

**Anishinaabeg of Naongashiing
First Nation
Consolidated Financial Statements
For the year ended March 31, 2018**

Anishinaabeg of Naongashiing First Nation
Consolidated Financial Statements
For the year ended March 31, 2018

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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 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

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Anishinaabeg of Naongashiing First Nation, as at March 31, 2018, which are comprised of the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations and accumulated surplus, the consolidated changes in net debt and the consolidated 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, 2018, and their financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
March 20, 2019

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Financial Position

March 31	2018	2017
Financial assets		
Cash and cash equivalents (Note 1)	\$ 524,723	\$ 605,534
Accounts and loans receivable (Note 2)	1,500,908	1,423,211
Portfolio investments	<u>899,024</u>	<u>10,333</u>
	<u>2,924,655</u>	<u>2,039,078</u>
Liabilities		
Accounts payable and accrued liabilities	1,473,274	370,882
Deferred revenue (Note 5)	491,116	1,062,732
Long-term debt (Note 3)	<u>3,483,829</u>	<u>3,906,017</u>
	<u>5,448,219</u>	<u>5,339,631</u>
Net debt	<u>(2,523,564)</u>	<u>(3,300,553)</u>
Non-financial assets		
Tangible capital assets (Note 8)	14,716,352	13,744,889
Prepaid expense	-	23,081
Inventory	<u>42,411</u>	<u>51,695</u>
	<u>14,758,763</u>	<u>13,819,665</u>
Accumulated surplus (Note 6)	<u>\$ 12,235,199</u>	<u>\$ 10,519,112</u>

Approved on behalf of Council:



Chief



Councilor



Councilor

Anishinaabeg of Naongashiing First Nation
Consolidated Statement of Operations and Accumulated Surplus

March 31	Budget	2018	2017
Revenue			
Indigenous Services Canada (Note 11)	\$ 2,017,980	\$ 3,648,105	\$ 2,077,388
Fort Frances Tribal Area Health Authority	122,967	99,811	119,177
Rental - housing/equipment	118,800	237,896	240,623
Ministry of Community and Social Services	253,000	270,948	222,079
Ministry of Indigenous Relations			
& Reconciliation	90,000	121,889	90,000
CMHC (Note 12)	244,645	276,821	896,496
Other	25,000	286,345	37,440
Profit sharing revenue	387,413	-	396,577
Resource revenue	-	1,484,673	-
Shooniyaa Wa-Biitong	54,000	58,465	53,222
Health Canada	305,611	260,348	346,278
Casino Rama revenue	425,000	618,765	709,339
Weechi-it-te-win	456,485	645,724	586,316
Ministry of Health	-	65,601	-
Administration	28,368	-	-
Keniis Development Corporation	-	635,044	456,466
	4,529,269	8,710,435	6,231,401
Expenses			
Education	688,710	813,325	681,494
Welfare	359,920	461,525	300,656
Band Support/Administration	738,548	879,603	675,286
Operations and Maintenance	239,193	399,376	280,581
Economic Development	288,500	251,277	297,108
Water Treatment Plant	188,300	289,705	190,551
Capital	-	124,076	2,367
Summer Student Employment	15,000	9,217	-
National Child Benefit Program	19,229	18,333	18,683
New Relationship Fund	90,000	88,061	79,601
SATF Training Program	12,969	5,000	5,000
Community Care	410,968	616,291	521,486
Health Programs	39,442	36,146	39,752
Health Canada Integrated Services	232,781	239,507	286,963
Aboriginal Healing and Wellness	63,525	51,201	64,686
CMHC Rental Housing	398,429	479,210	1,109,870
CMHC Housing Renovations	-	71,848	63,450
Casino Rama	30,000	618,765	709,339
Keniis Development Corporation	-	864,490	697,270
Land Management	215,825	109,898	143,806
Multi-Unit Housing	-	177,470	-
Flood Claim	75,000	28,522	62,425
New Gold IBA	-	361,502	-
	4,106,339	6,994,348	6,230,374
Annual surplus	422,930	1,716,087	1,027
Accumulated surplus, beginning of year	10,519,112	10,519,112	10,518,085
Accumulated surplus, end of year	\$ 10,942,042	\$ 12,235,199	\$ 10,519,112

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

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2018</u>	<u>2017</u>
Annual surplus	\$ 422,930	\$ 1,716,087	\$ 1,027
Acquisition of tangible capital assets	- -	(1,706,252)	(178,625)
Amortization of tangible capital assets	- -	734,789	725,619
	<hr/>	<hr/>	<hr/>
	422,930	744,624	548,021
Use (acquisition) of prepaid expenses	- -	23,081	(11,316)
Use (acquisition) of inventories	- -	9,284	(18,264)
	<hr/>	<hr/>	<hr/>
Net changes in net debt	422,930	776,989	518,441
Net debt, beginning of year	(3,300,553)	(3,300,553)	(3,818,994)
	<hr/>	<hr/>	<hr/>
Net debt, end of year	\$ (2,877,623)	\$ (2,523,564)	\$ (3,300,553)

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
Cash flows from operating activities		
Annual surplus	\$ 1,716,087	\$ 1,027
Item not affecting cash	<u>734,789</u>	<u>725,619</u>
Amortization of tangible capital assets	<u>2,450,876</u>	<u>726,646</u>
Changes in non-cash working capital		
Accounts and loans receivable	(77,697)	(1,045,107)
Prepaid expense	23,081	(11,316)
Inventories	9,284	(18,264)
Accounts payable	1,102,392	47,954
Deferred revenue	<u>(571,616)</u>	<u>663,632</u>
	<u>485,444</u>	<u>(363,101)</u>
	<u>2,936,320</u>	<u>363,545</u>
Cash flows from capital activities		
Purchase of capital assets	<u>(1,706,252)</u>	<u>(178,625)</u>
Cash flows from investing activities		
Purchase of investments	<u>(888,691)</u>	-
Cash flows from financing activities		
Advances of long-term debt	-	356,091
Repayment of long-term debt	<u>(422,188)</u>	<u>(417,324)</u>
	<u>(422,188)</u>	<u>(61,233)</u>
Net change in cash and cash equivalents	<u>(80,811)</u>	<u>123,687</u>
Cash and cash equivalents, beginning of year	<u>605,534</u>	<u>481,847</u>
Cash and cash equivalents, end of year	<u>\$ 524,723</u>	<u>\$ 605,534</u>

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2018

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, 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:

Keniis 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, 2018

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

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, 2018

Investments	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 being performed is deferred and recognized when the fee is earned or service performed.
	Rentals and other fees are recognized in the month that the related unit is rented or the fee for service is provided. An allowance is recorded based on the historical level of collection.
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, 2018

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. 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.

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, 2018

1. 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:

	2018	2017
Internally restricted		
Reserves	\$ 29,501	\$ 29,501
Unrestricted		
Operating	554,196	564,719
Keniis Development Corporation	(58,974)	11,314
	495,222	576,033
Total cash and cash equivalents	\$ 524,723	\$ 605,534

2. Accounts and Loans Receivable

	2018	2017
Accounts receivable		
Advances to band members	\$ 1,779,067	\$ 1,576,181
	170,180	192,541
	1,949,247	1,768,722
Allowance for doubtful accounts	(448,339)	(345,511)
	\$ 1,500,908	\$ 1,423,211

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Long-term Debt

	2018	2017
CMHC mortgage with interest at 1.85%, repayable in monthly installments of \$4,002 principal and interest, maturing August 2019	\$ 676,817	\$ 712,009
CMHC mortgage with interest at 1.04%, repayable in monthly installments of \$3,217 principal and interest, maturing October 2020	272,491	308,069
CMHC mortgage with interest at 1.65%, repayable in monthly installments of \$1,933 principal and interest, maturing October 2020	294,088	312,629
CMHC mortgage with interest at 1.01%, repayable in monthly installments of \$2,154 principal and interest, maturing February 2021	421,740	443,221
CMHC mortgage with interest at 1.01%, repayable in monthly installments of \$2,872 principal and interest, maturing February 2021	564,728	593,345
CMHC mortgage with interest at 1.05%, repayable in monthly installments of \$2,638 principal and interest, maturing April 2020	623,861	648,839
RBC mortgage matured February 2018	-	23,561
RBC mortgage matured April 2017	-	3,566
RBC loan with interest at 5.00%, repayable in monthly installments of \$1,321 principal and interest, maturing October 2018	8,236	24,088
Ford Credit loan with interest at 5.59%, repayable in monthly installments of \$1,173 principal and interest, maturing January 2022	48,455	59,482
	<hr/> <u>\$ 2,910,416</u>	<hr/> <u>\$ 3,128,809</u>

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Long-term Debt (continued)

	2018	2017
Carried forward	\$ 2,910,416	\$ 3,128,809
RBC demand loan with interest at 5.30%, repayable in annual installments of \$175,000 principal, interest payable monthly, maturing April 2018	175,000	350,000
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	26,676	35,079
RBC loan with interest at 3.49%, repayable in bi-weekly installments of \$354 principal and interest, maturing March 2021	26,676	35,079
Keniis Development Corporation mortgage payable to RBC at 4.65%, repayable in monthly installments of \$1,932 of principal and interest, maturing November 2021	234,116	246,105
	\$ 3,483,829	\$ 3,906,017

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

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

	Principal Repayments	Interest	Total
2019	\$ 393,666	\$ 36,353	\$ 430,019
2020	210,915	35,341	246,256
2021	324,573	31,895	356,468
2022	196,223	28,711	224,934
2023	186,946	26,261	213,207
Thereafter	2,171,506	162,157	2,333,663
	\$ 3,483,829	\$ 320,718	\$ 3,804,547

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

3. Long-term Debt (continued)

	2018	2017
Interest expense for the year on long-term debt	<u>\$ 75,243</u>	<u>\$ 83,941</u>

4. Related Party Transactions

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.

5. Deferred Revenue

	Balance March 31, 2017	Funding Received 2018	Revenue Recognized 2018	Balance March 31, 2018
FFTAHA	\$ -	\$ 130,683	\$ 87,347	\$ 43,336
Weechi-it-te-win	167,269	652,861	645,724	174,406
ISC	833,132	864,053	1,518,750	178,435
Casino Rama	62,331	556,434	618,765	-
Health Canada	-	355,287	260,348	94,939
	<u>\$ 1,062,732</u>	<u>\$ 2,559,318</u>	<u>\$ 3,130,934</u>	<u>\$ 491,116</u>

6. Accumulated Surplus

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

	2018	2017
Investment in tangible capital assets		
Tangible capital assets	\$ 13,193,381	\$ 12,144,109
Debt relating to tangible capital assets	<u>(2,963,768)</u>	<u>(3,198,968)</u>
Total investment in tangible capital assets	10,229,613	8,945,141
Operations surplus (deficit)	532,626	(113,779)
Reserve funds (Note 7)	316,115	300,202
Equity in enterprises	<u>1,156,845</u>	<u>1,387,548</u>
	<u>\$ 12,235,199</u>	<u>\$ 10,519,112</u>

Anishinaabeg of Naongashiing First Nation
Notes to Consolidated Financial Statements

March 31, 2018

7. Replacement Reserve

	CMHC	18-187-047/ 001-2 19-446-541/001	9 Unit (2010)	6 Unit (2007)	8 Unit (2009)	5 Unit (2011)	4 Unit (2011)	4 Unit (2015)	Total
Balance March 31, 2016	\$ 12,216	\$ 121,716	\$ 54,600	\$ 62,728	\$ 28,628	\$ 25,523	\$ 5,120	\$ 310,531	
Allocation to reserve 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	
Allocation to reserve funds	3,500	7,650	6,000	9,600	6,175	4,940	5,120	42,985	
Expenditures	(3,500)	(11,721)	(3,115)	(8,002)	(734)	-	-	(27,072)	
Balance March 31, 2018	\$ -	\$ 110,242	\$ 51,300	\$ 63,566	\$ 40,244	\$ 35,403	\$ 15,360	\$ 316,115	

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$316,115. The amount held in a restricted bank account in relation to this reserve is \$28,684; therefore, the reserve is under funded by \$287,431 as of March 31, 2018.

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

March 31, 2018

8. Tangible Capital Assets

	2018						
	Land	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction	Total
Cost, beginning of year	\$ 482,503	\$ 16,847,905	\$ 1,009,841	\$ 107,530	\$ 2,367,473	\$ -	\$ 20,815,252
Additions	-	-	65,442	5,478	350,115	1,285,217	1,706,252
Disposals	-	-	-	-	-	-	-
Cost, end of year	482,503	16,847,905	1,075,283	113,008	2,717,588	1,285,217	22,521,504
Accumulated amortization, beginning of year	-	5,814,270	534,381	55,988	665,724	-	7,070,363
Amortization	-	552,761	110,093	12,002	59,933	-	734,789
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	6,367,031	644,474	67,990	725,657	-	7,805,152
Net carrying amount, end of year	\$ 482,503	\$ 10,480,874	\$ 430,809	\$ 45,018	\$ 1,991,931	\$ 1,285,217	\$ 14,716,352

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

March 31, 2018

8. Tangible Capital Assets (continued)

	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	<u>\$ 482,503</u>	<u>\$ 11,033,635</u>	<u>\$ 475,460</u>	<u>\$ 51,542</u>	<u>\$ 1,701,749</u>	<u>\$ -</u>	<u>\$ 13,744,889</u>

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

March 31, 2018

9. Government Transfers

	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 2,338,105	\$ 1,310,000	\$ 3,648,105	\$ 2,077,388	\$ 346,278	\$ 2,077,388
Health Canada	260,348	-	260,348	-	-	346,278
Canada Mortgage and Housing Corporation	276,821	-	276,821	896,496	-	896,496
Other federal transfers	-	33,972	33,972	-	-	-
\$ 2,875,274	\$ 1,343,972	\$ 4,219,246	\$ 3,320,162	\$ -	\$ 3,320,162	\$ -
Provincial government transfers:						
Ministry of Community and Social Services	\$ 270,948	\$ -	\$ 270,948	\$ 222,079	\$ -	\$ 222,079
Ministry of Indigenous Relations and Reconciliation	121,889	-	121,889	120,000	-	120,000
Other provincial transfers	3,366	-	3,366	1,122	-	1,122
\$ 396,203	\$ -	\$ 396,203	\$ 343,201	\$ -	\$ 343,201	\$ -

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

10. Economic Dependence

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

11. Indigenous Services Canada Funding Reconciliation

	2018	2017
ISC revenue per funding confirmation	\$ 2,977,882	\$ 2,910,520
Deferred revenue, beginning of year	833,132	-
Deferred revenue, end of year	(178,435)	(833,132)
Receipt (recovery) of prior years' funding	<u>15,526</u>	-
ISC revenue per the consolidated statement of operations and accumulated surplus	<u>\$ 3,648,105</u>	\$ 2,077,388

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.

	2018	2017
Subsidy	\$ 217,834	\$ 232,609
Manager trainee	58,988	35,736
Workshop	-	55,000
Retrofit	-	573,150
CMHC revenue per the consolidated statement of operations and accumulated surplus	<u>\$ 276,822</u>	\$ 896,495

13. Expenditure by Object

	2018	2017
Salaries, wages and employee benefits	\$ 2,037,864	\$ 1,782,163
Materials and supplies	3,152,112	2,411,931
Contracted services	422,963	641,426
Rent and financial expenses	287,095	258,833
Travel	451,893	410,402
Amortization	<u>642,421</u>	725,619
	<u>\$ 6,994,348</u>	\$ 6,230,374

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

14. 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.

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.

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2018

15. 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
2018 Segment Disclosure**

	March 31, 2018	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue								
ISCS	\$ 335,859	\$ 184,863	\$1,243,518	\$ 59,785	\$ 225,566	\$ 1,598,516	\$ 3,648,107	
Canada	-	33,972	-	-	-	537,169	571,141	
Ontario	-	-	-	336,549	-	121,889	458,438	
Casino Rama	-	-	-	-	-	618,765	618,765	
Other Aboriginal Organizations	-	-	-	12,465	-	791,535	804,000	
Interest, rentals and other	74,043	12,570	-	-	-	2,523,371	2,609,984	
Administration	148,620	-	-	-	-	(148,620)	-	
Transfers	803,539	64,396	(430,193)	17,920	-	(455,662)	-	
	1,362,061	295,801	813,325	426,719	225,566	5,586,963	8,710,435	
Expenditures								
Salaries, wages and benefits	516,747	60,734	116,473	84,180	58,059	1,201,671	2,037,864	
Materials, supplies and capital	470,144	181,135	258,421	368,713	66,018	1,807,681	3,152,112	
Contracted services	-	-	422,963	-	-	-	422,963	
Rent and financial expenses	182,740	3,047	-	-	-	-	287,095	
Travel	239,141	-	15,468	8,632	-	188,652	451,893	
Amortization	25,852	154,460	-	-	-	462,109	642,421	
	1,434,624	399,376	813,325	461,525	124,077	3,761,421	6,994,348	
Excess (deficiency) of revenue over expenditures	\$ (72,563)	\$ (103,575)	\$ -	\$ (34,806)	\$ 101,489	\$ 1,825,542	\$ 1,716,087	

Anishinaabeg of Naongashiiing First Nation
2017 Segment Disclosure

	March 31, 2017						
	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue							
ISCS	\$ 281,549	\$ 183,322	\$ 987,064	\$ 66,620	\$ 223,687	\$ 335,146	\$ 2,077,388
Canada	-	-	-	-	-	1,242,774	1,242,774
Ontario	-	-	-	222,079	-	120,000	342,079
Casino Rama	-	-	-	-	-	709,339	709,339
Other Aboriginal Organizations	-	-	-	12,462	-	746,253	758,715
Interest, rentals and other	429,712	12,522	-	-	-	658,872	1,101,106
Administration	147,620	-	-	-	-	(147,620)	-
Transfers	745,473	105,676	(305,570)	44,799	-	(590,378)	-
	1,604,354	301,520	681,494	345,960	223,687	3,074,386	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
Rent 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	\$ 489,165	\$ (84,736)	\$ -	\$ 505	\$ 221,320	\$ (625,227)	\$ 1,027