



Consolidated Financial Statements

Shawanaga First Nation

March 31, 2015

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Independent Auditor's Report

Grant Thornton LLP
Suite 200
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T (705) 472-6500
F (705) 472-7760
www.GrantThornton.ca

To the Members of
Shawanaga First Nation

We have audited the accompanying consolidated financial statements of Shawanaga First Nation which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 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 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 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 Shawanaga First Nation as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
July 31, 2015

Chartered Accountants
Licensed Public Accountants

Shawanaga First Nation

Consolidated Statements of Operations and Accumulated Surplus

Year Ended March 31

2015
Actual

2014
Actual
(Restated -
see Note 22)

Revenue		
Government funding (Note 19)	\$ 4,682,266	\$ 4,312,530
Sales	3,642,067	3,616,388
Rental and other	296,249	255,222
Recovery of allowance for uncollectible loans	3,750	600
Interest	36,355	42,965
Gain on disposal of equipment	17,106	-
	<u>8,677,793</u>	<u>8,227,705</u>
Expenses		
Capital	192,474	32,760
Community operations	798,719	939,126
Economic development	3,784,427	3,797,332
Education	1,030,867	1,090,428
First Nation administration	1,294,330	1,314,768
Health services	961,546	757,717
Other	293,115	385,634
Social services	329,558	292,973
	<u>8,685,037</u>	<u>8,610,738</u>
Annual deficit before current and prior year subsidy settlements	(7,244)	(383,033)
Current year subsidy settlements	(153,702)	(126,257)
Prior year subsidy settlements	<u>(158,893)</u>	<u>(41,816)</u>
Annual deficit	(319,839)	(551,106)
Accumulated surplus, beginning of year (Note 17)	<u>3,492,625</u>	<u>4,043,731</u>
Accumulated surplus, end of year	<u>\$ 3,172,786</u>	<u>\$ 3,492,625</u>

Shawanaga First Nation

Consolidated Statement of Financial Position

March 31

2015

2014

(Restated -
see Note 22)

Financial assets

Cash and cash equivalents	\$ 1,000,524	\$ 903,272
Restricted cash (Note 4)	608,281	1,315,128
Receivables	546,298	703,191
Investments (Note 5)	5	5
Mortgages receivable (Note 7)	602,495	627,693
	<u>2,757,603</u>	<u>3,549,289</u>

Liabilities

Payables and accruals	749,403	1,171,181
Funding repayable (Note 11)	341,201	233,219
Deferred contributions (Note 9)	376,976	610,225
Long term debt (Note 12)	889,490	911,635
Obligations under capital lease (Note 13)	14,321	24,785
	<u>2,371,391</u>	<u>2,951,045</u>

Net financial assets

	<u>386,212</u>	<u>598,244</u>
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Non-financial assets

Inventories	82,196	86,562
Prepays and deposits	17,240	16,232
Tangible capital assets (Note 8)	2,687,138	2,791,587
	<u>2,786,574</u>	<u>2,894,381</u>

Accumulated surplus (Notes 17 and 22)

	<u>\$ 3,172,786</u>	<u>\$ 3,492,625</u>
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Contingencies (Note 14)

On behalf of Council

 Councillor

 Councillor

Shawanaga First Nation

Consolidated Statement of Change in Net Financial Assets

Year Ended March 31

2015
Actual

2014
Actual
(Restated -
see Note 22)

Annual deficit	\$ (319,839)	\$ (551,106)
Amortization of capital assets	250,777	245,372
Acquisition of tangible capital assets	(156,921)	(511,865)
Disposal of tangible capital assets	10,594	-
Change in inventories	4,366	7,218
Change in prepaids and deposits	<u>(1,009)</u>	<u>5,457</u>
Decrease in net financial assets	(212,032)	(804,924)
Net financial assets,		
Beginning of year	<u>598,244</u>	<u>1,403,168</u>
End of year	<u>\$ 386,212</u>	<u>\$ 598,244</u>

Shawanaga First Nation

Consolidated Statement of Cash Flows

Year Ended March 31

2015

2014

(Restated -
see Note 22)

Cash and cash equivalents derived from (applied to)

Operating transactions

Annual deficit	\$	(319,839)	\$	(551,106)
Non-cash changes to operations:				
Amortization		250,777		245,372
Amortization of discount on mortgages receivable		(14,934)		(8,817)
Gain on disposal of tangible assets		(17,106)		-
Recovery of allowance for uncollectible loans		(3,750)		(600)
Changes in non-cash items:				
Decrease in receivables		156,893		298,739
Decrease in inventories		4,366		7,218
Decrease (increase) in prepaids and deposits		(1,009)		1,101
Decrease in payables and accruals		(421,778)		(291,450)
(Decrease) increase in funding repayable		107,982		164,608
(Decrease) increase in deferred contributions		(233,249)		95,143
		<u>(491,647)</u>		<u>(39,792)</u>

Financing transactions

Repayment of long term debt		(42,892)		(45,373)
Repayment of obligation under capital lease		(10,464)		(10,476)
		<u>(53,356)</u>		<u>(55,849)</u>

Investing transactions

Decrease in restricted cash		706,847		445,381
Payments received on mortgages receivable		40,132		27,572
Payments received on loan to TMT Sports		3,750		600
		<u>750,729</u>		<u>473,553</u>

Capital transactions

Proceeds on disposal of tangible assets		700		-
Purchase of property and equipment		(109,174)		(511,865)
		<u>(108,474)</u>		<u>(511,865)</u>

Net increase (decrease) in cash and cash equivalents		97,252		(133,953)
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Cash and cash equivalents

Beginning of year		<u>903,272</u>		<u>1,037,225</u>
End of Year	\$	<u>1,000,524</u>		<u>903,272</u>

Supplemental cash flow information

a) Interest paid	\$	<u>18,740</u>	\$	<u>18,921</u>
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b) Non-cash capital transactions: During the year, the First Nation purchased a vehicle using direct vendor financing of \$20,747 after trade-in of \$27,000.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

1. Nature of operations

The Shawanaga First Nation ("the First Nation") is a local government entity whose principal purpose is to provide for the well-being of its band members. The First Nation operates under the Indian Act.

2. Summary of significant accounting policies

Management responsibility

The consolidated financial statements of the First Nation are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all programs administered by the First Nation and all organizations controlled by the First Nation. These consolidated financial statements include the following organizations:

Shawanaga Retail GP Inc.
Shawanaga Retail LP.

Inter-organizational transactions and balances between these organizations are eliminated.

Revenue recognition

Restaurant sales are recognized when services are rendered. Gas and variety store sales are recognized when goods are sold. Interest and other income are recognized when earned.

Government transfers

Government transfers received are recognized as revenues 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. Transfers are recognized as deferred contributions when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.

Government transfers paid are recognized as an expense in the period the transfer is authorized and all eligible criteria have been met by the recipient.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories are measured at the lower of cost and net realizable value, with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Investments

The investment in the government business enterprise is accounted for using the modified equity method.

Tangible capital assets

Tangible capital assets are capitalized at acquisition cost and are amortized over their expected useful life using the straight line method at the following rates:

Buildings	25 years
Water supply/distribution system	40 years
Equipment	5 years
Machinery and vehicles	5 years
Roads	20 years
School bus	5 years
Solar system	12 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statements of operations.

Contributed capital assets are recorded into revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the First Nation may undertake in the future. Significant accounting estimates include allowance for doubtful accounts and uncollectible loans, current year subsidy settlements payable and estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

3. Change in accounting policy

On April 1, 2014 the First Nation adopted Public Sector Accounting Standards section 3260 "Liability for contaminated sites". This new standard establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with remediation of contaminated sites. The First Nation's adoption of this new standard has not resulted in any significant changes in liability recognition.

4. Restricted cash

Restricted cash of the Trust Fund relates to funds on deposit with Aboriginal Affairs and Northern Development Canada generated from land that is leased to non-native parties and interest earned on the

Restricted cash of the Casino Rama Fund consists of cash and term deposits and relates to funds received from the Ontario First Nations Limited Partnership that are unspent at year end.

Restricted cash of the Replacement Reserve consists of term deposits and is required to be maintained under the terms of an agreement with Canada Mortgage and Housing Corporation for the purpose of replacing items of a capital nature.

	<u>2015</u>	<u>2014</u>
Trust Fund	\$ 77,100	\$ 74,977
Casino Rama Fund	469,252	1,186,216
Replacement Reserve	61,929	53,935
	<u>\$ 608,281</u>	<u>\$ 1,315,128</u>

Restricted cash includes guaranteed investment certificates of \$25,739 (2014 - \$1,129,899) with an interest rate of 0.8% (2014 – 1.38%) and maturity dates ranging from September 2015 to March 2016.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

5. Investments

In 2004, the First Nation invested \$100,000 to acquire a 30% ownership interest in the common shares of TMT Sports, a portfolio investment. Although no formal legal documents have been prepared, management asserts that a 30% ownership interest in the common shares of TMT Sports has been acquired. This investment has no quoted market value and it is not practicable to estimate the fair value of this investment. Information relating to changes in the financial position of TMT Sports is not available and therefore cannot be disclosed. Management indicates that this investment has no value and therefore, a valuation allowance in the amount of \$100,000 has been provided for in these financial statements.

The First Nation owns 100% of the common shares of 1582787 Ontario Ltd. at a cost of \$5. This enterprise was inactive during the year and currently has no assets or liabilities.

6. Loan receivable

In prior years, the First Nation advanced \$125,000 to TMT Sports, a company in which management asserts that the First Nation has a 30% ownership interest. Although no formal legal documents have been prepared, management asserts that the loan is non-interest bearing, has no specified terms of repayment and is unsecured. No financial information for TMT Sports is available and management indicates that ultimate collection of this loan is unlikely. Therefore, the entire loan receivable has been included in the allowance for uncollectible loans. During the year, \$3,750 (2014 - \$600) was collected on this loan.

	2015	2014
Loan receivable from TMT Sports	\$ 103,664	\$ 107,414
Allowance for uncollectible loans	(103,664)	(107,414)
	<u>\$ -</u>	<u>\$ -</u>

7. Mortgages receivable

	2015	2014
Face value	\$ 782,186	\$ 822,318
Unamortized discount	(179,691)	(194,625)
	<u>\$ 602,495</u>	<u>\$ 627,693</u>

(Restated -
see Note
22)

The mortgages are non-interest bearing, receivable in monthly payments ranging from \$355 to \$694 and maturing in years ranging from 2016 to 2035.

Shawanaga First Nation
Notes to the Consolidated Financial Statements

March 31, 2015

8. Tangible Capital Assets

	General				Infrastructure				2015	2014
	Land and land improvements	Machinery and vehicles	Equipment and furniture	Leased equipment	Buildings	Roads	Water and distribution systems	Construction in progress		
Cost										
Balance, beginning of year	\$ 5,000	\$ 717,724	\$ 493,816	\$ 54,710	\$ 1,664,012	\$ 85,889	\$ 2,472,304	\$ -	\$ 5,493,455	\$ 4,981,589
Add: additions during year	-	65,747	20,897	-	-	-	70,277	-	156,921	511,865
Less: disposals during year	-	(49,470)	-	-	-	(700)	-	-	(50,170)	-
Balance, end of year	<u>5,000</u>	<u>734,001</u>	<u>514,713</u>	<u>54,710</u>	<u>1,664,012</u>	<u>85,189</u>	<u>2,542,581</u>	<u>-</u>	<u>5,600,206</u>	<u>5,493,454</u>
Accumulated amortization										
Balance, beginning of year	-	593,197	414,888	32,826	849,812	7,870	803,274	-	2,701,867	2,456,495
Add: amortization during the year	-	82,702	22,749	10,942	66,560	4,259	63,565	-	250,777	245,372
Less: accumulated amortization on disposals	-	(39,576)	-	-	-	-	-	-	(39,576)	-
Balance, end of year	<u>-</u>	<u>636,323</u>	<u>437,637</u>	<u>43,768</u>	<u>916,372</u>	<u>12,129</u>	<u>866,839</u>	<u>-</u>	<u>2,913,068</u>	<u>2,701,867</u>
Net book value	<u>\$ 5,000</u>	<u>\$ 97,678</u>	<u>\$ 77,076</u>	<u>\$ 10,942</u>	<u>\$ 747,640</u>	<u>\$ 73,060</u>	<u>\$ 1,675,742</u>	<u>\$ -</u>	<u>\$ 2,687,138</u>	<u>\$ 2,791,587</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

9. Deferred contributions

Deferred contributions represent government transfers for which the stipulations have not yet been met (i.e. relate to expense of future periods):

	Balance March 31, 2014	Funding Received	Revenue Recognized	Balance March 31, 2015
CMHC - RRAP programs	\$ 39,800	\$ 16,000	\$ 55,800	\$ -
Trillium Grant	149,900	7,650	157,550	-
Aboriginal Affairs and Northern Development Canada				
Capital	92,698	158,335	61,014	190,019
Fire protection and training	1,563	33,368	33,081	1,850
Post secondary education	29,361	257,763	254,991	32,133
Water systems	266,231	57,352	226,586	96,997
Land management	30,672	98,590	73,285	55,977
	<u>\$ 610,225</u>	<u>\$ 629,058</u>	<u>\$ 862,307</u>	<u>\$ 376,976</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

10. Bank indebtedness

The First Nation has an operating line of credit with CIBC of \$100,000 (2014 - \$100,000), which is unused at March 31, 2015 (2014 - unused). As security, the First Nation has provided a general security agreement covering all assets of the First Nation. The line of credit bears interest at CIBC prime plus 1.5% per annum.

11. Funding repayable	(Restated - see Note 22)	
	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 259,850	\$ 116,053
Aboriginal Healing and Wellness	-	9,894
Health Canada	69,242	93,836
Independent First Nation	8,720	8,720
Ministry of Health	913	3,737
Ministry of Aboriginal Affairs	-	979
Ministry of Children and Youth Services	2,476	-
	<u>\$ 341,201</u>	<u>\$ 233,219</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

12. Long term debt

	2015	2014
CMHC mortgage, bearing interest at 0.98% per annum, repayable in blended monthly instalments of \$1,645, maturing March 2020. As security, Aboriginal Affairs and Northern Development Canada has provided a loan guarantee.	\$ 358,388	\$ 372,048
CMHC mortgage, bearing interest at 1.98% per annum, repayable in blended monthly instalments of \$1,306, maturing May 2019. As security, Aboriginal Affairs and Northern Development Canada has provided a loan guarantee.	192,531	204,193
CMHC mortgage, bearing interest at 1.64% per annum, repayable in blended monthly instalments of \$1,808, maturing February 2017. As security, Aboriginal Affairs and Northern Development Canada has provided a loan guarantee.	319,058	335,394
Vehicle loan, bearing interest at 5.59% per annum, repayable in blended monthly instalments of \$398, maturing in October 2019. As security, the First Nation has pledged the vehicle to which the loan relates.	19,513	-
	<u>\$ 889,490</u>	<u>\$ 911,635</u>

Principal repayments in each of the next five years are estimated as follows:

2016	\$ 48,629
2017	49,519
2018	50,433
2019	51,371
2020	50,672

13. Obligations under capital lease

The First Nation leases equipment under long term capital leases. Future minimum lease payments under lease obligations are as follows:

	2015	2014
2015	\$ -	\$ 11,988
2016	11,988	11,988
2017	3,066	3,066
Total minimum lease payments	15,054	27,042
Less: imputed interest at 6.79%	733	2,257
	<u>\$ 14,321</u>	<u>\$ 24,785</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

14. Contingencies

a) Where differences exist between the First Nation's net approved expenses and their actual net expenses, the resolution of these variances will be negotiated between the funding agency and the First Nation. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded as a prior year settlement (recovery) on the Consolidated Statement of Operations.

b) The First Nation has provided a guarantee to Deposit Insurance Corporation of Ontario for the mortgage of one of its members, the balance of which was \$23,424 at March 31, 2015.

c) The First Nation has forgivable loans with Canada Mortgage and Housing Corporation related to Canada Mortgage and Housing Corporation's Residential Rehabilitation Assistance Program. At March 31, 2014, the total unforgiven loan balances amount to \$72,180.

15. Defined contribution pension plan

The First Nation maintains a defined contribution pension plan for its employees. The assets of the plan are held separately from those of the First Nation in an independently administered fund. Contributions paid and expensed by the First Nation amounted to \$64,467 (2014 - \$62,928).

16. Related party transactions

At year end, there is a mortgage receivable of \$74,243 due from one Council member.

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

17. Accumulated surplus

The First Nation uses fund accounting to account for activity related to the following funds:

- (a) The Band Operating Fund reports the accountable program activities of the First Nation administration, as well as the activities of the First Nation administration for which no external funding is received.
- (b) The Trust Fund reports trust funds owned by the First Nation that are held in trust by third parties.
- (c) The Capital Fund reports capital assets owned by the First Nation and financing related thereto.
- (d) The Casino Rama Fund reports the distributions received from Ontario First Nations Limited Partnership as a result of gaming revenues received by the Province of Ontario and expenditure of those distributions.
- (e) The Infrastructure Project Fund reports funds internally restricted by Council related to future projects to be undertaken by the First Nation.

Accumulated surplus consists of individual surplus (deficit) as follows:

		(Restated - see Note 22)
	<u>2015</u>	<u>2014</u>
Band operating fund	\$ (1,047,784)	\$ (2,926,018)
Capital fund	2,652,487	2,765,308
Casino Rama fund	1,264,442	3,373,102
CMHC reserves	100,419	79,134
Trust fund	78,222	76,099
Infrastructure project fund	125,000	125,000
	<u>\$ 3,172,786</u>	<u>\$ 3,492,625</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

18. Budget figures

The First Nation does not formally budget for all of its programs and as such, the scope of the financial activity reported in the First Nation's fiscal plan is not the same as that reported in the consolidated financial statements.

The comparison of budget and actual results in those programs that the First Nation includes in its fiscal plan is summarized as follows:

Statements of Operations and Accumulated Surplus	Budget	Actual
Revenue		
Government funding	\$ 4,265,354	\$ 4,495,592
Rental and other	218,563	108,168
Recovery of allowance for uncollectible loans	7,000	3,750
Interest	555,400	34,232
Add: Prior year deferred contributions	180,572	-
	<u>5,226,889</u>	<u>4,641,742</u>
Expenses		
Amortization	242,000	250,777
Administration	(31,745)	3,825
Advertising and promotion	5,000	4,277
Bad debts	-	-
Community services	220,347	229,021
Employee benefits	179,961	253,928
Equipment leasing	6,064	12,947
Food	18,192	17,051
Honorariums	61,293	69,055
Insurance	33,907	38,831
Interest and bank charges	4,300	7,862
Meetings and travel	228,312	224,899
Miscellaneous and other	44,547	54,387
Office	49,235	49,963
Program costs and supplies	498,826	407,035
Professional fees and contract services	275,746	327,813
Repairs and maintenance	439,051	322,348
Salaries	1,631,887	1,523,164
Telephone and utilities	179,926	163,824
Training and workshops	70,091	54,391
Tuition and living allowance	662,778	495,328
Unresolved dispute	-	17,271
Vehicle operating and transportation	54,826	73,921
Write off HST/GST Recovery	-	1,291
	<u>4,874,544</u>	<u>4,603,209</u>
Annual surplus (deficit) before current and prior year subsidy settlements	352,345	38,533
Current year subsidy settlements	-	(52,943)
Prior year subsidy settlements	-	(145,984)
Annual surplus (deficit)	352,345	(160,394)
Accumulated surplus, beginning of year	<u>3,492,625</u>	<u>3,492,625</u>
Accumulated surplus, end of year	<u>\$ 3,844,970</u>	<u>\$ 3,332,231</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

18. Budget Figures (continued)

Statement of Change in Net Financial Assets	Budget	Actual
Annual deficit	\$ 352,345	\$ (160,394)
Amortization of tangible capital assets	(242,000)	250,777
Acquisition of tangible capital assets	54,945	-
Change in prepaids and deposits	<u>-</u>	<u>(1,009)</u>
Decrease in net financial assets	165,290	89,374
Net financial assets,		
Beginning of year	<u>902,187</u>	<u>902,187</u>
End of year	<u>\$ 1,067,477</u>	<u>\$ 991,561</u>

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

Adopted budget:

Increase in band operating fund deficiency	\$ (481,917)
Increase in Casino Rama Fund surplus	1,010,841

Adjustments:

Acquisition of tangible capital assets	54,945
Amortization of tangible capital assets	(242,000)
Debt repayments	<u>10,476</u>
	<u>\$ 352,345</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

19. Government transfers	2015	2014
Transferor		
AANDC	\$ 2,161,946	\$ 2,347,706
Aboriginal Healing and Wellness Strategy	487,281	362,977
AHHRI-IHCP	4,128	3,600
Canada Housing and Mortgage Corporation	104,161	76,540
Chiefs of Ontario	1,447	-
Gezhtoojig Employment and Training	57,347	58,072
Health Canada	367,685	432,249
Independent First Nations	85,691	70,630
Ministry of Aboriginal Affairs	90,000	80,000
Ministry of Community and Social Services	284,154	232,640
Ministry of Health & Long Term Care	33,395	32,169
Ministry of Natural Resources	-	14,053
Ministry of Transportation of Ontario	294,947	17,811
Ontario Library Service	13,669	14,338
Ontario First Nations (2008) Limited Partnership	547,402	533,785
Ontario Federation of Indian Friendship Centres	-	-
Ontario Graphite Limited	(887)	35,960
Ontario Trillium Foundation	149,900	-
	\$ 4,682,266	\$ 4,312,530

20. Comparative figures

Certain prior year figures presented for comparative purposes have been reclassified to conform with the presentation adopted for the current year.

Shawanaga First Nation

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21. Segment information

The First Nation provides a wide range of services to its members and these services are provided through various programs. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used by the First Nation, which include the following activities:

Capital:

This segment reports the major capital projects and activities occurring in the First Nation during the year.

Community operations:

This segment includes housing, road maintenance, water, solid waste management, and fire protection services.

Economic development:

This segment reports the economic development activities of the First Nation, including programs such as fish harvesting, bush clearing as well as youth employment and other training programs.

Education:

This segment includes general and special education. This segment also includes service contracts with provincially funded area school boards which are entered into for secondary students. In addition, this segment includes the reimbursement of tuition costs and living and other allowances to students who are attending post-secondary institutions.

First Nation Administration:

This segment includes finance, band support and membership, and the governance activities of Chief and Council. This area oversees the delivery of all government services, including ensuring that adequate policies and procedures are in place to safeguard assets and to properly report financial activities.

Health services:

This segment reports the diverse range of services provided by the First Nation directed towards the wellbeing of its members including the delivery of programming such as early childhood development, nutrition, diabetes, mental health, healthy babies, victim services, home and community care and many other programs designed to enhance the health of its members.

Other:

The segment includes all the other programs provided by the First Nation that are ancillary to the core services of the First Nation. Some of the more significant programs include the library and annual Pow Wow.

Social services:

This segment includes the delivery of a variety of programming including Ontario Works, employment support services and national child benefit programs.

Shawanaga First Nation
Notes to the Consolidated Financial Statements

March 31, 2015

21. Segment information (continued)	2015								
	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Total
Revenue									
Government funding	\$ 210,914	\$ 737,755	\$ 77,267	\$ 1,055,147	\$ 748,030	\$ 972,280	\$ 561,071	\$ 319,802	\$ 4,682,266
Sales	-	-	3,642,067	-	-	-	-	-	3,642,067
Rental and other	-	68,568	107,569	32,931	47,177	885	39,119	-	296,249
Recovery of allowance for uncollectible loans	-	-	-	-	3,750	-	-	-	3,750
Interest	-	15,138	-	-	9,888	-	11,329	-	36,355
Gain on disposal of equipment	-	17,106	-	-	-	-	-	-	17,106
	<u>210,914</u>	<u>838,567</u>	<u>3,826,903</u>	<u>1,088,078</u>	<u>808,845</u>	<u>973,165</u>	<u>611,519</u>	<u>319,802</u>	<u>8,677,793</u>
Expenses									
Amortization	-	143,557	15,923	28,052	15,619	39,279	7,865	481	250,777
Advertising and promotion	-	-	1,000	-	375	3,902	-	-	5,277
Bad debts	-	-	-	-	3,825	-	-	-	3,825
Community services	-	-	-	-	20,033	-	208,988	-	229,021
Cost of sales	-	-	3,230,268	-	-	-	-	-	3,230,268
Employee benefits	-	24,367	37,400	38,476	119,503	56,828	2,829	1,919	281,322
Equipment leasing	-	740	12,252	-	8,314	-	-	3,893	25,199
Food	-	-	-	-	-	6,651	-	10,400	17,051
Honorariums	-	10,767	3,075	300	58,350	1,757	-	-	74,249
Insurance	-	20,999	1,292	3,505	12,268	5,261	-	-	43,325
Interest and bank charges	-	20	59,964	-	6,399	1,443	-	-	67,826
Interest on long term debt	-	17,879	-	-	-	-	-	-	17,879
Meetings and travel	-	1,191	8,044	7,596	160,331	43,835	-	6,587	227,584
Miscellaneous and other	-	-	(792)	7,215	3,032	19,610	42,622	2,304	73,991
Office	-	5,189	7,502	1,436	35,183	8,242	-	-	57,552
Program costs and supplies	-	142,894	9,499	66,865	15,649	160,942	11,186	-	407,035
Professional fees and contract services	-	5,967	33,930	-	344,072	13,092	-	-	397,061
Repairs and maintenance	192,474	83,504	9,717	8,837	29	100,617	-	-	395,178
Salaries	-	216,092	332,360	316,830	397,295	442,404	19,625	31,666	1,756,272
Social assistance payments	-	-	-	-	-	-	-	268,508	268,508
Telephone and utilities	-	76,229	22,993	24,918	49,169	24,729	-	635	198,673
Training and workshops	-	285	-	9,785	8,202	32,954	-	3,165	54,391
Tuition and living allowance	-	-	-	495,328	-	-	-	-	495,328
Vehicle operating and transportation	-	49,039	-	21,724	3,158	-	-	-	73,921
Unresolved dispute	-	-	-	-	17,271	-	-	-	17,271
Wage settlements	-	-	-	-	14,962	-	-	-	14,962
Write off HST/GST recovery	-	-	-	-	1,291	-	-	-	1,291
	<u>192,474</u>	<u>798,719</u>	<u>3,784,427</u>	<u>1,030,867</u>	<u>1,294,330</u>	<u>961,546</u>	<u>293,115</u>	<u>329,558</u>	<u>8,685,037</u>
Annual surplus (deficit) before current and prior year subsidy settlements	18,440	39,848	42,476	57,211	(485,485)	11,619	318,404	(9,756)	(7,244)
Current year subsidy settlements	-	(126,455)	-	(17,342)	-	(7,429)	-	(2,476)	(153,702)
Prior year subsidy settlements	-	(139,180)	-	-	(12,078)	(7,635)	-	-	(158,893)
Annual surplus (deficit)	<u>\$ 18,440</u>	<u>\$ (225,787)</u>	<u>\$ 42,476</u>	<u>\$ 39,869</u>	<u>\$ (497,563)</u>	<u>\$ (3,445)</u>	<u>\$ 318,404</u>	<u>\$ (12,232)</u>	<u>\$ (319,839)</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

21. Segment information (continued)	2014 (Restated - see Note 22)								
	Capital	Community Operations	Economic Development	Education	First Nation Administration	Health Services	Other	Social Services	Total
Revenue									
Government funding	\$ 66,683	\$ 877,274	\$ 63,940	\$ 1,125,766	\$ 548,724	\$ 791,832	\$ 550,923	\$ 287,388	\$ 4,312,530
Sales	-	-	3,611,892	-	-	-	4,496	-	3,616,388
Rental and other	-	72,140	7,325	29,630	17,739	350	128,038	-	255,222
Recovery of allowance for uncollectible loans	-	-	-	-	600	-	-	-	600
Interest	-	9,020	-	-	14,100	-	19,845	-	42,965
Gain on disposal of equipment	-	-	-	-	-	-	-	-	-
	<u>66,683</u>	<u>958,434</u>	<u>3,683,157</u>	<u>1,155,396</u>	<u>581,163</u>	<u>792,182</u>	<u>703,302</u>	<u>287,388</u>	<u>8,227,705</u>
Expenses									
Amortization	-	146,249	19,870	28,052	11,922	39,279	-	-	245,372
Administration	-	-	-	-	522	-	-	-	522
Advertising and promotion	-	-	455	-	-	-	1,408	-	1,863
Bad debts	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	21,736	-	195,821	-	217,557
Cost of sales	-	-	3,207,515	-	-	-	-	-	3,207,515
Employee benefits	-	18,150	29,820	25,215	144,595	49,897	1,631	1,519	270,827
Equipment leasing	-	-	6,154	-	251	-	-	1,360	7,765
Food	-	-	-	-	-	7,662	-	12,337	19,999
Honorariums	-	13,138	-	100	50,120	5,960	-	-	69,318
Insurance	-	18,659	777	5,552	12,721	12,809	-	-	50,518
Interest and bank charges	-	-	50,236	-	9,816	599	57	-	60,708
Interest on long term debt	-	18,845	-	-	-	-	-	-	18,845
Meetings and travel	-	2,428	5,164	7,471	128,682	22,526	-	11,574	177,845
Miscellaneous and other	-	-	48,487	8,513	-	13,289	46,649	9,456	126,394
Office	-	155	6,374	1,084	39,464	26,113	-	-	73,190
Program costs and supplies	-	219,035	25,468	80,316	7,981	124,349	101,940	1,611	560,700
Professional fees and contract services	-	3,361	24,106	-	283,525	6,805	-	-	317,797
Repairs and maintenance	32,760	174,396	14,291	8,185	552	28,673	-	-	258,857
Salaries	-	186,795	332,151	396,981	387,937	405,341	37,614	23,400	1,770,219
Social assistance payments	-	-	-	-	-	-	-	231,272	231,272
Telephone and utilities	-	86,359	24,786	29,668	51,586	1,969	-	962	195,330
Training and workshops	-	-	1,678	6,315	1,798	12,522	514	(518)	22,309
Tuition and living allowance	-	-	-	472,383	-	-	-	-	472,383
Vehicle operating and transportation	-	51,556	-	20,593	2,391	(76)	-	-	74,464
Unresolved dispute	-	-	-	-	69,083	-	-	-	69,083
Wage settlements	-	-	-	-	86,538	-	-	-	86,538
Write off HST/GST recovery	-	-	-	-	3,548	-	-	-	3,548
	<u>32,760</u>	<u>939,126</u>	<u>3,797,332</u>	<u>1,090,428</u>	<u>1,314,768</u>	<u>757,717</u>	<u>385,634</u>	<u>292,973</u>	<u>8,610,738</u>
Annual surplus (deficit) before current and prior year subsidy settlements	33,923	19,308	(114,175)	64,968	(733,605)	34,465	317,668	(5,585)	(383,033)
Current year subsidy settlements	-	(13,179)	-	(64,007)	-	(46,271)	(2,800)	-	(126,257)
Prior year subsidy settlements	-	-	-	(4,853)	-	(36,963)	-	-	(41,816)
Annual surplus (deficit)	<u>\$ 33,923</u>	<u>\$ 6,129</u>	<u>\$ (114,175)</u>	<u>\$ (3,892)</u>	<u>\$ (733,605)</u>	<u>\$ (48,769)</u>	<u>\$ 314,868</u>	<u>\$ (5,585)</u>	<u>\$ (551,106)</u>

Shawanaga First Nation

Notes to the Consolidated Financial Statements

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22. Correction of prior periods

a) In prior years, the First Nation consolidated the activities of the Independent First Nation as an other government organization in error since the First Nation does not control the activities of this separate organization.

b) In prior years, the First Nation issued non-interest bearing mortgages and recorded these loans at their face amount in error since these loans contained significant concessionary terms and their face value should have been discounted by the amount of the grant portion. In addition, the amount of the loan discount should have been amortized to revenue over the term of the loans.

These errors were discovered in the current year and have been corrected retroactively. As a result, the March 31, 2014 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As previously reported	Increase (Decrease) from item A	Increase (Decrease) from item B	As Restated
Consolidated statement of operations and accumulated surplus:				
Government funding revenue	\$ 5,126,358	\$ (813,828)	\$	\$ 4,312,530
Rental and other revenue	249,223	6,000		255,223
Interest revenue	34,148	-	8,817	42,965
Expenses	9,334,911	(724,173)		8,610,738
Current year subsidy settlements	592,429	(74,712)		517,717
Annual deficit	942,439	8,943	(8,817)	942,565
Accumulated surplus, beginning of year	4,351,243	(104,071)	(203,441)	4,043,731
Accumulated surplus, end of year	3,800,264	(113,014)	(194,625)	3,492,625
Consolidated statement of financial position:				
Cash and cash equivalents	1,195,247	(291,975)		903,272
Receivables	841,091	(137,900)		703,191
Mortgages receivable	822,318	-	(194,625)	627,693
Payables and accruals	1,352,102	(180,921)		1,171,181
Funding repayable	372,855	(139,636)		233,219
Prepays and deposits	19,928	(3,696)		16,232
Net financial assets, beginning of year	1,710,680	(104,071)	(203,441)	1,403,168
Net financial assets, end of year	902,187	(109,318)	(194,625)	598,244
Consolidated statement of cash flows:				
Operating transactions	215,653	(246,628)	(8,817)	(39,792)