revenue	663,632	169,123
	<u>(363,101)</u>	<u>(59,819)</u>
	<u>363,545</u>	<u>737,790</u>
Cash flows from capital activities		
Purchase of capital assets	<u>(178,625)</u>	<u>(1,748,550)</u>
Cash flows from investing activities		
Advances to affiliated enterprises	<u>-</u>	<u>1,716,140</u>
Cash flows from financing activities		
Advances of long-term debt	356,091	19,028
Repayment of long-term debt	(417,324)	(343,672)
	<u>(61,233)</u>	<u>(324,644)</u>
Net change in cash and cash equivalents	<u>123,687</u>	<u>380,736</u>
Cash and cash equivalents, beginning of year	<u>481,847</u>	<u>101,111</u>
Cash and cash equivalents, end of year	<u>\$ 605,534</u>	<u>\$ 481,847</u>
Supplementary information		
Interest paid	\$ 83,941	\$ 108,510

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2017

Basis of Accounting

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:

- 1) accountable for the administration of their financial affairs and resources directly to the First Nation; and
- 2) owned or controlled by the First Nation.

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.

Government Transfers

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.

Basis of Consolidation

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.

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:

Kenis Development Corporation

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

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2017

**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.

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2017

Investments

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.

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.

Replacement Reserves

The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with CMHC.

Revenue Recognition

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.

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.

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.

Financial Instruments

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.

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2017

Measurement Uncertainty

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.

Use of Estimates

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.

The estimates used in the preparation of these consolidated financial statements are the useful lives of property, plant and equipment and accrued liabilities.

Anishinaabeg of Naongashiing First Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Adjustment to First Nation Position

During the year, it was noted that there were various medical expenses that had not been allocated to the correct program therefore the deferred revenue recognized in 2015 and 2016 was no longer appropriate as the funding had been spend in prior years. The deferred revenue relating to Health Canada funding been removed and as a result, surplus for March 31, 2016, has been increased by \$113,022.

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:

	2017	2016
Internally restricted		
Reserves	\$ 29,501	\$ 29,501
Unrestricted		
Operating	564,719	539,140
Kenis Development Corporation	11,314	(86,794)
	576,033	452,346
Total cash and cash equivalents	\$ 605,534	\$ 481,847

3. Accounts and Loans Receivable

	2017	2016
Accounts receivable	\$ 1,576,181	\$ 461,982
Advances to band members	192,541	143,404
	1,768,722	605,386
Allowance for doubtful accounts	(345,511)	(227,282)
	\$ 1,423,211	\$ 378,104

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

4. Long-term Debt

	<u>2017</u>	<u>2016</u>
CMHC mortgage with interest at 1.85%, repayable in monthly installments of \$4,002 principal and interest, maturing August 2019.	\$ 712,009	\$ 746,591
CMHC mortgage with interest at 1.04%, repayable in monthly installments of \$3,217 principal and interest, maturing October 2020.	308,069	343,287
CMHC mortgage with interest at 1.65% repayable in monthly installments of \$1,933 principal and interest, maturing June 2017.	312,629	330,533
CMHC mortgage with interest at 1.01% repayable in monthly installments of \$2,154 principal and interest, maturing February 2021.	443,221	464,497
CMHC mortgage with interest at 1.01% repayable in monthly installments of \$2,872 principal and interest maturing February 2021.	593,345	621,689
CMHC mortgage with interest at 1.05% repayable in monthly installments of \$2,638 principal and interest, maturing April 2020.	648,839	673,573
RBC mortgage with interest at 1.69% repayable in monthly installments of \$2,168 principal and interest, maturing February 2018.	23,561	48,948
RBC mortgage with interest at 2.32% repayable in monthly installments of \$3,493 principal and interest, maturing April 2017.	3,566	44,816
RBC loan with interest at 5.00% repayable in monthly installments of \$1,321 principal and interest, maturing October 2018.	24,088	38,343
Ford Credit Loan with interest at 5.59%, repayable in monthly installments of \$1,173 principal and interest, maturing January 2022	59,482	-
	<u>\$ 3,128,809</u>	<u>\$ 3,312,277</u>

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

4. Long-term Debt (continued)

	2017	2016
Carried forward	\$ 3,128,809	\$ 3,312,277
RBC demand loan with interest at 5.3% repayable in annual installments of \$175,000 principal, interest payable monthly, maturing April 2018.	350,000	525,000
Land claim litigation loan, non-interest bearing, unsecured, maturing March 2020 or when litigation is settled, whichever comes first.	110,945	110,945
RBC loan with interest at 3.49% repayable in bi-weekly installments of \$365 principal and interest, maturing March 2021.	35,079	-
RBC Loan with interest at 3.49%, repayable in bi-weekly installments of \$354 principal and interest, maturing March 2021.	35,079	-
Keniis Development Corporation truck loan at 5.59% repayable in monthly installments of \$901 principal and interest, maturing February 2018.	-	19,028
Keniis Development Corporation mortgage payable to RBC at 4.65% repayable in monthly installments of \$1,932 of principal and interest, maturing November 2021	246,105	-
	\$ 3,906,017	\$ 3,967,250

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
2018	\$ 424,040	\$ 50,635	\$ 474,675
2019	391,801	40,231	432,032
2020	211,716	36,285	248,001
2021	326,062	32,778	358,840
2022	198,430	29,530	227,960
Thereafter	2,353,968	191,646	2,545,614
	\$ 3,906,017	\$ 381,105	\$ 4,287,122

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

4. Long-term Debt (continued)

	2017	2016
Interest expense for the year on long-term debt	\$ 83,941	\$ 108,510

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, 2017

6. Deferred Revenue

	Balance March 31, 2016	Funding Received 2017	Revenue Recognized 2017	Balance March 31, 2017
Weechi-it-te-win	\$ 178,851	\$ 574,734	\$ 586,316	\$ 167,269
INAC	-	1,123,472	290,340	833,132
Casino Rama	220,249	551,421	709,339	62,331
	\$ 399,100	\$ 2,249,627	\$ 1,585,995	\$ 1,062,732

7. Accumulated Surplus

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

	2017	2016
Investment in tangible capital assets		
Tangible capital assets	\$12,144,109	\$ 12,573,333
Debt relating to tangible capital assets	(3,198,968)	(3,273,934)
Total investment in tangible capital assets	8,945,141	9,299,399
Operations deficit	(113,779)	(927,186)
Reserve funds (Note 8)	300,202	310,531
Equity in enterprises	1,387,548	1,835,341
	\$10,519,112	\$ 10,518,085

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

8. Replacement Reserve

	CMHC 18-187-047/ 001-2	9 Unit (200) 19-446-541/001	6 Unit (2007) 19-446-541/002	8 Unit (2009) 19-446-541/003	5 Unit (2011) 19-446-541/004	4 Unit (2011) 19-446-541/005	4 Unit (2015) 19-466-541/006	Total
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	42,985
Expenditures	(3,650)	(499)	-	(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
Allocation to restricted funds	3,500	7,650	6,000	9,600	6,175	4,940	5,120	42,985
Expenditures	(15,716)	(15,053)	(12,185)	(10,360)	-	-	-	(53,314)
Balance March 31, 2017	\$ -	\$ 114,313	\$ 48,415	\$ 61,968	\$ 34,803	\$ 30,463	\$ 10,240	\$ 300,202

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$300,202. The amount held in a restricted bank account in relation to this reserve is \$28,684; therefore, the reserve is under funded by \$271,518 as of March 31, 2017.

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

March 31, 2017

9. Tangible Capital Assets

	2017						
	Land	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction	Total
Cost, beginning of year	\$ 482,503	\$ 16,847,905	\$ 928,911	\$ 50,261	\$ 2,367,473	\$ -	\$20,677,053
Additions	-	-	137,993	57,269	-	-	195,262
Disposals	-	-	(57,063)	-	-	-	(57,063)
Cost, end of year	482,503	16,847,905	1,009,841	107,530	2,367,473	-	20,815,252
Accumulated amortization, beginning of year	-	5,259,182	465,133	47,040	613,815	-	6,385,170
Amortization	-	555,088	109,674	8,948	51,909	-	725,619
Disposals	-	-	(40,426)	-	-	-	(40,426)
Accumulated amortization, end of year	-	5,814,270	534,381	55,988	665,724	-	7,070,363
Net carrying amount, end of year	\$ 482,503	\$ 11,033,635	\$ 475,460	\$ 51,542	\$ 1,701,749	\$ -	\$13,744,889

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

March 31, 2017

9. Tangible Capital Assets (continued)

								2016
	Land	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction	Total	
Cost, beginning of year	\$ 482,503	\$ 15,778,932	\$ 928,911	\$ 50,261	\$ 2,367,473	\$ 1,038,973	\$20,647,053	
Additions	-	1,068,973	-	-	-	30,000	1,098,973	
Disposals	-	-	-	-	-	(1,068,973)	(1,068,973)	
Cost, end of year	482,503	16,847,905	928,911	50,261	2,367,473	-	20,677,053	
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	-	-	-	-	-	-	-	
Accumulated amortization, end of year	-	5,259,182	465,133	47,040	613,815	-	6,385,170	
Net carrying amount, end of year	\$ 482,503	\$ 11,588,723	\$ 463,778	\$ 3,221	\$ 1,753,658	\$ -	\$14,291,883	

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

10. Contingencies

During the previous 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 \$30,663. The likelihood of repayment of any amount is not known. Any adjustment required will be recognized in the year of settlement.

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.

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 2017 was \$232,609 (2016 - \$242,592).

13. Expenditure by Object

	<u>2017</u>	<u>2016</u>
Salaries, wages and employee benefits	\$ 1,782,163	\$ 1,442,663
Materials and supplies	2,411,931	1,838,366
Contracted services	641,426	340,588
Rents and financial expenses	258,833	296,479
Travel	410,402	255,183
Amortization	725,619	613,795
	<u>\$ 6,230,374</u>	<u>\$ 4,787,074</u>

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

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:

	<u>2017</u>
Financial Plan (budget) by-law surplus for the year	\$ 451,195
Less:	
Amortization	<u>(175,091)</u>
Budget deficit per consolidated statement of operations	<u>\$ 276,104</u>

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, 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 previous 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.

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.

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2017

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.

Social Services

This segment contains activities that provides financial support or support by other means to Band Members that is aimed at developing both the individual as well as the community.

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.

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 Naongashiing First Nation
2017 Segment Disclosure**

March 31, 2017	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue							
INAC	\$ 281,549	\$ 183,322	\$1,075,206	\$ 66,620	\$ 883,647	\$ 420,176	\$ 2,910,520
Canada	-	-	-	-	-	1,242,774	1,242,774
Ontario	-	-	-	222,079	-	120,000	342,079
Casino Rama	-	-	-	-	-	551,421	551,421
Other Aboriginal organizations	-	-	-	12,462	-	734,671	747,133
Interest, rentals and other	3,135	12,522	-	-	-	1,085,449	1,101,106
Administration	147,620	-	-	-	-	(147,620)	-
Transfers	745,473	105,676	(305,570)	44,799	-	(590,378)	-
	1,177,777	301,520	769,636	345,960	883,647	3,416,493	6,895,033
Deferred revenue, beginning of year	-	-	-	-	-	399,100	399,100
Deferred revenue, end of year	-	-	(88,142)	-	(659,960)	(314,630)	(1,062,732)
	1,177,777	301,520	681,494	345,960	223,687	3,500,963	6,231,401
Expenditures							
Salaries, wages and benefits	400,276	46,122	122,609	59,271	-	1,153,885	1,782,163
Materials, supplies and capital	320,092	190,987	242,069	274,315	2,367	1,382,101	2,411,931
Contracted services	-	-	306,099	-	-	335,327	641,426
Rents and financial expenses	203,360	563	-	-	-	54,910	258,833
Travel	164,442	-	10,717	11,869	-	223,374	410,402
Amortization	27,019	148,584	-	-	-	550,016	725,619
	1,115,189	386,256	681,494	345,455	2,367	3,699,613	6,230,374
Excess (deficiency) of revenue over expenditures	\$ 62,588	\$ (84,736)	\$ -	\$ 505	\$ 221,320	\$ (198,650)	\$ 1,027

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

March 31, 2016	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue							
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
Other Aboriginal organizations	-	-	-	12,462	-	620,462	632,924
Interest, rentals and other	28,375	6,138	-	-	-	974,732	1,009,245
Administration	90,170	-	-	-	-	(90,170)	-
Transfers	28,075	-	-	-	-	(28,075)	-
	680,677	210,436	716,072	331,856	219,212	2,974,832	5,133,085
Deferred revenue, beginning of year	-	-	-	-	-	123,880	123,880
Deferred revenue, end of year	-	-	-	-	-	(399,100)	(399,100)
	680,677	210,436	716,072	331,856	219,212	2,699,612	4,857,865
Expenditures							
Salaries, wages and benefits	279,630	50,977	109,720	60,919	-	941,417	1,442,663
Materials, supplies and capital	251,015	144,346	197,430	279,429	2,252	963,894	1,838,366
Contracted services	-	-	340,588	-	-	-	340,588
Rents and financial expenses	208,268	-	-	-	-	88,211	296,479
Travel	70,649	-	12,263	6,196	-	166,075	255,183
Amortization	27,625	139,058	-	-	-	447,112	613,795
	837,187	334,381	660,001	346,544	2,252	2,606,709	4,787,074
Excess (deficiency) of revenue over expenditures	\$ (156,510)	\$ (123,945)	\$ 56,071	\$ (14,688)	\$ 216,960	\$ 92,903	\$ 70,791