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Services aux Autochtones Canada
Toronto

Consolidated Financial Statements

Chippewas of Georgina Island First Nation

March 31, 2018

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Grant Thornton

Independent Auditor's Report

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To the Members of
Chippewas of Georgina Island First Nation

We have audited the accompanying consolidated financial statements of Chippewas of Georgina Island First Nation, which comprise the consolidated financial position as at March 31, 2018, and the consolidated statements of operations, accumulated surplus, changes 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 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 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.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chippewas of Georgina Island First Nation as at March 31, 2018, and the consolidated statements of its operations, accumulated surplus, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Barrie, Canada
July 24, 2018

Chartered Professional Accountants
Licensed Public Accountants

Chippewas of Georgina Island First Nation

Consolidated Statement of Operations

Year ended March 31	2018		2017
	Budget (Unaudited)	Actual	Actual
Revenue			
Government of Canada			
Health Canada	\$ 455,194	\$ 477,051	\$ 783,643
CMHC	113,288	114,247	114,511
Environment Canada	-	70,000	-
Indigenous and Northern			
Affairs Canada	4,385,323	5,012,649	4,728,854
Province of Ontario	3,611,545	1,716,020	1,603,929
Lands leases and fees	1,391,225	1,402,107	4,238,338
OFNLP	800,262	947,905	939,211
Interest	8,420	1,118,333	1,192,066
Dividend	-	1,199,042	1,275,633
Other	11,448,777	14,721,269	11,548,895
Gain on sale of investments	-	3,317,161	2,107,081
	<u>22,214,034</u>	<u>30,095,784</u>	<u>28,532,161</u>
Expenditures			
Operating	12,436,000	10,819,949	10,374,042
Social Housing	232,304	290,936	215,092
Trust	-	845	845
Lands	716,084	988,557	1,592,497
Nish Radio Inc.	71,929	69,400	61,023
Virginia Beach Marina	-	2,605	21,634
2458582 Ontario Ltd.	322,408	459,370	475,615
Mnookmi Restaurant	-	1,888	702,015
Tobacco Trails	8,151,396	11,364,145	7,653,060
Virginia Beach Marina			
- Business Centre	510,808	645,602	505,646
Trust Revenues	-	-	667
OFNLP	-	120	120
Coldwater Narrows Trust	-	619,622	726,033
Per Capita Distributions	-	1,125,071	1,393,834
	<u>22,440,929</u>	<u>26,388,110</u>	<u>23,722,123</u>
Excess (deficiency) of revenue over expenditures	\$ (226,895)	\$ 3,707,674	\$ 4,810,038

Chippewas of Georgina Island First Nation
Consolidated Statement of Accumulated Surplus

Year ended March 31	2018	2017
Accumulated surplus, beginning of year	\$ 88,543,452	\$ 83,733,414
Excess of revenue over expenditures	<u>3,707,674</u>	<u>4,810,038</u>
Accumulated surplus, end of year	<u>\$ 92,251,126</u>	<u>\$ 88,543,452</u>

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation

Consolidated Statement of Financial Position

March 31

2018

2017

Financial assets

Cash (Note 2)	\$ 14,187,209	\$ 10,815,508
Externally restricted cash (Note 3)	23,651	154,045
Portfolio investments (Note 4)	59,676,562	63,572,788
Receivables (Note 5)	1,371,168	3,727,216
Inventories for resale (Note 6)	273,414	329,012
Mortgages receivable (Note 7)	49,627	59,465
Net investment in leases (Note 8)	690,577	738,540
	<u>76,272,208</u>	<u>79,396,574</u>

Financial liabilities

Payables and accruals (Note 9)	2,507,209	1,676,116
Deferred revenue (Note 10)	1,074,640	660,367
Long term debt (Note 11)	2,857,037	3,195,501
Landfill closure and post closure liability (Note 13)	97,353	88,190
	<u>6,536,239</u>	<u>5,620,174</u>

Net financial assets (Page 6)

69,735,969 73,776,400

Non-financial assets

Construction in progress (Note 14)	2,351,637	312,130
Prepaid expenses	17,721	24,261
Tangible capital assets (Note 14)	20,145,799	14,430,661
	<u>22,515,157</u>	<u>14,767,052</u>

Accumulated surplus (Note 17)

\$ 92,251,126 \$ 88,543,452

Contingencies (Note 15)

On behalf of the First Nation



Chief



Administrator

Chippewas of Georgina Island First Nation
Consolidated Statement of Changes in Net Financial Assets
Year ended March 31

	2018	2017
Excess of revenue over expenditures	\$ 3,707,674	\$ 4,810,038
Tangible capital assets		
Acquisition of tangible capital assets	(8,625,725)	(4,946,615)
Loss on disposal of tangible capital assets	2,075	-
Amortization of tangible capital assets	869,006	797,450
Total tangible capital assets	(7,754,645)	(4,149,165)
Change in prepaid expenses	6,540	(9,305)
Change in (net financial debt) net assets	(4,040,431)	651,568
Net financial assets, beginning of year	73,776,400	73,124,832
Net financial assets, end of year	\$ 69,735,969	\$ 73,776,400

Chippewas of Georgina Island First Nation

Consolidated Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash

Operating transactions

Annual surplus	\$ 3,707,674	\$ 4,810,038
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Items not affecting cash:

Amortization of tangible capital assets	869,005	797,450
Amortization of net investment in leases	(20,368)	(21,843)
Landfill closure and post closure costs (Note 13)	9,162	9,164
Loss on disposal of tangible capital assets	2,075	-
Gain on sale of investments	(3,317,161)	(2,107,081)

	1,250,387	3,487,728
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Change in non-cash working capital items (Note 18)	3,731,884	(2,466,426)
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Cash provided to operating transactions	4,982,271	1,021,302
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Capital transactions

Purchase of tangible capital assets	(8,625,725)	(4,946,615)
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Investing transactions

Purchase of investments	(25,227,453)	(26,972,796)
Sales of investments	32,440,840	32,259,278
Increase in externally restricted cash	130,394	24,238
Payments received for mortgages receivable	9,838	4,034

Cash provided to investing transactions	7,353,619	5,314,754
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Financing transactions

Construction loan proceeds	-	168,751
Construction loan repayments	-	(1,500,000)
Long term debt issued	-	1,500,000
Long term debt repayments	(338,464)	(169,531)

Cash applied to financing transactions	(338,464)	(780)
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Increase in cash	3,371,701	1,388,661
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Cash

Beginning of year	10,815,508	9,426,847
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End of year	\$ 14,187,209	\$ 10,815,508
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Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

1. Summary of significant accounting policies

a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Financial statement preparation

The preparation of the consolidated financial statements of Chippewas of Georgina Island First Nation are the responsibility of management.

c) Reporting entity

The First Nation reporting entity includes the Chippewas of Georgina Island First Nation government and all related entities that are controlled by the First Nation.

d) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in the First Nation's financial statements include:

- Coldwater Narrows Trust – of which the First Nation controls and is the beneficiary of;
- Virginia Beach Marina;
- Nish Radio Inc.;
- 2458582 Ontario Limited.;
- 6832067 Canada Inc.

e) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

f) Portfolio Investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

1. Summary of significant accounting policies (continued)

g) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value

h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis, over the expected useful life as follows:

Buildings	25 - 40 years
Equipment	10 years
Boats	25 years
Vehicles	5 years
Water system	10 years
Parking lot	20 years
Roads	15 years
Docks	5 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 statement of operations.

Contributed capital assets are recorded into revenues 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.

Assets under construction are not amortized until the asset is available to be put into service.

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

1. Summary of significant accounting policies (continued)

i) 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 when the amounts involved can be reasonably estimated.

Funds, other than government transfers, received for specific purposes which are externally restricted by legislation, regulation or agreement are accounted for as deferred revenue. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Restaurant sales and ferry fares are recognized when services are rendered. Gas, marina and cigarette sales are recognized when goods are sold. Interest, celebration event fees and other income are recognized when earned. Land sales are recognized when title passes. Leases and fees are recognized annually on the due date of the lease when reasonably measured.

j) Measurement uncertainty

In preparing the consolidated financial statements for Chippewas of Georgina Island First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include allowance for doubtful accounts, estimated useful lives of property and equipment, and the landfill closure and post-closure liability. Actual results could differ from those estimates.

k) Government transfers

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

Government transfers received are recognized in the financial statements as revenue in the period the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

2. Cash	2018	2017
Cash is comprised of the following:		
Internally designated cash		
OFNLP revenue	\$ 1,775,597	\$ 1,755,444
Per capita distributions	239,714	441,855
Trust funds held by the Trustee Canada Trust Company	214,861	1,041,076
Unrestricted		
Operating	918,308	686,704
Social housing	377,647	308,055
Trust revenue	4,724,564	3,445,544
Other	5,936,518	3,136,830
	\$ 14,187,209	\$ 10,815,508

Internally designated cash is cash set aside by the First Nation for the intended use of each department listed above. OFNLP revenue funds are to be used for the benefit of the First Nation as approved by Council. Per capita distributions are to be used for per capita payments to eligible members turning 21.

The First Nation has bank overdrafts in the amount of \$Nil (2017 - \$52,114), out of a \$200,000 credit limit. The facility is secured by a general security agreement conveying first position over the property owned by the First Nation and bears interest at a rate of 1%.

3. Externally restricted cash	2018	2017
Externally restricted cash		
Apartment replacement and subsidy	\$ 10,746	\$ 141,140
Trust funds held by federal government	12,905	12,905
	\$ 23,651	\$ 154,045

Under the terms of an agreement with Canadian Mortgage and Housing Corporation, Chippewas of Georgina Island First Nation must set aside funds annually for the repair, maintenance, and replacement of worn out assets. These funds are externally restricted and are to be held in a separate bank account and invested in 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 Apartment Replacement and Subsidy Fund.

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act* and is therefore externally restricted.

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

4. Portfolio investments

The First Nation, Canada and Ontario executed a Settlement Agreement dated February 10, 2012, signed on June 2012. Article 12 of the Agreement states the First Nation intends to use or invest the compensation for the long term benefit of the First Nation. Article 2 provided for monetary compensation of \$88,879,273, which was deposited into Trust Accounts on the First Nations' authority and direction as settler, the Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement. These funds are internally restricted.

The Trust agreement was dated November 21, 2012, with final signatures on December 5, 2012. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement. The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to section 104 of the Income Tax Act (Canada), Subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The portfolio investments are being held in bonds, Canadian equities and Global equities and currently are valued at cost on the statement of financial position. The amounts are for the purposes laid out in the trust agreement.

The fair market values of investments are disclosed below:

	<u>2018</u>	<u>2017</u>
Fixed income securities	\$ 27,190,575	\$ 29,739,195
Equity securities	38,700,400	43,516,381
Other assets	1,211,133	1,378,335
Tobacco Trails term deposit, 1.6%, maturing 2019	<u>500,000</u>	<u>-</u>
	<u>\$ 67,602,108</u>	<u>\$ 74,633,911</u>

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

5. Receivables	2018	2017
Receivables are comprised of:		
Due from members:		
Social housing	\$ 22,294	\$ 70,487
Government funding:		
Indigenous and Northern Affairs Canada	30,057	-
Canada 150	261,221	-
Environment Canada	70,000	-
Province of Ontario	363,570	206,063
OTC	292,408	168,208
Union of Ontario Indians	57,067	7,192
Lands	11,550	2,858,364
Other	241,774	389,516
Interest	32,777	38,936
Less: allowance for doubtful accounts	(11,550)	(11,550)
	\$ 1,371,168	\$ 3,727,216

6. Inventories for resale	2018	2017
The First Nation had the following inventories for resale:		
Lands	\$ 7,954	\$ 3,915
Virgina Beach Marina Business Centre	20,724	22,220
Tobacco Trails	244,736	302,877
	\$ 273,414	\$ 329,012

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

7. Mortgages receivable

The mortgages in Lands are secured by leaseholds (land and/or buildings), bear interest ranging from 7% -10% per annum and have maturity dates ranging from one to five years.

Estimated principal repayments due in the next five years and thereafter are as follows:

2019	\$	3,105
2020		3,341
2021		3,595
2022		3,869
2023		4,165
Thereafter		<u>31,552</u>
	\$	<u>49,627</u>

8. Net investment in leases

The rent to own leases from the First Nation members are secured by the related property. The interest rates implicit in the leases range from 1.77% to 4.73%.

Estimated principal repayments due in the next five years and thereafter are as follows:

2019	\$	47,821
2020		49,406
2021		51,048
2022		45,815
2023		33,143
Thereafter		<u>463,344</u>
	\$	<u>690,577</u>

9. Payables and accruals

	<u>2018</u>	<u>2017</u>
Accrued liabilities	\$ 2,278,036	\$ 1,422,345
Accrued salaries and employee benefits payable	15,041	18,955
Per capita distributions to members	<u>214,132</u>	<u>234,816</u>
	\$ 2,507,209	\$ 1,676,116

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

10. Deferred revenue

	2017	Funding Received	Revenue Recognized	2018
Customer deposit	\$ 24,406	\$ -	\$ 695	\$ 23,711
HRSDC	-	-	-	-
Lands	314,303	313,917	350,353	277,867
OTC	-	175,000	143,515	31,485
Canada 150	-	261,221	-	261,221
Other	176,691	124,468	176,691	124,468
INAC	68,467	349,024	97,653	319,838
INAC - Lands	76,500	-	40,450	36,050
	<u>\$ 660,367</u>	<u>\$ 1,223,630</u>	<u>\$ 809,357</u>	<u>\$ 1,074,640</u>

11. Long term debt

	2018	2017
Mortgage, 1.30%, due 2022, renewal date 2022, payable in blended monthly payments of \$1,532	\$ 72,432	\$ 89,555
Mortgage, 1.08%, due 2030, renewal date 2021, payable in blended monthly payments of \$ 2,595	359,489	386,597
Mortgage, 1.62% due 2033, renewal date 2019, payable in blended monthly payments of \$2,482	392,659	415,901
Mortgage, 1.14% due 2036, renewal date 2022, payable in blended monthly payments of \$1,577	312,995	328,264
Mortgage, 1.05% due 2035, renewal date 2021, payable in blended monthly payments of \$1,429	268,131	282,389
Mortgage, 1.77% due 2039, renewal date 2020, payable in blended monthly payments of \$1,151	248,575	257,915
Term loan, 3.29% due 2031, renewal date 2021, payable in blended monthly payments of \$10,570	1,202,756	1,434,880
	<u>\$ 2,857,037</u>	<u>\$ 3,195,501</u>

The mortgages are authorized by First Nation Council Resolution and are guaranteed by Indigenous and Northern Affairs Canada.

Anticipated annual principal repayments due in the next five years and thereafter are as follows:

2019	\$ 565,411
2020	406,163
2021	671,839
2022	1,212,103
2023	1,521
	<u>\$ 2,857,037</u>

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

11. Long term debt (continued)

	<u>2018</u>	<u>2017</u>
Interest expense for the year on long term debt	<u>\$ 67,306</u>	<u>\$ 65,469</u>

During the year the First Nation received additional advances of \$Nil and the short term construction loan totalling \$Nil (2017 - \$1,500,000) was converted into a fixed rate term loan in June 2016. The term loan bears interest at 3.29%, is due May 2021. The facility is secured by a general security agreement covering first position over the property of the First Nation.

12. Pension agreement

The First Nation's provides defined contribution plan for eligible members of its staff. Members may contribute a range of 2.25% to 7.50% of their basic salary. The First Nation matches the member's contributions which are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Chippewas of Georgina Island contributed during the year \$59,107 (2017 - \$52,086) for retirement benefits.

13. Landfill closure and post closure liability

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, management of ground water and leachates, and on-going environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$97,353 (2017 - \$88,190) and represents the present value of closure and post-closure costs, using an estimated long term borrowing rate of 4.25% (2017 - 4.25%) and inflation rate of 1.5% (2017 - 1.5%). The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures representing the sum of the discounted future cash flows for closure and post-closure care are \$1,379,663 (2017 - \$1,400,358) leaving an amount to be recognized of \$1,282,311 (2017 - \$1,312,168). The estimated remaining capacity of the site is approximately 14,518 cubic meters (2017 - 15,033) and the estimated remaining landfill life is 29 years. Post-closure care is estimated to continue for a period of 25 years.

Management expects these future costs to be funded by INAC when incurred at a future date.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

14. Tangible capital assets

Cost	2017	Additions	Disposals/ Transfers	2018
Land	\$ 3,538,244	\$ 5,446,668	\$ -	\$ 8,984,912
Buildings	8,732,473	268,783	-	9,001,256
Equipment	2,313,286	59,293	(131,820)	2,240,759
Boats	7,000,403	198,558	-	7,198,961
Vehicles	1,421,848	215,945	-	1,637,793
Water system	2,504,028	-	-	2,504,028
Parking lot	322,745	-	-	322,745
Roads	2,796,266	396,971	-	3,193,237
Docks	1,861,206	-	(149,101)	1,712,105
	30,490,499	6,586,218	(280,921)	36,795,796
Construction in progress	312,130	2,039,507	-	2,351,637
	<u>\$ 30,802,629</u>	<u>\$ 8,625,725</u>	<u>\$ (280,921)</u>	<u>\$ 39,147,433</u>
Accumulated Amortization	2017	Additions	Disposals	2018
Land	\$ -	\$ -	\$ -	\$ -
Buildings	3,000,053	265,285	-	3,265,338
Equipment	1,653,344	108,124	(129,745)	1,631,723
Boats	4,739,196	127,037	-	4,866,233
Vehicles	1,252,021	106,325	-	1,358,346
Water system	2,239,185	33,105	-	2,272,290
Parking lot	138,183	16,138	-	154,321
Roads	1,176,650	212,991	-	1,389,641
Docks	1,861,206	-	(149,101)	1,712,105
	<u>\$ 16,059,838</u>	<u>\$ 869,005</u>	<u>\$ (278,846)</u>	<u>\$ 16,649,997</u>
Net Book Value			2017	2018
Land			\$ 3,538,244	\$ 8,984,912
Buildings			5,732,420	5,735,918
Equipment			659,942	609,036
Boats			2,261,207	2,332,728
Vehicles			169,827	279,447
Water system			264,843	231,738
Parking lot			184,562	168,424
Roads			1,619,616	1,803,596
Docks			-	-
			14,430,661	20,145,799
Construction in progress			312,130	2,351,637
			<u>\$ 14,742,791</u>	<u>\$ 22,497,436</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

15. Contingencies

- a) Where differences exist between the First Nation's net approved expenditures and their actual net expenditures, the resolution of these variances will be negotiated between funding agencies 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 at that time on the statement of revenue and expenditures for the applicable program.
 - b) The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
 - c) The First Nation, in the course of its operations, is subject to claims, lawsuits and contingencies. The outcome of all outstanding claims has been assessed as not determinable as of year end. Once the outcome has been determined, the effect will be recorded in operations in that period.
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Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

16. Segmented reporting

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function.

For each segment separately reported, the segment's revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

General government

This segment includes a wide variety of departments and functions within the First Nation that facilitate the general operations of the Band.

Health

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to members of the First Nation.

Education

Education is comprised of education services which work to improve the overall education of the population and provide educational support and benefits to members of the First Nation.

Social programs

This segment includes a wide variety of departments and functions within the First Nation that provide social support to the community.

Public infrastructure

This segment provides a number of services including community planning, maintenance of infrastructure and review of property and equipment purchases.

Social housing

This segment includes housing developments that were built with the aid of Canadian Mortgage and Housing Corporation to provide affordable housing to members of the First Nation.

Marina

The Marina segment operates and provides services relating to the selling of fuel and marine related activities.

Lands

This segment administers and collects lease revenue and fees from residents on First Nation land and oversees current and future land treaty claims.

Trust activities

This segment includes the investment activities of the Coldwater Narrows Trust, payment of per capita distributions and other trust revenue distributions as approved by the First Nation.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

16. Segmented reporting (continued)

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

March 31, 2018	General Government	Health	Education	Social Programs	Public Infrastructure
Revenue					
Government of Canada	\$ 70,000	\$ 452,051	\$ -	\$ -	\$ 25,000
INAC	2,461,969	-	1,531,741	152,861	501,718
OFNLP	947,905	-	-	-	-
Province of Ontario	25,000	-	-	1,210,841	480,179
Interest	17,128	-	-	-	-
Other	771,319	254,302	102,496	339,676	117,515
Gain/(loss)	-	-	-	-	-
Sales	-	-	-	-	-
Leases and fees	-	-	-	-	-
Dividend	-	-	-	-	-
Total revenue	4,293,321	706,353	1,634,237	1,703,378	1,124,412
Expenditures					
Bank charges and interest	7,654	-	-	-	-
Travel	130,252	29,688	41,131	39,593	8,348
Program expenditures	278,172	158,300	1,538,542	858,071	77,741
Office and general	276,832	241,374	67,433	132,042	250,923
Repairs and maintenance	398,854	7,002	80,435	10,358	715,928
Wages and benefits	2,610,299	321,868	167,300	684,212	416,098
Insurance	99,655	13,612	-	23,036	25,181
Professional fees	234,916	-	-	-	-
Cost of sales	-	-	-	-	-
Amortization	818,892	-	-	-	-
Total expenditures	4,855,526	771,844	1,894,841	1,747,312	1,494,219
Annual surplus (deficit)	\$ (562,205)	\$ (65,491)	\$ (260,604)	\$ (43,934)	\$ (369,807)

Chippewas of Georgina Island First Nation **Notes to the Consolidated Financial Statements**

March 31, 2018

16. Segmented reporting (continued)

March 31, 2018	Social Housing	Marina	Lands	Trust Activities	Consolidated
Revenue					
Government of Canada	\$ 114,247	\$ -	\$ -	-	\$ 661,298
INAC	-	-	364,360	-	5,012,649
OFNLP	-	-	-	-	947,905
Province of Ontario	-	-	-	-	1,716,020
Interest	3,392	5,437	43,742	1,048,634	1,118,333
Other	108,545	185,581	101,987	1,147	1,982,568
Gain/(loss)	-	-	-	3,317,161	3,317,161
Sales	-	12,708,341	30,360	-	12,738,701
Leases and fees	-	-	1,402,107	-	1,402,107
Dividend	-	-	-	1,199,042	1,199,042
Total revenue	226,184	12,899,359	1,942,556	5,565,984	30,095,784
Expenditures					
Bank charges and interest	-	63,564	-	57,274	128,492
Travel	-	15,410	1,945	-	266,367
Program expenditures	22,592	344,624	84,150	1,154,798	4,516,990
Office and general	442	204,099	111,129	-	1,284,274
Repairs and maintenance	182,719	138,120	133,860	-	1,667,276
Wages and benefits	-	817,790	306,775	-	5,324,342
Insurance	38,657	13,374	-	-	213,515
Professional fees	13,378	37,516	302,836	532,620	1,121,266
Cost of sales	-	10,963,603	30,905	-	10,994,508
Amortization	33,148	2,082	16,958	-	871,080
Total expenditures	290,936	12,600,182	988,558	1,744,692	26,388,110
Annual surplus (deficit)	\$ (64,752)	\$ 299,177	\$ 953,998	\$ 3,821,292	\$ 3,707,674

Chippewas of Georgina Island First Nation **Notes to the Consolidated Financial Statements**

March 31, 2018

16. Segmented reporting (continued)

March 31, 2017	General Government	Health	Education	Social Programs	Public Infrastructure
Revenue					
Government of Canada	\$ -	\$ 758,643	\$ -	\$ -	\$ 25,000
INAC	2,441,598	-	1,310,093	93,600	449,660
OFNLP	939,211	-	-	-	-
Province of Ontario	10,000	-	-	1,092,894	491,755
Interest	9,976	-	-	123	-
Other	948,465	199,711	101,478	278,346	109,105
Gain/(loss)	-	-	-	-	-
Sales	-	-	-	-	-
Leases and fees	-	-	-	-	-
Dividend	-	-	-	-	-
Total revenue	4,349,250	958,354	1,411,571	1,464,963	1,075,520
Expenditures					
Bank charges and interest	6,847	-	-	-	-
Travel	108,765	40,992	9,888	31,927	13,480
Program expenditures	340,249	174,605	1,340,900	734,561	123,306
Office and general	302,102	169,495	67,354	99,393	272,550
Repairs and maintenance	596,591	131,403	33,144	97,494	596,852
Wages and benefits	2,509,476	305,518	144,310	670,138	432,304
Insurance	107,257	7,090	-	23,371	23,759
Professional fees	183,015	-	-	-	-
Cost of sales	-	-	-	-	-
Amortization	737,886	-	-	-	-
Total expenditures	4,892,188	829,103	1,595,596	1,656,884	1,462,251
Annual surplus (deficit)	\$ (542,938)	\$ 129,251	\$ (184,025)	\$ (191,921)	\$ (386,731)

Chippewas of Georgina Island First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

16. Segmented reporting (continued)

March 31, 2017	Social Housing	Marina	Lands	Trust Activities	Consolidated
Revenue					
Government of Canada	\$ 114,511	\$ -	\$ -	-	\$ 898,154
INAC	-	100,000	333,903	-	4,728,854
OFNLP	-	-	-	-	939,211
Province of Ontario	-	-	9,280	-	1,603,929
Interest	2,658	1,168	22,113	1,156,027	1,192,065
Other	98,990	133,193	80,738	34,413	1,984,439
Gain/(loss)	-	-	-	2,107,081	2,107,081
Sales	-	9,515,443	48,795	-	9,564,238
Leases and fees	-	-	4,238,338	-	4,238,338
Dividend	-	-	-	1,275,633	1,275,633
Total revenue	216,159	9,749,804	4,733,167	4,573,154	28,531,942
Expenditures					
Bank charges and interest	-	60,459	-	55,984	123,290
Travel	-	-	4,228	-	209,280
Program expenditures	132,333	-	94,601	1,485,242	4,425,797
Office and general	334	334,129	54,428	-	1,299,785
Repairs and maintenance	-	52,325	33,706	-	1,541,515
Wages and benefits	-	1,004,885	313,688	-	5,380,319
Insurance	36,899	21,738	-	-	220,114
Professional fees	13,378	28,320	1,024,989	579,314	1,829,016
Cost of sales	-	7,848,997	46,341	-	7,895,338
Amortization	32,148	6,900	20,516	-	797,450
Total expenditures	215,092	9,357,753	1,592,497	2,120,540	23,721,904
Annual surplus (deficit)	\$ 1,067	\$ 392,051	\$ 3,140,670	\$ 2,452,614	\$ 4,810,038

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

17. Accumulated surplus	2018	2017
The accumulated surplus is represented by:		
Unrestricted		
Operating	\$ 8,596,154	\$ 7,049,731
Internally restricted		
Social Housing	(74,782)	(10,030)
Virginia Beach Marina	(430,331)	(480,083)
Georgina Island First Nation Communications	-	-
Lands	14,052,049	8,774,832
Trust Funds held by Federal Government	12,905	12,905
Coldwater Narrows Trust Funds		
held by Canada Trust Company	59,481,871	64,872,182
OFNLP Revenue Fund	3,104,960	3,122,390
Per Capita Distribution Fund	47,703	45,392
Trust Revenue Fund	6,964,641	4,826,662
2458582 Ontario Ltd	124,899	86,902
Mnookmi Restaurant	(103,350)	(195,988)
Nish Radio Inc.	(14,254)	(14,254)
Tobacco Trails	493,617	414,847
Virginia Beach Marina - Business Centre	(4,956)	37,964
	<u>\$ 92,251,126</u>	<u>\$ 88,543,452</u>

18. Change in non-cash working capital	2018	2017
Receivables	\$ 2,356,049	\$ (3,284,358)
Inventories for resale	55,598	(200,731)
Payments received for investment in leases	68,331	66,660
Prepaid expenses	6,540	(9,305)
Accounts payables and accrued liabilities	831,093	703,486
Deferred revenue	414,273	257,822
	<u>\$ 3,731,884</u>	<u>\$ (2,466,426)</u>
Interest paid during the year	\$ 30,126	\$ 31,618
Interest received during the year	\$ 1,118,333	\$ 1,192,066

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

19. Budgeted figures

Public Sector Accounting Standards (PSAS) require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations reconciled to be on a PSAS basis is as follows:

	Approved Fiscal Plan	Amortization	Fiscal Plan on a PSAS Basis
Revenue	\$ 22,214,034	\$ -	\$ 22,214,034
Expenditures	22,440,929	869,005	23,309,934
Annual (deficiency) surplus	\$ (226,895)	\$ (869,005)	\$ (1,095,900)

20. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform to the presentation adopted in the current year.
