

**Anishinaabeg of Naongashiing
First Nation
Consolidated Financial Statements
For the year ended March 31, 2019**

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Consolidated Financial Statements
For the year ended March 31, 2019

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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.

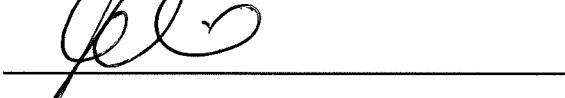
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has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

Independent Auditor's Report

To Chief and Council of Anishinaabeg of Naongashiing First Nation

Opinion

We have audited the consolidated financial statements of Anishinaabeg of Naongashiing First Nation and its enterprises (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, 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 notes to consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 25, 2019

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Financial Position

March 31	2019	Restated (Note 1) 2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 1,221,399	\$ 524,723
Accounts and loans receivable (Note 3)	888,385	1,500,908
Portfolio investments (Note 4)	297,639	899,024
	<u>2,407,423</u>	<u>2,924,655</u>
Liabilities		
Accounts payable and accrued liabilities	793,546	1,749,485
Deferred revenue (Note 7)	988,215	491,116
Long-term debt (Note 5)	3,694,182	3,483,829
	<u>5,475,943</u>	<u>5,724,430</u>
Net debt	<u>(3,068,520)</u>	<u>(2,799,775)</u>
Non-financial assets		
Tangible capital assets (Note 10)	14,420,660	14,716,352
Inventory	42,978	42,411
	<u>14,463,638</u>	<u>14,758,763</u>
Accumulated surplus (Note 8)	<u>\$ 11,395,118</u>	<u>\$ 11,958,988</u>

Approved on behalf of Council:



Chief



Councilor

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Operations

March 31	Budget	2019	Restated (Note 1) 2018
Revenue			
Indigenous Services Canada (Note 12)	\$ 3,809,608	\$ 2,567,495	\$ 3,648,105
Fort Frances Tribal Area Health Authority	104,882	102,336	99,811
Rental - housing/equipment	228,163	241,159	237,896
Ministry of Community and Social Services	55,661	328,500	270,948
Ministry of Indigenous Affairs	90,000	81,000	121,889
CMHC (Note 13)	286,741	223,638	276,821
Other	-	286,981	286,345
Resource revenue	583,000	587,533	1,484,673
Shooniyaa Wa-Biitong	53,344	59,640	58,465
Health Canada	338,545	306,733	260,348
Casino Rama revenue	540,000	704,920	618,765
Weechi-It-Te-Win	607,940	682,789	645,724
Ministry of Health	127,391	105,389	65,601
Keniis Development Corporation	-	777,305	635,044
Loss on disposition of shares	-	(601,384)	-
	6,825,275	6,454,034	8,710,435
Expenses			
Education	830,589	980,092	905,885
Welfare	238,551	469,375	461,525
Band Support/Administration	951,823	1,082,506	879,603
Operations and Maintenance	367,507	330,871	399,376
Economic Development	102,651	209,888	251,277
Water Treatment Plant	344,959	339,744	289,705
Capital	-	3,233	124,076
Summer Student Employment	51,268	7,835	9,217
National Child Benefit Program	-	80,590	18,333
New Relationship Fund	90,000	87,415	88,061
SATF Training Program	-	5,000	5,000
Community Care	607,940	653,356	616,291
Health Programs	67,389	39,184	36,146
Health Canada Integrated Services	338,545	249,824	239,507
Aboriginal Healing and Wellness	104,882	50,690	51,201
CMHC Rental Housing	396,392	448,215	479,210
CMHC Housing Renovations	134,000	17,856	71,848
Casino Rama	540,000	704,920	618,765
Keniis Development Corporation	-	853,911	864,490
Land Management	204,536	140,103	109,898
Multi-Unit Housing	228,163	146,321	177,470
Flood Claim	-	-	28,522
New Gold IBA	583,000	69,075	361,502
GCT#3 Diabetes Initiative	-	9,170	-
Transmission Line Project	-	38,730	-
	6,182,195	7,017,904	7,086,908
Annual surplus (deficit)	\$ 643,080	\$ (563,870)	\$ 1,623,527

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

For the year ended March 31	2019	Restated (Note 1) 2018
Accumulated surplus, beginning of year, as previously stated	\$ 11,958,988	\$ 10,519,112
Correction of prior period error (Note 1)	- <hr/>	(183,651) <hr/>
Accumulated surplus, beginning of year, as restated	11,958,988	10,335,461
Annual surplus (deficit)	<hr/> (563,870)	<hr/> 1,623,527
Accumulated surplus, end of year	<hr/> \$ 11,395,118	<hr/> \$ 11,958,988

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

For the year ended March 31	Budget	2019	Restated (Note 1) 2018
Annual surplus (deficit)	\$ 643,080	\$ (563,870)	\$ 1,623,527
Acquisition of tangible capital assets	-	(474,892)	(1,706,252)
Amortization of tangible capital assets	-	770,584	734,789
	643,080	(268,178)	652,064
Use (acquisition) of prepaid expenses	-	-	23,081
Use (acquisition) of inventories	-	(567)	9,284
	643,080	(268,745)	684,429
Net changes in net debt			
Net debt, beginning of year	(2,799,775)	(2,799,775)	(3,484,204)
Net debt, end of year	\$ (2,156,695)	\$ (3,068,520)	\$ (2,799,775)

Anishinaabeg of Naongashiing First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
Cash flows from operating activities		
Annual surplus (deficit)	\$ (563,870)	\$ 1,623,527
Item not affecting cash		
Amortization of tangible capital assets	<u>770,584</u>	<u>734,789</u>
	<u><u>206,714</u></u>	<u><u>2,358,316</u></u>
 Changes in non-cash working capital		
Accounts and loans receivable	612,523	(77,697)
Prepaid expense	-	23,081
Inventories	(567)	9,284
Accounts payable	(955,939)	1,194,952
Deferred revenue	<u>497,099</u>	<u>(571,616)</u>
	<u><u>153,116</u></u>	<u><u>578,004</u></u>
	<u><u>359,830</u></u>	<u><u>2,936,320</u></u>
 Cash flows from capital activities		
Purchase of capital assets	<u>(474,892)</u>	<u>(1,706,252)</u>
 Cash flows from investing activities		
Purchase of investments	-	(888,691)
Disposal of investments	<u>601,385</u>	<u>-</u>
	<u><u>601,385</u></u>	<u><u>(888,691)</u></u>
 Cash flows from financing activities		
Advances of long-term debt	539,000	-
Repayment of long-term debt	<u>(328,647)</u>	<u>(422,188)</u>
	<u><u>210,353</u></u>	<u><u>(422,188)</u></u>
 Net change in cash and cash equivalents	<u>696,676</u>	<u>(80,811)</u>
 Cash and cash equivalents, beginning of year	<u>524,723</u>	<u>605,534</u>
 Cash and cash equivalents, end of year	<u><u>\$ 1,221,399</u></u>	<u><u>\$ 524,723</u></u>

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2019

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.

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

Anishinaabeg of Naongashiing First Nation Summary of Significant Accounting Policies

March 31, 2019

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. Contributed TCA are recorded at fair value at the time of contribution, with a corresponding amount recorded as revenue. 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 tangible capital assets on a straight-line basis over the following number of years:

Buildings	25 years
Roads, sewer and water	10 - 50 years
Vehicles and equipment	5 years
Computers	3 - 5 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, 2019

Portfolio Investments

Other portfolio 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.

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.

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 estimated accruals/payables.

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, 2019

1. Correction of Prior Period Error

During the current year, it was determined that tuition payable to Big Grassy First Nation in the amount of \$276,211 should have been recognized in prior periods. As a result, the prior year's consolidated financial statements contained an understatement of accounts payable of \$276,211, an understatement of expenses as at March 31, 2018, of \$92,560, an overstatement of accumulated surplus as at April 1, 2017, of \$183,651 and an overstatement of accumulated surplus as at March 31, 2018, of \$276,211. This error has been corrected retroactively with restatement of prior years. The result of the correction of this prior period error is a \$276,211 increase in accounts payable as at March 31, 2018, a \$92,560 increase in education expenses for the year ended March 31, 2018, a \$183,651 decrease in accumulated surplus as at April 1, 2017, and a \$276,211 decrease in accumulated surplus as at March 31, 2018.

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 Canada Deposit Insurance Corporation or as otherwise approved by 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:

	2019	2018
Internally restricted Reserves	<u>\$ 29,501</u>	<u>\$ 29,501</u>
Unrestricted Operating Keniis Development Corporation	<u>1,284,053</u> <u>(92,155)</u>	<u>554,196</u> <u>(58,974)</u>
	<u>1,191,898</u>	<u>495,222</u>
Total cash and cash equivalents	<u>\$ 1,221,399</u>	<u>\$ 524,723</u>

3. Accounts and Loans Receivable

	2019	2018
Accounts receivable Advances to band members	<u>\$ 1,270,556</u> <u>201,426</u>	<u>\$ 1,779,067</u> <u>170,180</u>
	<u>1,471,982</u> <u>(583,597)</u>	<u>1,949,247</u> <u>(448,339)</u>
Allowance for doubtful accounts	<u>\$ 888,385</u>	<u>\$ 1,500,908</u>

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Portfolio Investments

	2019	2018
Miitigoog Limited Partnership	\$ 10,333	\$ 10,333
Marketable Securities	<u>287,306</u>	<u>888,691</u>
	\$ 297,639	\$ 899,024

Portfolio investments are valued at cost. The fair market value of the marketable securities at March 31, 2019, was \$303,641 (2018 - \$888,691). The securities are traded on an exchange.

5. Long-term Debt

	2019	2018
CMHC mortgage with interest at 1.85%, repayable in monthly installments of \$4,002 principal and interest, maturing August 2019	\$ 640,970	\$ 676,817
CMHC mortgage with interest at 1.04%, repayable in monthly installments of \$3,217 principal and interest, maturing October 2020	236,543	272,491
CMHC mortgage with interest at 1.30%, repayable in monthly installments of \$1,885 principal and interest, maturing June 2022	275,175	294,088
CMHC mortgage with interest at 1.01%, repayable in monthly installments of \$2,154 principal and interest, maturing February 2021	400,041	421,740
CMHC mortgage with interest at 1.01%, repayable in monthly installments of \$2,872 principal and interest, maturing February 2021	535,820	564,728
CMHC mortgage with interest at 1.05%, repayable in monthly installments of \$2,638 principal and interest, maturing April 2020	598,620	623,861
RBC loan with interest at 5.00%, repayable in monthly installments of \$1,321 principal and interest, matured October 2018	-	8,236
	\$ 2,687,169	\$ 2,861,961

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2019

5. Long-term Debt (continued)

	2019	2018
Carried forward	\$ 2,687,169	\$ 2,861,961
Ford Credit loan with interest at 5.59%, repayable in monthly installments of \$1,173 principal and interest, maturing January 2022	36,796	48,455
RBC demand loan with interest at 5.30%, repayable in annual installments of \$175,000 principal, interest payable monthly, matured April 2018	-	175,000
Land claim litigation loan, non-interest bearing, unsecured, maturing March 2023 or when litigation is settled, whichever comes first	173,652	110,945
RBC loan with interest at 3.49%, repayable in bi-weekly installments of \$365 principal and interest, maturing March 2021	17,975	26,676
RBC loan with interest at 3.49%, repayable in bi-weekly installments of \$354 principal and interest, maturing March 2021	17,975	26,676
RBC demand loan with interest at 5.95%, repayable in annual installments of \$179,000 principal, interest payable monthly, maturing April 2021	539,000	-
Kenis Development Corporation mortgage payable to RBC at 4.65%, repayable in monthly installments of \$1,932 principal and interest, maturing November 2021	221,615	234,116
	\$ 3,694,182	\$ 3,483,829

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2019

5. Long-term Debt (continued)

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
2020	\$ 504,731	\$ 50,290	\$ 555,021
2021	394,417	41,694	436,111
2022	557,906	30,652	588,558
2023	239,659	26,284	265,943
2024	177,136	24,079	201,215
Thereafter	1,820,333	137,095	1,957,428
	<hr/>	<hr/>	<hr/>
	\$ 3,694,182	\$ 310,094	\$ 4,004,276

	2019	2018
Interest expense for the year on long-term debt	<hr/>	<hr/>

6. 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.

7. Deferred Revenue

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Balance March 31, 2019
FFTAHA	\$ 43,336	\$ 126,918	\$ 89,874	\$ 80,380
Weechi-It-Te-Win	174,406	759,359	682,789	250,976
ISC	178,435	494,019	240,692	431,762
Casino Rama	-	704,920	704,920	-
Health Canada	94,939	408,594	306,733	196,800
Ministry of Indigenous Affairs	-	28,297	-	28,297
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 491,116	\$ 2,522,107	\$ 2,025,008	\$ 988,215

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets		
Tangible capital assets	\$ 12,976,136	\$ 13,193,381
Debt relating to tangible capital assets	<u>(3,298,915)</u>	<u>(2,963,768)</u>
Total investment in tangible capital assets	9,677,221	10,229,613
Operations surplus	295,788	256,415
Reserve funds (Note 9)	354,795	316,115
Equity in enterprises	<u>1,067,314</u>	<u>1,156,845</u>
	<u>\$ 11,395,118</u>	<u>\$ 11,958,988</u>

Anishinaabeg of Naongashiiing First Nation
Notes to Consolidated Financial Statements

March 31, 2019

9. Replacement Reserve

	CMHC			9 Unit (2010)	6 Unit (2007)	8 Unit (2009)	5 Unit (2011)	4 Unit (2011)	4 Unit (2015)	Total
	18-187-047/	001-2	19-446-541/001	19-446-541/002	19-446-541/003	19-446-541/004	19-446-541/005	19-446-541/006		
Balance March 31, 2017	\$	-	\$	114,313	\$	48,415	\$	61,968	\$	34,803
Allocation to reserve funds	3,500		7,650	6,000		9,600		6,175		4,940
Expenditures	(3,500)		(11,721)	(3,115)		(8,002)		(734)		-
Balance March 31, 2018	-		110,242	51,300		63,566		40,244		35,403
Allocation to reserve funds	3,500		7,650	6,000		9,600		6,175		4,940
Expenditures	-		-	(1,523)		(2,047)		(735)		-
Balance March 31, 2019	\$	3,500	\$	117,892	\$	55,777	\$	71,119	\$	45,684
										40,343
										\$ 20,480
										\$ 354,795

CMHC requires that the replacement reserve be fully funded at the end of the fiscal year. The total CMHC replacement reserve is \$354,795. The amount held in a restricted bank account in relation to this reserve is \$28,684; therefore, the reserve is under funded by \$326,111 as of March 31, 2019.

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

March 31, 2019

10. Tangible Capital Assets

	2019						
	Land	Buildings	Vehicles and equipment	Computers	Roads, sewer and water	Assets under construction	Total
Cost, beginning of year	\$ 482,503	\$ 16,847,905	\$ 1,075,283	\$ 113,008	\$ 2,717,588	\$ 1,285,217	\$ 22,521,504
Additions	- 340,672	91,799	42,421	-	-	-	474,892
Disposals	-	-	-	-	-	-	-
Capitalized construction	-	1,285,217	-	-	-	(1,285,217)	-
Cost, end of year	482,503	18,473,794	1,167,082	155,429	2,717,588	-	22,996,396
Accumulated amortization, beginning of year	- 6,367,031	644,474	67,990	725,657	-	7,805,152	
Amortization	- 583,796	101,311	16,791	68,686	-	-	770,584
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	- 6,950,827	745,785	84,781	794,343	-	8,575,736	
Net carrying amount, end of year	\$ 482,503	\$ 11,522,967	\$ 421,297	\$ 70,648	\$ 1,923,245	\$ -	\$ 14,420,660

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

March 31, 2019

10. Tangible Capital Assets (continued)

	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, 2019

11. Government Transfers

	2019			2018		
	Operating	Capital	Total	Operating	Capital	Total
Federal government transfers:						
Indigenous Services Canada	\$ 2,567,495	\$ -	\$ 2,567,495	\$ 2,338,105	\$ 1,310,000	\$ 3,648,105
Health Canada	306,733	-	306,733	260,348	-	260,348
Canada Mortgage and Housing Corporation	223,638	-	223,638	276,821	-	276,821
Other federal transfers	-	-	-	33,972	-	33,972
\$ 3,097,866	\$ -	\$ 3,097,866	\$ 2,875,274	\$ 1,343,972	\$ -	\$ 4,219,246
Provincial government transfers:						
Ministry of Community and Social Services	\$ 328,500	\$ -	\$ 328,500	\$ 270,948	\$ -	\$ 270,948
Ministry of Indigenous Affairs	81,000	-	81,000	121,889	-	121,889
Other provincial transfers	38,730	-	38,730	3,366	-	3,366
\$ 448,230	\$ -	\$ 448,230	\$ 396,203	\$ -	\$ -	\$ 396,203

Anishinaabeg of Naongashiing First Nation Notes to Consolidated Financial Statements

March 31, 2019

12. Indigenous Services Canada Funding Reconciliation

	2019	2018
ISC revenue per funding confirmation	\$ 2,812,000	\$ 2,977,882
Deferred revenue, beginning of year	178,435	833,132
Deferred revenue, end of year	(431,762)	(178,435)
Receipt of prior years' funding	<u>8,822</u>	<u>15,526</u>
ISC revenue per the consolidated statement of operations	<u>\$ 2,567,495</u>	<u>\$ 3,648,105</u>

13. 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.

	2019	2018
Subsidy	\$ 205,782	\$ 217,834
Manager trainee	<u>17,856</u>	<u>58,987</u>
CMHC revenue per the consolidated statement of operations	<u>\$ 223,638</u>	<u>\$ 276,821</u>

14. Expenses by Object

	2019	2018
Salaries, wages and employee benefits	\$ 2,001,136	\$ 2,037,864
Materials and supplies	3,095,743	3,152,112
Contracted services	558,116	515,523
Rent and financial expenses	197,214	287,095
Travel	476,527	451,893
Amortization	<u>689,168</u>	<u>642,421</u>
	<u>\$ 7,017,904</u>	<u>\$ 7,086,908</u>

Anishinaabeg of Naongashiing First Nation

Notes to Consolidated Financial Statements

March 31, 2019

15. 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, 2019

16. 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
2019 Segment Disclosure**

	March 31, 2019						
	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue							
ISC	\$ 326,674	\$ 186,991	\$ 1,206,665	\$ 62,501	\$ 228,163	\$ 586,351	\$ 2,597,345
Canada	-	-	-	-	-	609,050	609,050
Ontario	-	-	-	446,351	-	81,000	527,351
Casino Rama	-	-	-	-	-	704,920	704,920
Other Aboriginal Organizations	-	-	-	-	-	806,091	806,091
Interest, rentals and other	121,215	8,943	26,115	-	-	1,053,004	1,209,277
Administration	149,450	-	-	-	-	(149,450)	-
Transfers	323,496	12,108	-	(39,477)	-	(296,127)	-
	920,835	208,042	1,232,780	469,375	228,163	3,394,839	6,454,034
Expenses							
Salaries, wages and benefits	579,707	103,170	120,303	96,997	-	1,100,959	2,001,136
Materials, supplies and capital	488,988	58,713	289,246	355,300	3,233	1,900,263	3,095,743
Contracted services	-	-	558,116	-	-	-	558,116
Rent and financial expenses	121,560	2,414	-	2,720	-	70,520	197,214
Travel	194,903	-	12,427	14,358	-	254,839	476,527
Amortization	25,845	166,574	-	-	-	496,749	689,168
	1,411,003	330,871	980,092	469,375	3,233	3,823,330	7,017,904
Excess (deficiency) of revenue over expenses	\$ (490,168)	\$ (122,829)	\$ 252,688	\$ -	\$ 224,930	\$ (428,491)	\$ (563,870)

**Anishinaabeg of Naongashiiing First Nation
2018 Segment Disclosure**

	March 31, 2018						
	Band Support	Operations and Maintenance	Education	Welfare	Capital	Other	Total
Revenue							
ISC	\$ 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
Expenses							
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	-	-	515,523	-	-	-	515,523
Rent and financial expenses	182,740	3,047	-	-	-	101,308	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	905,885	461,525	124,077	3,761,421	7,086,908
Excess (deficiency) of revenue over expenses	\$ (72,563)	\$ (103,575)	\$ (92,560)	\$ (34,806)	\$ 101,489	\$ 1,825,542	\$ 1,623,527