

**MISSISSAUGAS OF SCUGOG ISLAND  
FIRST NATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**MISSISSAUGAS OF SCUGOG ISLAND  
FIRST NATION**

**FINANCIAL STATEMENTS**

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## MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

For The Year Ended March 31, 2015

### MANAGEMENT REPORT

The accompanying financial statements of the Mississaugas of Scugog Island First Nation are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the 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 First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the First Nation's financial statements for issuance to the members. Council 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 financial statements and the external auditor's report.

The financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow Kawarthas LLP has full and free access to Council.

Chief

Date

June 26/2015

First Nation Manager

Date

June 26/15

## **INDEPENDENT AUDITORS' REPORT**

### **To Council and the Members of Mississaugas of Scugog Island First Nation**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Mississaugas of Scugog Island First Nation, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated operating surplus, remeasurement gains and losses, 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 financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. 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 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, these financial statements present fairly, in all material respects, the financial position of Mississaugas of Scugog Island First Nation as at March 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Peterborough, Ontario  
July 30, 2015

# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## STATEMENT OF FINANCIAL POSITION At March 31, 2015

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 5)	26,774,720	68,278,392
Investments (note 3)	84,178,175	28,599,254
Due from government and other government agencies (note 6)	104,920	286,288
Accounts receivable (note 7)	20,500,452	22,985,735
Mortgages due from First Nation members (note 4)	2,509,739	2,406,790
Funds held in trust by Federal Government (note 8)	11,851	11,851
<b>TOTAL FINANCIAL ASSETS</b>	<b>134,079,857</b>	<b>122,568,310</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 9)	2,954,214	2,686,510
Deferred revenue (note 11)	328,993	307,035
Long term debt (note 13)	915,606	997,463
<b>TOTAL LIABILITIES</b>	<b>4,198,813</b>	<b>3,991,008</b>
<b>NET FINANCIAL ASSETS</b>	<b>129,881,044</b>	<b>118,577,302</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	9,549,993	9,820,728
Prepaid expenses and other (note 12)	93,811	109,196
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>9,643,804</b>	<b>9,929,924</b>
<b>ACCUMULATED SURPLUS (note 14)</b>	<b>139,524,848</b>	<b>128,507,226</b>
<b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>		
Accumulated operating surplus	131,761,262	128,507,226
Accumulated remeasurement gains	7,763,586	-
	<b>139,524,848</b>	<b>128,507,226</b>

  
KELLY LaROCCA, CHIEF

The accompanying notes are an integral part of these financial statements

# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS For the Year Ended March 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Aboriginal Affairs and Northern Development Canada (AANDC) (notes 15 and 22)	1,511,689	1,038,206	1,535,261
Other Government of Canada (note 15)	165,429	176,486	132,102
Canada Mortgage and Housing Corporation (note 15)	83,333	151,647	78,438
Province of Ontario contributions (note 15)	169,642	132,439	124,327
Commercial operations	15,350,942	14,909,863	14,689,160
Ontario First Nations Limited Partnership	420,000	428,891	419,082
Other	967,475	777,067	1,031,457
Interest earned on funds held in trust (note 8)	-	733	700
Income from investments	5,000	1,598,818	334,286
Other interest income	736,000	671,850	833,524
Gain on sale of tangible capital assets	-	-	139,242
<b>TOTAL REVENUES</b>	<b>19,409,510</b>	<b>19,886,000</b>	<b>19,317,579</b>
<b>EXPENSES</b>			
Administration	4,454,222	4,117,978	3,688,847
Community services	1,262,992	746,878	724,265
Economic development	11,299,810	10,390,726	9,832,158
Education	557,788	420,127	325,243
Social development	72,292	36,591	39,365
Health	775,705	587,973	787,282
Housing	287,987	331,691	258,012
<b>TOTAL EXPENSES</b>	<b>18,710,796</b>	<b>16,631,964</b>	<b>15,655,172</b>
<b>ANNUAL SURPLUS</b>	<b>698,714</b>	<b>3,254,036</b>	<b>3,662,407</b>
<b>ACCUMULATED OPERATING SURPLUS - beginning of year</b>	<b>128,507,226</b>	<b>128,507,226</b>	<b>124,844,819</b>
<b>ACCUMULATED OPERATING SURPLUS - end of year</b>	<b>129,205,940</b>	<b>131,761,262</b>	<b>128,507,226</b>

*The accompanying notes are an integral part of these financial statements*

# **MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**

## **STATEMENT OF REMEASUREMENT GAINS AND LOSSES** **For the Year Ended March 31, 2015**

	Actual 2015 \$	Actual 2014 \$
Unrealized gain/(loss) on portfolio investments at April 1, 2014	5,824,078	-
Unrealized gain/(loss) on portfolio investments during the year	1,904,323	-
Realized gain/(loss) on portfolio investments reclassified to operations	35,185	-
<b>ACCUMULATED REMEASUREMENT GAINS AND LOSSES</b>		
<b>- END OF YEAR</b>	<b>7,763,586</b>	<b>-</b>

## **STATEMENT OF CHANGE IN NET FINANCIAL ASSETS** **For the Year Ended March 31, 2015**

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS</b>	698,714	3,254,036	3,662,407
Amortization of tangible capital assets	482,345	416,240	378,144
Acquisition of tangible capital assets	(666,847)	(145,505)	(595,148)
Gain on disposal of tangible capital assets	-	-	(139,242)
Proceeds on sale of tangible capital assets	-	-	491,852
(Increase)/decrease in prepaid expenses and other	-	15,385	(32,893)
	514,212	3,540,156	3,765,120
<b>NET REMEASUREMENT GAINS</b>	-	7,763,586	-
<b>INCREASE IN NET FINANCIAL ASSETS</b>	514,212	11,303,742	3,765,120
<b>NET FINANCIAL ASSETS - beginning of year</b>	118,577,302	118,577,302	114,812,182
<b>NET FINANCIAL ASSETS - end of year</b>	119,091,514	129,881,044	118,577,302

*The accompanying notes are an integral part of these financial statements*

# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## STATEMENT OF CASH FLOWS For the Year Ended March 31, 2015

	2015 \$	2014 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	3,254,036	3,662,407
(Increase)/decrease in due from government and other government agencies	181,368	(203,040)
Decrease in accounts receivable	2,485,283	527,425
Decrease in funds held in trust by federal government	-	530
(Increase)/decrease in prepaid expenses and other	15,385	(32,893)
Increase/(decrease) in accounts payable and accrued liabilities	267,704	(138,008)
Increase/(decrease) in deferred revenue	21,958	(493,976)
Non-cash charges to operations:		
Amortization of tangible capital assets	416,240	378,144
Gain on disposal of tangible capital assets	-	(139,242)
<b>Net increase in cash from operating transactions</b>	<b>6,641,974</b>	<b>3,561,347</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(145,505)	(595,148)
Proceeds on disposal of tangible capital assets	-	491,852
<b>Net decrease in cash from capital transactions</b>	<b>(145,505)</b>	<b>(103,296)</b>
<b>INVESTING</b>		
Increase in mortgages due from First Nation members	(102,949)	(36,472)
Disposal of investments	353,633	1,104,279
Purchase of investments	(48,168,968)	(3,271,807)
<b>Net decrease in cash from investing transactions</b>	<b>(47,918,284)</b>	<b>(2,204,000)</b>
<b>FINANCING</b>		
Long term debt issued	-	400,051
Debt principal repayments	(81,857)	(90,936)
<b>Net increase/(decrease) in cash from financing transactions</b>	<b>(81,857)</b>	<b>309,115</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>(41,503,672)</b>	<b>1,563,166</b>
<b>CASH - beginning of year</b>	<b>68,278,392</b>	<b>66,715,226</b>
<b>CASH - end of year</b>	<b>26,774,720</b>	<b>68,278,392</b>

*The accompanying notes are an integral part of these financial statements*



**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and First Nations as set out by the Chartered Professional Accountants Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

**(a) Reporting Entity**

These financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the Mississaugas of Scugog Island First Nation.

All interdepartmental assets and liabilities and revenues and expenses have been eliminated.

**(b) Cash**

Cash consists of cash on hand and balances with Canadian chartered banks.

**(c) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	25 years
Electronic office equipment	5 years
Machinery and equipment	5-10 years
Vehicles	5 years
Roads	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Assets under construction are not amortized. When assets under construction are put into service they are transferred to the appropriate tangible capital asset classification.

**(d) Recognition of Revenues and Expenses**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue. Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met. Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

**(e) Non-financial Assets**

Tangible capital and other non-financial assets are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(f) Reserves and Reserve Funds**

Certain amounts, as approved by Council, are restricted for future operating and capital purposes. Transfers to and/or from restricted funds are an adjustment to the respective fund when approved.

**(g) Deferred Revenue**

Deferred revenues represent grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

**(h) Government Funding**

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Reimbursement for program costs is dependent ultimately upon their acceptance by the various agencies that fund the programs.

**(i) Use of Estimates**

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the First Nation's best information and judgment. Such amounts are not expected to change materially in the near term. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The First Nation's significant estimates are:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(j) Financial Instruments**

**(i) Measurement**

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for those instruments that are quoted in an active market.

Financial assets measured at amortized cost include cash, due from government and other government agencies, accounts receivable, mortgages due from First Nation members and funds held in trust by Federal Government.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Financial assets measured at fair value include investments.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

**2. CHANGE IN ACCOUNTING POLICY**

Effective April 1, 2014, the First Nation adopted PS Handbook Section 3450, Financial Instruments and the related financial statement presentation changes in PS Handbook Section 1201. This new Handbook section provides requirements for the recognition, measurement, disclosure and presentation of financial instruments. The change has been accounted for prospectively, the financial statements of prior periods, including the comparative information, have not been restated.

The primary impact on the financial statements resulting from adopting the new standard is as follows: (i) the addition of the statement of remeasurement gains and losses and (ii) an increase of \$5,824,078 to the remeasurement gains and losses at April 1, 2014 related to the difference between cost and market value of the investments at that date.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2015

**3. INVESTMENTS**

Investments, as noted in Note 2, are recorded as follows:

	2015 Market Value \$	2014 Market Value \$	2014 Cost \$
<b>RBC Guaranteed Investment Certificates</b>			
Due June 15, 2014, 2.40%	-	3,144	3,144
Due June 15, 2017, 2.05%	4,255	4,255	4,255
	4,255	7,399	7,399
<b>BMO Harris Private Banking investment portfolio</b>	26,458,978	23,273,953	17,771,582
<b>CIBC Private Wealth Management investment portfolio</b>	47,674,563	11,141,980	10,820,273
<b>TD Wealth Private Investment Counsel</b>	10,040,379	-	-
	84,178,175	34,423,332	28,599,254

\$25,834,308 of the BMO Harris Private Banking investment portfolio is internally restricted for the Future Generations fund (Note 14).

**4. MORTGAGES DUE FROM FIRST NATION MEMBERS**

The amount shown as mortgages due from First Nation members of \$2,509,739 (2014 - \$2,406,790) represents the amount of funds due with respect to approved housing loans. The unexpended portion of approved loans is not recorded until an actual expenditure has been incurred. The First Nation members have a legal obligation to repay the full amount of the approved loans. The mortgages bear one time simple interest calculated in advance at 4%. The mortgages have varying maturity dates ranging up to 25 years.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**5. CASH**

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), Mississaugas of Scugog Island First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

Cash consists of the following:

	2015	2014
	\$	\$
Externally Restricted		
Housing - CMHC	488,694	300,864
Internally Restricted		
Resource	3,825,101	34,137,886
Rent	5,203,161	3,298,948
Commercial account	1,265,222	3,913,090
Commercial operations	1,016,689	3,642,825
Licensing	138,834	217,944
Islands of the Trent	12,057,571	12,057,571
Education	19,196	15,881
	23,525,774	57,284,145
Unrestricted		
General	2,757,208	10,690,639
Petty cash	2,500	2,209
Gas - float	544	535
	2,760,252	10,693,383
	26,774,720	68,278,392

**6. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Amounts due from government and other government organizations consists of:

	2015	2014
	\$	\$
Aboriginal Affairs and Northern Development Canada (AANDC)	99,680	286,288
Provincial government	5,240	-
	104,920	286,288

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**7. ACCOUNTS RECEIVABLE**

Accounts receivable consists of:

	2015	2014
	\$	\$
Commercial operations	685,429	676,924
Accrued investment interest	41,570	393,654
HST	47,060	40,884
Other receivables	229,946	113,024
Rent receivable	19,496,447	21,761,249
	20,500,452	22,985,735

**8. FUNDS HELD IN TRUST BY THE FEDERAL GOVERNMENT**

The funds held by the Federal Government on behalf of the First Nation of \$11,851 (2014 - \$11,851) are for the use of the First Nation for specific projects. At the request of the First Nation, these funds can be obtained. These amounts arise from funds 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 and are subject to audit by the Office of the Auditor General of Canada.

	Opening Balance \$	Interest \$	Interest release \$	Closing Balance \$
Revenue	11,851	733	733	11,851

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consists of the following:

	2015	2014
	\$	\$
Trade payables	767,090	636,756
Accrued salaries	66,714	88,042
Transfers payable	2,083,569	1,900,159
Payroll and withholding taxes payable	36,841	61,553
	2,954,214	2,686,510

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**10. TANGIBLE CAPITAL ASSETS**

The net book value of the First Nation's tangible capital assets are:

	2015	2014
	\$	\$
General		
Land	5,397,665	5,310,165
Buildings	3,766,800	4,082,392
Vehicles and equipment	240,290	270,830
Infrastructure		
Roads	145,238	157,341
	<b>9,549,993</b>	<b>9,820,728</b>

For additional information, see the Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

**11. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	Balance March 31, 2014 \$	Funding Received 2015 \$	Revenue Recognized 2015 \$	Balance March 31, 2015 \$
Baagwating Community Association	298,485	503,271	480,913	320,843
Unearned rent	8,550	1,500	1,900	8,150
	<b>307,035</b>	<b>504,771</b>	<b>482,813</b>	<b>328,993</b>

**12. PREPAID EXPENSES AND OTHER**

Prepaid expenses and other consists of the following:

	2015	2014
	\$	\$
Insurance	93,636	95,551
Student allowances	-	12,070
Inventory	175	1,575
	<b>93,811</b>	<b>109,196</b>

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**13. LONG TERM DEBT**

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2015 \$	2014 \$
Mortgage 1.23%, due November 1, 2014, repayable in blended monthly payments of \$2,967.	-	23,654
Mortgage 1.50%, due November 1, 2014, repayable in blended monthly payments of \$1,986.	-	15,817
Mortgage 2.11%, due January 1, 2019, repayable in blended monthly payments of \$1,662.	155,416	171,944
Mortgage 2.84%, due April 1, 2015, repayable in blended monthly payments of \$2,046.	376,947	390,706
Mortgage 2.35%, due September 1, 2018, repayable in blended monthly payments of \$1,765.	383,243	395,342
	<b>915,606</b>	<b>997,463</b>

- (b) Interest expense on long term debt amounted to \$23,447 (2014 - \$24,127).
- (c) The above mortgages are secured by First Nation Council Resolution and guaranteed by Aboriginal Affairs and Northern Development Canada.
- (d) Since it is the First Nation's intent to renew these mortgages as they mature, the future payments are based on the existing terms. Estimated principal repayments in each of the next five years are due as follows:

	Principal \$	Interest \$	Total \$
2016	42,513	23,875	66,388
2017	43,681	22,707	66,388
2018	44,881	21,507	66,388
2019	46,115	20,273	66,388
2020	47,383	19,005	66,388
2021 and subsequent years	691,033	153,353	844,386
	<b>915,606</b>	<b>260,720</b>	<b>1,176,326</b>



**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**14. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Surplus/(deficit)</b>		
Operating	(1,457,676)	175,165
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	9,549,993	9,820,728
Long term debt	(915,606)	(997,463)
	8,634,387	8,823,265
<b>Surplus</b>	7,176,711	8,998,430
<b>Restricted</b>		
Housing Capital Reserve Fund - Phases 1-3	92,080	88,794
Housing Capital Reserve Fund - Phases 4-5	24,781	18,231
Future Generations Fund	25,834,308	17,114,608
Community Betterment Fund	90,970,361	86,786,059
Lands reserve fund	-	503,388
OFNLP reserve	3,357,185	2,928,294
Islands of the Trent Settlement reserve fund	12,057,571	12,057,571
<b>Total Reserves</b>	132,336,286	119,496,945
<b>Held in Trust by the Federal Government</b>		
Held in Trust	11,851	11,851
	139,524,848	128,507,226

The restricted fund balances consists of funds set aside for specific purposes or to meet certain obligations as follows:

- The Housing Capital Reserve Funds are treated as externally restricted funds. The fund balances represent amounts that have been restricted in compliance with an agreement with the Canada Mortgage and Housing Corporation.
- The Future Generations Fund is treated as an externally restricted fund by the First Nation. This fund is set aside by the First Nation for the betterment of future generations.
- The Community Betterment Fund is treated as an internally restricted fund by the First Nation. The First Nation sets aside the excess of revenue over expenditure from commercial operations in this fund.
- The OFNLP reserve is an internally restricted reserve to be used for future community projects.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

**14. ACCUMULATED SURPLUS, continued**

- (e) The Islands of the Trent Settlement reserve fund is treated as an internally restricted fund by the First Nation until community consultation is complete.
- (f) The Lands reserve is an externally restricted fund to be used for future land projects and land development.

**15. GOVERNMENT TRANSFERS**

Government transfers consists of the following:

	2015	2014
	\$	\$
Aboriginal Affairs and Northern Development Canada		
Operating	1,038,206	1,535,261
Other Government of Canada		
Health Canada	176,486	132,102
Provincial government transfers	132,439	124,327
Canada Mortgage and Housing Corporation	151,647	78,438
	1,498,778	1,870,128

**16. PENSION AGREEMENTS**

The First Nation makes contributions to Manulife Financial on behalf of its staff. 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.

The amount contributed by the First Nation for the year ended March 31, 2015 for current service and included as an expense on the Statement of Operations and Accumulated Surplus was \$102,242 (2014 - \$103,875).

**17. BUDGET FIGURES**

The budget, approved by the First Nation, for 2015 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. FINANCIAL INSTRUMENTS**

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arms' length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, due from government and other government agencies, funds held in trust by Federal Government, accounts receivable and accounts payable and accrued liabilities approximates their carrying amounts due to their short-term maturities.

Financial instruments which are recorded at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair valued recorded on the financial statements, and are as follows:

- Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The First Nation's fair value hierarchy is classified as Level 1 for investments. Mortgages due from First Nation members are recorded at the exchange amount, equal to amortized cost. The fair value cannot be reliably determined because there is no active market for the instrument.

**19. FINANCIAL RISK MANAGEMENT**

The First Nation has exposure to the following risks:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The First Nation's interest bearing financial instruments are subject to interest rate risk.

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation has exposure to credit risk as the total of all receivables are significant. Management feels the risk is low as most of the receivables are due from various levels of government, first nation members or rent receivables. Any receivables that management feels are uncollectible are allowed for.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issues, or factors affecting all similar financial instruments traded in the market.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

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**20. CONTINGENT LIABILITIES**

Mississaugas of Scugog Island First Nation, along with six other Williams Treaty First Nations, are contingently liable for a loan. The purpose of the loan is to finance Treaty negotiations. Once the Treaty dispute has been concluded, the proceeds will be used to repay the loan. Mississaugas of Scugog Island's share of this loan at March 31, 2015 is \$29,700 (2014 - \$29,700).

The First Nation has been named in a number lawsuits as a result of being the landlord of the grounds lease with the Baagwating Community Association and the Association's use of the land for gaming operations. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the First Nation has no reason to believe that the ultimate outcome of these matters would have a significant impact on its financial position. No amounts have been included in these financial statements for any of these matters.

**21. SEGMENTED INFORMATION**

The Mississaugas of Scugog Island First Nation provides a range of services to its members and residents. First Nation services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

**Administration**

Administration consists of the activities of Council and general financial and administrative management of the First Nation and its programs and services.

**Community Services**

Community services include public works, community infrastructure, water systems and buildings not included under other segments.

**Economic Development**

Economic development includes the operations of home rentals, land rentals, amounts from commercial operations, transfer payments, and various other economic development oriented programs of the First Nation.

**Education**

Education includes off reserve schools and post secondary education.

**Social Development**

Social development consists of general assistance to residents of the First Nation.

**MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 31, 2015**

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**21. SEGMENTED INFORMATION, continued**

**Health**

Health services includes operations of the health and recreation centre and various health related programs for the First Nation.

**Housing**

Housing services includes operations of the non-profit housing to members and residents of the First Nation.

**22. RECONCILIATION OF AANDC FUNDING TO FIRST NATION AANDC REVENUE**

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	\$
<b>2015 AANDC Funding Per Confirmation</b>	<b>1,046,614</b>
<b>Less Amounts Repayable</b>	
Summer work experience	2,066
Special education program	6,342
	<b>8,408</b>
<b>AANDC Revenue For The Year</b>	<b>1,038,206</b>

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# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended March 31, 2015

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Amortization \$	Closing Balance \$	2015 \$	2014 \$
Tangible Capital Assets									
Land	5,310,165	87,500	-	5,397,665	-	-	-	5,397,665	5,310,165
Residential buildings	2,804,542	-	-	2,804,542	1,339,399	122,230	1,461,629	1,342,913	1,465,143
Non-residential buildings	4,576,894	-	-	4,576,894	1,959,645	193,362	2,153,007	2,423,887	2,617,249
Vehicles	191,448	25,973	-	217,421	183,035	13,608	196,643	20,778	8,413
Computer equipment	52,631	-	-	52,631	49,176	3,161	52,337	294	3,455
Other equipment	898,534	32,032	-	930,566	639,572	71,776	711,348	219,218	258,962
Roads and bridges	242,066	-	-	242,066	84,725	12,103	96,828	145,238	157,341
	14,076,280	145,505	-	14,221,785	4,255,552	416,240	4,671,792	9,549,993	9,820,728
Total	14,076,280	145,505	-	14,221,785	4,255,552	416,240	4,671,792	9,549,993	9,820,728

# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended March 31, 2015

	Actual 2015 \$	Administration Actual 2014 \$	Budget 2015 \$	Actual 2015 \$	Community Services Actual 2014 \$	Budget 2015 \$	Actual 2015 \$	Economic Development Actual 2014 \$	Budget 2015 \$
			(Unaudited)			(Unaudited)			(Unaudited)
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada (AANDC)	449,991	969,813	929,493	221,048	215,262	154,122	42,887	42,000	65,868
Other Government of Canada	-	-	-	40,116	9,200	48,643	-	-	-
Province of Ontario contributions	93,000	83,789	95,379	-	-	-	-	-	-
Commercial operations	-	-	-	-	-	-	-	-	-
Ontario First Nations Limited Partnership	428,891	419,082	420,000	-	-	-	14,909,863	14,689,160	15,350,942
Other	55,083	83,956	48,682	28,649	29,772	36,006	262,603	585,474	428,225
Interest earned on funds held in trust	733	700	-	-	-	-	-	-	-
Income from investments	9,362,404	334,286	5,000	-	-	-	-	-	-
Other interest income	661,106	833,524	733,580	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	139,242	-	-	-	-	-	-	-
	11,051,208	2,864,392	2,232,134	289,813	254,234	238,771	15,215,353	15,316,634	15,845,035
<b>Expenses</b>									
Salaries and benefits	1,861,341	1,978,399	2,132,314	380,455	468,314	406,968	119,936	64,370	154,324
Materials	1,021,190	633,719	1,026,008	240,889	136,406	692,955	3,139,954	2,739,192	1,777,969
Contracted services	580,103	703,211	417,910	11,972	-	-	8,349	6,980	6,000
Bank charges and interest	4,869	6,369	5,700	-	-	-	-	-	-
Program costs	533,603	261,878	760,469	3,679	9,663	23,512	269,246	253,618	368,517
External transfers	-	-	-	-	-	-	6,853,241	6,767,998	8,993,000
Amortization	116,872	105,271	111,821	109,883	109,882	139,557	-	-	-
	4,117,978	3,688,847	4,454,222	746,878	724,265	1,262,992	10,390,726	9,832,158	11,299,810
<b>Net surplus/(deficit)</b>	6,933,230	(824,455)	(2,222,088)	(457,065)	(470,031)	(1,024,221)	4,824,627	5,484,476	4,545,225

# MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION

## SCHEDULE OF SEGMENT DISCLOSURE, continued For the Year Ended March 31, 2015

	Actual 2015 \$	Education Actual 2014 \$	Budget 2015 \$	Actual 2015 \$	Social Development Actual 2014 \$	Budget 2015 \$	Actual 2015 \$	Health Actual 2014 \$	Budget 2015 \$
			(Unaudited)			(Unaudited)			(Unaudited)
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada (AANDC)	298,468	284,686	338,706	25,812	23,500	23,500	-	-	-
Other Government of Canada	-	-	-	-	-	-	136,370	122,902	116,786
Province of Ontario contributions	-	-	-	16,968	19,067	52,792	22,471	21,471	21,471
Other	229,502	140,263	251,174	-	-	-	82,280	79,555	82,188
	527,970	424,949	589,880	42,780	42,567	76,292	241,121	223,928	220,445
<b>Expenses</b>									
Salaries and benefits	71,897	-	67,000	25,933	23,500	53,500	240,170	369,170	306,153
Materials	11,745	9,847	60,316	-	-	1,200	79,662	119,246	124,287
Contracted services	-	-	-	-	-	-	808	736	1,240
Program costs	336,485	315,396	430,472	10,658	15,865	17,592	200,077	230,874	276,769
Amortization	-	-	-	-	-	-	67,256	67,256	67,256
	420,127	325,243	557,788	36,591	39,365	72,292	587,973	787,282	775,705
<b>Net surplus/(deficit)</b>	107,843	99,706	32,092	6,189	3,202	4,000	(346,852)	(563,354)	(555,260)



# **MISSISSAUGAS OF SCUGOG ISLAND FIRST NATION**

## **SCHEDULE OF SEGMENT DISCLOSURE, continued** **For the Year Ended March 31, 2015**

	Actual 2015 \$	Housing Actual 2014 \$	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Consolidated Totals Actual 2014 \$	Budget 2015 \$ (Unaudited)
<b>Revenues</b>						
Aboriginal Affairs and Northern Development Canada (AANDC)	-	-	-	1,038,206	1,535,261	1,511,689
Other Government of Canada	-	-	-	176,486	132,102	165,429
Canada Mortgage and Housing Corporation	151,647	78,438	83,333	151,647	78,438	83,333
Province of Ontario contributions	-	-	-	132,439	124,327	169,642
Commercial operations	-	-	-	14,909,863	14,689,160	15,350,942
Ontario First Nations Limited Partnership	-	-	-	428,891	419,082	420,000
Other	118,950	112,437	121,200	777,067	1,031,457	967,475
Interest earned on funds held in trust	-	-	-	733	700	-
Income from investments	-	-	-	9,362,404	334,286	5,000
Other interest income	10,744	-	2,420	671,850	833,524	736,000
Gain on sale of tangible capital assets	-	-	-	-	139,242	-
	281,341	190,875	206,953	27,649,586	19,317,579	19,409,510
<b>Expenses</b>						
Salaries and benefits	-	-	19,932	2,699,732	2,903,753	3,140,191
Materials	122,809	82,339	5,199	4,616,249	3,720,749	3,687,934
Contracted services	62,406	55,811	52,594	663,638	766,738	477,744
Bank charges and interest	23,447	24,127	31,295	28,316	30,496	36,995
Program costs	800	-	1,500	1,354,548	1,087,294	1,878,831
External transfers	-	-	-	6,853,241	6,767,998	8,993,000
Amortization	122,229	95,735	177,467	416,240	378,144	496,101
	331,691	258,012	287,987	16,631,964	15,655,172	18,710,796
<b>Net surplus/(deficit)</b>	<b>(50,350)</b>	<b>(67,137)</b>	<b>(81,034)</b>	<b>11,017,622</b>	<b>3,662,407</b>	<b>698,714</b>