

**Chippewas of Kettle & Stony Point  
First Nation  
Consolidated Financial Statements  
For the year ended March 31, 2015**

**Kettle and Stony Point First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2015

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## Chippewas of Kettle and Stony Point First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2015

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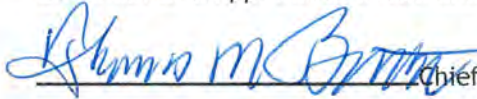
The accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation are the responsibility of management and have been approved by Council.

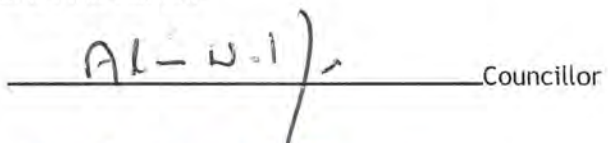
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines in necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

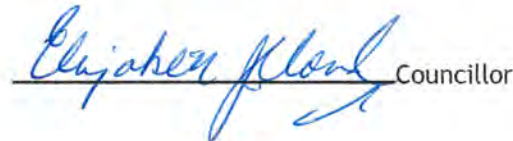
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

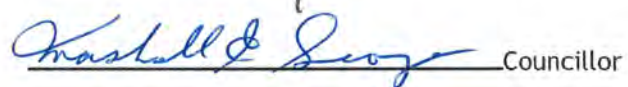
The external auditors, BDO Canada LLP, conducted an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management at Chippewas of Kettle and Stony Point First Nation and meet when required.

On behalf of Chippewas of Kettle and Stony Point First Nation:

  
Chief

  
Councillor

  
Councillor

  
Councillor

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## Independent Auditor's Report

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To the Members of Chippewas of Kettle & Stony Point First Nation

We have audited the accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, 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 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 consolidated financial position of the Chippewas of Kettle & Stony Point First Nation as at March 31, 2015 and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



#### **Other Matters Paragraph**

Chippewas of Kettle & Stony Point First Nation has also prepared another set of financial statements for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards and include supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Chippewas of Kettle & Stony Point First Nation meet the reporting requirements of various funding agencies. These statements do not include supplementary schedules. Our audit report on the other set of financial statements was issued to Chief and Council of Chippewas of Kettle & Stony Point First Nation and was dated July 27, 2015.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario  
July 27, 2015

# Chippewas of Kettle and Stony Point First Nation

## Consolidated Statement of Financial Position

March 31

2015

2014

### Financial assets

Cash and cash equivalents (Note 2)	\$ 1,266,127	\$ 2,829,651
Accounts receivable (Note 3)	508,002	853,025
Loans receivable (Note 4)	510,031	514,013
Funds on deposit with AANDC	1,142	35
Due from governments (Note 5)	870,677	575,708
Portfolio investments (Note 6)	16,803,609	15,955,000
Due from related parties (Note 7)	2,309,331	1,959,796
Investment in government business enterprises (Note 8)	3,373,443	2,926,827
	<u>25,642,362</u>	<u>25,614,055</u>

### Liabilities

Accounts payable and accrued liabilities	1,527,177	2,557,941
Deferred revenue (Note 9)	1,124,940	1,299,236
Long-term debt (Note 10)	4,226,073	4,517,084
	<u>6,878,190</u>	<u>8,374,261</u>

### Net financial assets

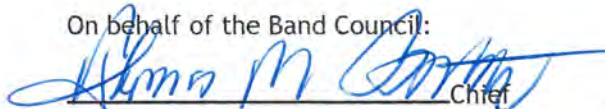


<u>18,764,172</u>	<u>17,239,794</u>
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### Non-financial assets

Tangible capital assets (Exhibit B)	18,896,702	19,290,752
Prepaid expenses and inventory of supplies	20,214	79,501
	<u>18,916,916</u>	<u>19,370,253</u>

Accumulated surplus (Note 11)	<u>\$37,681,088</u>	<u>\$ 36,610,047</u>
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On behalf of the Band Council:

 Chief Al-L.1)- Councillor  
 Councillor  Councillor

## Chippewas of Kettle & Stony Point First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2015	2014
<b>Revenues</b>			
Federal government transfers (Note 9)	\$ 7,334,875	\$ 9,165,806	\$ 8,257,454
Provincial government transfers (Note 9)	1,710,424	2,587,957	2,634,029
Grants	2,033,787	2,984,168	2,826,197
Rent and dues	1,440,647	1,643,797	1,487,654
Income (loss) from investment in government business enterprises (Note 8)	-	446,616	(50,547)
Other	1,326,337	2,474,975	4,343,480
	<u>13,846,070</u>	<u>19,303,319</u>	<u>19,498,267</u>
<b>Expenditures</b>			
Band government	2,900,994	2,530,311	2,491,876
Community services	58,679	71,261	80,208
Economic development	477,301	2,341,924	3,125,259
Education	3,719,484	4,752,140	4,906,598
Health	1,976,272	2,043,045	2,015,273
Housing	294,406	594,837	601,383
Land claims	30,688	1,242,754	899,672
Land programs	836,722	956,219	849,736
Minor capital	-	112,662	237,074
Public works	1,263,778	1,180,921	1,218,175
Social services	2,285,032	2,406,204	2,477,879
	<u>13,843,356</u>	<u>18,232,278</u>	<u>18,903,133</u>
<b>Annual surplus</b>	2,714	1,071,041	595,134
<b>Accumulated surplus, beginning of year</b>	<u>36,610,047</u>	<u>36,610,047</u>	<u>36,014,913</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 36,612,761</u>	<u>\$ 37,681,088</u>	<u>\$ 36,610,047</u>

## Chippewas of Kettle & Stony Point First Nation Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2015	2014
Annual surplus	\$ 2,714	\$ 1,071,041	\$ 595,134
Acquisition of tangible capital assets	(838,382)	(838,382)	(327,574)
Amortization of tangible capital assets	1,007,072	1,007,072	994,270
Loss on disposal of tangible capital assets	-	225,360	-
	<u>171,404</u>	<u>1,465,091</u>	<u>1,261,830</u>
Disposal (acquisition) of prepaid expenses and inventory of supplies	-	59,287	(56,523)
Net change in net financial assets	<u>171,404</u>	<u>1,524,378</u>	<u>1,205,307</u>
Net financial assets, beginning of year	<u>17,239,794</u>	<u>17,239,794</u>	<u>16,034,487</u>
Net financial assets, end of year	<u>\$ 17,411,198</u>	<u>\$ 18,764,172</u>	<u>\$ 17,239,794</u>



## Chippewas of Kettle & Stony Point First Nation Statement of Cash Flows

For the year ended March 31	2015	2014
<b>Operating transactions</b>		
Annual surplus	\$ 1,071,041	\$ 595,134
Adjustment for items not affecting cash		
Amortization of tangible capital assets	1,007,072	994,270
Share of (income) loss from investment in government business enterprises	(446,616)	50,547
Loss on disposal of tangible capital assets	225,360	-
	<u>1,856,857</u>	<u>1,639,951</u>
Changes in non-cash working capital items		
Accounts receivable	345,023	114,512
Loans receivable	3,982	18,271
Funds on deposit with AANDC	(1,107)	18,076
Due from governments	(294,969)	738,195
Prepaid expenses and inventory of supplies	59,287	(56,523)
Accounts payable and accrued liabilities	(1,030,764)	390,458
Deferred revenue	(174,296)	338,157
	<u>764,013</u>	<u>3,201,097</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(838,382)	(327,574)
<b>Investing transactions</b>		
Increase in portfolio investments	(848,609)	(4,704,888)
Increase in due from related parties	(349,535)	(190,644)
	<u>(1,198,144)</u>	<u>(4,895,532)</u>
<b>Financing transactions</b>		
Decrease in long-term debt	(291,011)	(275,729)
<b>Net change in cash and cash equivalents</b>	<u>(1,563,524)</u>	<u>(2,297,738)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,829,651</u>	<u>5,127,389</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,266,127</u>	<u>\$ 2,829,651</u>
<b>Represented by</b>		
Cash and cash equivalents	\$ 326,165	\$ 1,335,751
Restricted cash	939,962	1,493,900
	<u>\$ 1,266,127</u>	<u>\$ 2,829,651</u>

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# Chippewas of Kettle & Stony Point First Nation

## Notes to Financial Statements

March 31, 2015

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### 1. 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.

#### b. Reporting Entity

The Chippewas of Kettle & Stony Point First Nation entity includes the Chippewas of Kettle and Stony First Nation government and all entities that are controlled by the First Nation.

#### c. Principles of Consolidation

The controlled entities are fully consolidated on a line-by-line basis, except for commercial enterprises which meet the definition of a 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.

Under the modified equity method of accounting, only Chippewas of Kettle and Stony Point First Nation's investment in the government business enterprise and the First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Chippewas of Kettle & Stony Point First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in Chippewas of Kettle & Stony Point First Nation's financial statements include:

- Point's Eagle Radio Inc.

Organizations accounted for on a modified equity basis include:

- Indian Hills of Ipperwash Limited
- Southwind Corporate Development Inc.

#### d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

#### e. Inventories for Resale

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

#### f. Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

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## Chippewas of Kettle & Stony Point First Nation

### Notes to Financial Statements

March 31, 2015

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#### 1. Significant accounting policies (continued)

##### g. 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.

##### h. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all 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 recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	50 years
Building Contents	3 to 8 years
Vehicles	10 years
Land Improvements	25 to 40 years

Contributed tangible capital assets are recorded into revenues at their fair value on the date of the 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.

##### i. Leased Assets

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

##### j. Inventories Held for Use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

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## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

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### 1. Significant accounting policies (continued)

#### k. 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.

Government transfers 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 revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized in revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service provided.

#### l. Loan Guarantees

Loan guarantees are initially recognized at the amount of the estimate of the future cash outflow to be paid by the First Nation on the defaulted loans. At each year end, an assessment is made of whether the loan guarantees require recognition in the financial statements.

#### m. Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. At March 31, 2015, the First Nation has not identified any instances that meet the criteria for a liability for contaminated sites.

#### n. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be different from those estimates.

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## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

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### 1. Significant accounting policies (continued)

#### o. Fund Accounting

The First Nation records accounting transactions using the fund accounting method generally in use for government organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- Operations and Maintenance Fund reflects the sources of funding received and expenditures incurred on various programs administered by the First Nation.
- Capital Fund reflects the funding received and expenditures made on capital projects.
- Camp Ipperwash Fund reflects the funding received and expenditures made with respect to the former Camp Ipperwash.
- Investment Fund reflects monies maintained in investments which are either internally or externally restricted as to their use.
- CMHC Reserve Fund reflects monies received and expenditures made on capital projects relating to the CMHC mortgaged buildings.

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 2. Cash and cash equivalents

Cash is held at one financial institution and earns interest at tiered rates.

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Chippewas of Kettle & Stony Point 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 CMHC Reserve Fund. The following table presents the amount of cash and cash equivalents that are externally restricted, internally restricted and unrestricted:

	2015	2014
<b>Externally Restricted</b>		
CMHC capital improvements	\$ 336,798	\$ 324,021
<b>Internally Restricted</b>		
Capital planning	\$ 66,655	\$ 471,265
Economic development	225,156	387,261
Camp Ipperwash	311,353	311,353
	<u>\$ 603,164</u>	<u>\$ 1,169,879</u>
<b>Unrestricted</b>		
Operating	\$ 327,097	\$ 1,371,489
Social services	(932)	(35,738)
	<u>\$ 326,165</u>	<u>\$ 1,335,751</u>
	<u>\$ 1,266,127</u>	<u>\$ 2,829,651</u>

The First Nation has an authorized demand line of credit of \$3,000,000 with Royal Bank of Canada at prime + 0% per annum secured by a general security agreement on all property and a general hypothecation of stocks and bonds held at RBC PN&H Investment Council. At March 31, 2015 the First Nation has drawn \$10,000.

At the year end, the First Nation held \$139,820, (2014- \$138,818) in trust for band members from a settlement with the Government of Canada and held a funeral trust of \$65,497, (2014- \$83,023) that can be utilized by band members as needed.

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 3. Accounts receivable

	2015	2014
<b>Due from members</b>		
Rent	\$ 382,170	\$ 368,673
Other	55,741	55,741
	<u>437,911</u>	<u>424,414</u>
<b>Due from others</b>		
Other	670,179	935,340
	<u>1,108,090</u>	<u>1,359,754</u>
Less: allowance for doubtful accounts	(600,088)	(506,729)
	<u>\$ 508,002</u>	<u>\$ 853,025</u>

### 4. Loans receivable

	2015	2014
Members of First Nation	\$ 3,400,209	\$ 3,426,751
Less: allowance for doubtful accounts	<u>(2,890,178)</u>	<u>(2,912,738)</u>
	<u>\$ 510,031</u>	<u>\$ 514,013</u>

### 5. Due from governments

	2015	2014
<b>Federal Government</b>		
Aboriginal Affairs and Northern Development Canada	\$ 727,514	\$ 150,576
Health Canada	90	1,465
Canada Mortgage and Housing Corporation	18,885	35,331
Provincial Government	<u>272,563</u>	<u>533,747</u>
	1,019,052	721,119
Less: allowance for doubtful accounts	<u>(148,375)</u>	<u>(145,411)</u>
	<u>\$ 870,677</u>	<u>\$ 575,708</u>

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 6. Portfolio investments

Investments and marketable securities are comprised of \$16,803,609 invested with RBC PH&N Investment Council Inc. (2014 - \$15,955,000). The fair market value is approximately \$17,753,185 (2014- \$16,277,256). The investments with PH&N Investment Counsel Inc. are held in Federal, Provincial and domestic bonds and Canadian, United States and International equity instruments. The Federal, Provincial and domestic bonds have interest rates between 1.75% and 3.81% and maturity dates between September 2017 and March 2023. Included in the investment balance are amounts held in cash totaling \$734,596 (2014 - \$4,365,907).

### 7. Due from related parties

At the end of the year, the amounts due from related parties are as follows:

	2015	2014
Due from (to) Southwind Corporate Development Inc	\$ 300,129	\$ (78,614)
Due from Indian Hills of Ipperwash Limited	2,947,164	2,934,070
Due to Points Preference Supermarket Inc.	(1,422,660)	(1,422,660)
Due to Kettle & Stony Point Gas & Convenience Inc.	(42,302)	-
Loan due from Southwind Corporate Development Inc.	-	527,000
Loan due from Kettle & Stony Point Gas & Convenience Inc.	527,000	-
	<u>\$ 2,309,331</u>	<u>\$ 1,959,796</u>

The due from (to) balances are interest-free and payable on demand. The Southwind Corporate Development Inc. amount originated on the transfer of assets to and from Points Preference Supermarket Inc. and Sweetgrass and Sage Restaurant, as well as the payment and receipt of revenues and expenses of Southwind Corporate Development Inc.

The loan due from Kettle & Stony Point Gas & Convenience Inc. is interest-free, payable in full in ten years.

Purchases were made from Points Preference Supermarket Inc. in the amount of \$67,892 (2014 - \$63,216).

These transactions are in the normal course of business and are measured at the exchange value (the amount of consideration established and agreed to by the related parties) which approximates the arm's length equivalent for provision of services.



## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 8. Government business enterprises

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

- Southwind Corporate Development Inc.

Southwind Corporate Development Inc. is a corporation incorporated under the laws of the Government of Canada. It was established for corporate management and development. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Southwind Corporate Development Inc.

- Indian Hills of Ipperwash Limited

Indian Hills of Ipperwash Limited is a corporation incorporated under the laws of the Government of Canada. It was established to operate a golf course. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Indian Hills of Ipperwash Limited.

The original investment in Indian Hills of Ipperwash Limited of \$1,973,789 has been reduced by losses of \$1,970,812 since 2007, resulting in an investment of \$2,977 (2014- \$50,276).

	Southwind Corporate Development Inc.	Indian Hills of Ipperwash Limited
Assets	<u>\$ 3,918,015</u>	<u>\$ 3,470,810</u>
Liabilities	547,549	3,047,776
Share Capital and Contributed Surplus	100	1,498,471
Surplus (deficit)	<u>3,370,366</u>	<u>(1,075,437)</u>
	<u>\$ 3,918,015</u>	<u>\$ 3,470,810</u>
Revenues	\$ 12,089,720	\$ 855,927
Expenditures	<u>11,595,805</u>	<u>903,226</u>
Net income(loss) for the year	<u>\$ 493,915</u>	<u>\$ (47,299)</u>

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 9. Deferred revenue and government transfers

	Balance March 31, 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31, 2015
<b>Federal Government</b>				
Aboriginal Affairs and Northern Development Canada	\$ 1,203,337	\$ 6,898,366	\$ 7,029,632	\$ 1,072,071
Health Canada	-	1,946,395	1,946,395	-
Canada Mortgage and Housing Corporation	-	189,779	189,779	-
	<u>1,203,337</u>	<u>9,034,540</u>	<u>9,165,806</u>	<u>1,072,071</u>
<b>Provincial Government</b>				
Ministry of Education	-	439,034	439,034	-
Ministry of Aboriginal Affairs	-	392,545	392,545	-
Ministry of Health	-	1,000,745	1,000,745	-
Ministry of Training	-	610,604	610,604	-
Other	-	145,029	145,029	-
	<u>-</u>	<u>2,587,957</u>	<u>2,587,957</u>	<u>-</u>
<b>Other</b>				
Other	<u>95,899</u>	<u>1,000</u>	<u>44,030</u>	<u>52,869</u>
	<u>\$ 1,299,236</u>	<u>\$ 11,623,497</u>	<u>\$ 11,797,793</u>	<u>\$ 1,124,940</u>

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 10. Long-term debt

	2015	2014
1.52% mortgage, Canadian Mortgage and Housing Corporation, payable \$5,222 monthly including principal and interest, maturing May 1, 2018	\$ 193,856	\$ 253,176
3.56% mortgage, TD Canada Trust, payable \$1,090 biweekly including principal and interest, maturing April 1, 2014	-	124,487
1.64% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,817 monthly including principal and interest, maturing October 1, 2021	361,048	412,574
5.25% Promissory note payable, Team Truck Centres Limited payable \$2,300 monthly including principal and interest, maturing December 2, 2017	50,246	74,514
1.53% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,081 monthly including principal and interest, maturing December 1, 2017	423,692	454,006
3.67% mortgage, Bank of Montreal, payable \$2,695 biweekly including principal and interest, maturing May 1, 2015	325,633	382,846
1.71% mortgage, Canadian Mortgage and Housing \$4,376 monthly including principal and interest, maturing September 1, 2017	369,966	415,823
1.92% mortgage, Canadian Mortgage and Housing Corporation, payable \$2,250 monthly including principal and interest, maturing February 1, 2019	101,974	-
Promissory note payable, AANDC, interest free, total due the earlier of March 31, 2016 or the date on which the 1942 Stony Point Appropriation claim is settled.	1,965,285	1,965,285
Promissory note payable, AANDC, interest free, total due the earlier of March 31, 2016 or the date on which the 1928 Surrender at Stony Point claim is settled.	275,529	275,529
Promissory note payable, AANDC, interest free, total due the earlier of March 31, 2017 or the date on which the Clench Defalcation claim is settled.	158,844	158,844
	<b>\$ 4,226,073</b>	<b>\$ 4,517,084</b>

## Chippewas of Kettle & Stony Point First Nation Notes to Financial Statements

March 31, 2015

### 10. Long-term debt (continued)

The above debt is secured by a ministerial guarantee by the Aboriginal Affairs and Northern Development Canada. Principal payments required on long-term debt for the next five years and thereafter are due as follows:

Year	Amount
2016	\$ 2,806,951
2017	401,996
2018	222,087
2019	171,432
2020	137,757
Thereafter	<u>485,850</u>
	<u>\$ 4,226,073</u>

Interest expense for the year on long-term debt was \$38,036 (2014 -\$56,076).

### 11. Accumulated surplus

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

	2015	2014
Capital Fund	\$ 15,602,321	\$ 15,602,321
Operations Fund	5,973,082	5,984,912
Camp Ipperwash Fund	287,054	287,054
Investment Fund	15,516,644	14,431,119
CMHC Replacement Reserve	<u>301,987</u>	<u>304,641</u>
	<u>\$ 37,681,088</u>	<u>\$ 36,610,047</u>

### 12. Expenditures by object

	2015	2014
Salaries, wages and employee benefits	\$ 8,700,672	\$ 8,740,595
Materials	8,468,188	9,083,186
Amortization	1,007,072	994,270
Rents and financial expenses	<u>56,346</u>	<u>85,082</u>
	<u>\$ 18,232,278</u>	<u>\$ 18,903,133</u>

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## Chippewas of Kettle & Stony Point First Nation

### Notes to Financial Statements

March 31, 2015

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#### 13. Contingencies

The First Nation is a defendant in various legal actions. The ultimate outcomes are indeterminable at March 31, 2015 as litigation is still in progress. The results of any claims and related costs will be recognized in the year in which the outcome has been decided. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

The First Nation has also guaranteed \$1,514,424 of housing loans for band members with the Bank of Montreal. The First Nation has provided a full financial guarantee to the Bank of Montreal for each loan, with the land as collateral.

The First Nation provides a full financial guarantee to Tecumseh Community Development Corporation for a promissory note signed by Southwind Corporate Development Limited. The balance at March 31, 2015 is \$235,825.

The First Nation owned entities have neither charged Harmonized Sales Tax to its non-native customers nor made remittances to the Receiver General for Canada. While it is the position of the First Nation that they are not responsible for collection of federal taxes, regulations indicate that Harmonized Sales Tax should be charged on revenues. The resultant liability, if any exists, is not determinable at this time. Therefore, no provision has been made in these financial statements for any liability related to unremitted Harmonized Sales Tax.

#### 14. Commitments

The First Nation has entered into contracts for the design and engineering for the construction of a new water tower. The design and engineering contracts combined cost is \$292,352 and \$60,320 has been spent to March 31, 2015.

The First Nation has entered into a contract for the design for the construction of a new Indian Hills Golf Club House. The contract cost is \$325,000 and \$39,000 has been spent to March 31, 2015.

#### 15. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 132 members of its staff. The plan is a defined contribution plan.

The amount contributed to the pension plan in 2015 was \$266,490 (2014- \$256,437) for current service and is included as an expenditure in the Statement of Operations.

#### 16. Ontario land settlements

Currently the First Nation is involved in negotiating various land claims involving the Stony Point Appropriation 1942 claim, the 1928 land claim and the Clench Defalcation Claim. When the claims are settled, the amounts will be reflected in the year of settlement.

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## Chippewas of Kettle & Stony Point First Nation

### Notes to Financial Statements

March 31, 2015

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#### 17. Budget

The budget was prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a full accrual basis and was approved by Chief and Council on January 20, 2014.

#### 18. Segmented information

The Chippewas of Kettle & Stony Point First Nation is a diversified First Nation government that provides a wide range of services to its members including public works, health, administration and education. For management reporting purposes, the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these programs. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

##### Public works

The Public Works department is responsible for the delivery of First Nation public works services related to road maintenance, water treatment and infrastructure, waste management services and infrastructure, cemetery maintenance, ditching, culverts and other infrastructure needs and functions.

##### Health

The Health department is responsible for the delivery of services promoting healthy lifestyles, skill building and self-care targeting community members of all ages and phases of life. Programming takes into account the non-medical determinants of health like poverty, mental and social well-being, quality of life, income, employment, education and other factors known to influence the way people care for themselves and their families.

##### Administration

The administration department is responsible for the processing of payroll, payments for goods and services, invoicing of fees and rentals, coordinating the First Nation's audit, administering the employee benefits program, providing financial data to other programs for reporting purposes, coordinating the budget process including minor capital and being a resource to the Financial Management Board.

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## Chippewas of Kettle & Stony Point First Nation

### Notes to Financial Statements

March 31, 2015

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#### 18. Segmented information (continued)

##### Education

The education department is responsible for the provision and administration of the education of students at Hillside School.

##### Other

Other comprises all other departments of the First Nation including housing, social services, lands, estates and governance, youth, economic development, employment and training, job connect, fire, negotiations and Casino Rama.

##### Business enterprises

Business Enterprises comprises the income (loss) of Southwind Corporate Development Inc. and Indian Hills of Ipperwash Limited, wholly owned subsidiaries of the First Nation.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1(a). For additional information see the Consolidated Schedule of Segment Disclosure - Service and Schedule of Segment Disclosure with Budget Information which appear after the notes to the financial statements

#### 19. Subsequent event

Subsequent to year-end, the First Nation has entered into a contract for the design for the construction of a new Cultural/Heritage Centre & Ojibway Village. The contract cost is \$450,000.

Subsequent to year-end, the First Nation's business enterprise (Indian Hills of Ipperwash Limited) closed from June 17 to July 17, 2015 due to a naturally occurring natural gas leak. As a result of the closure the company was not able to generate revenue. The amount of lost revenue for the closure period is yet to be finally determined. The golf course sustained physical damage from the natural gas leak and the cost to repair the course is yet to be finally determined. The company has submitted a claim with their insurance company and the amount of the insurance recovery is not known at this time.

#### 20. Comparative figures

Certain information contained in the consolidated financial statements relating to 2014 have been restated to conform with the current method of presentation.

**Chippewas of Kettle & Stony Point First Nation**  
**Consolidated Schedule of Segment Disclosure**  
**Exhibit A**

**For the year ended March 31, 2015**

<b>Revenues</b>		<b>Public Works</b>	<b>Health</b>	<b>Administration</b>	<b>Education</b>	<b>Other</b>	<b>Business Enterprises</b>	<b>Adjustments</b>	<b>Consolidated</b>
Government Transfers	\$	424,083	\$ 2,729,414	\$ 790,481	\$ 3,000,999	\$ 4,808,786	\$ -	-	\$ 11,753,763
Other		250,444	303,484	169,318	83,847	6,295,847	446,616	-	7,549,556
		674,527	3,032,898	959,799	3,084,846	11,104,633	446,616	-	19,303,319
<b>Expenses</b>									
Salaries and benefits		395,801	2,014,226	834,303	2,077,032	3,379,310	-	-	8,700,672
Facility maintenance		327,224	133,515	59,258	93,984	314,348	-	-	928,329
Equipment and maintenance		97,691	34,281	18,593	124,917	223,024	-	-	498,506
Program costs		125,368	466,629	770,382	1,045,815	4,689,505	-	-	7,097,699
		946,084	2,648,651	1,682,536	3,341,748	8,606,187	-	-	17,225,206
Income (loss) before amortization		(271,557)	384,247	(722,737)	(256,902)	2,498,446	446,616	-	2,078,113
Amortization		58,699	-	565,305	90,667	292,401	-	-	1,007,072
Net surplus (deficit)	\$	(330,256)	\$ 384,247	\$ (1,288,042)	\$ (347,569)	\$ 2,206,045	\$ 446,616	-	\$ 1,071,041

The accompanying notes are an integral part of these consolidated financial statements.



**Chippewas of Kettle & Stony Point First Nation**  
**Consolidated Schedule of Segment Disclosure**  
Exhibit A (continued)

For the year ended March 31, 2014

Revenues		Public Works	Health	Administration	Education	Other	Business Enterprises	Adjustments	Consolidated
Government Grants	\$	418,257	\$ 2,549,718	\$ 879,572	\$ 3,066,111	\$ 3,977,825	\$ -	-	\$ 10,891,483
Other		335,881	304,411	108,894	447,750	7,460,395	(50,547)	-	8,606,784
		754,138	2,854,129	988,466	3,513,861	11,438,220	(50,547)	-	19,498,267
<b>Expenses</b>									
Salaries and benefits		392,428	1,992,182	887,846	2,184,321	3,283,818	-	-	8,740,595
Facility maintenance		322,642	137,710	49,573	121,956	1,088,487	-	-	1,720,368
Equipment and maintenance		109,173	34,103	46,518	123,986	174,298	-	-	488,078
Program costs		135,439	399,676	716,336	1,347,676	4,360,695	-	-	6,959,822
		959,682	2,563,671	1,700,273	3,777,939	8,907,298	-	-	17,908,863
Income (loss) before amortization		(205,544)	290,458	(711,807)	(264,078)	2,530,922	(50,547)	-	1,589,404
Amortization		73,177	-	558,518	79,286	283,289	-	-	994,270
Net surplus (deficit)	\$	(278,721)	\$ 290,458	\$ (1,270,325)	\$ (343,364)	\$ 2,247,633	\$ (50,547)	-	\$ 595,134

The accompanying notes are an integral part of these consolidated financial statements.

**Chippewas of Kettle & Stony Point First Nation**  
**Consolidated Schedule of Tangible Capital Assets**  
**Exhibit B**

March 31, 2015

	Land	Infrastructure	Buildings	Building Contents	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 250,000	\$ 7,944,552	\$ 23,131,210	\$ 2,852,402	\$ 2,521,965	\$ -	\$ 36,700,129
Additions	-	15,238	-	276,737	461,898	84,509	838,382
Disposals	-	-	-	-	(225,360)	-	(225,360)
Cost, end of year	\$ 250,000	\$ 7,959,790	\$ 23,131,210	\$ 3,129,139	\$ 2,758,503	\$ 84,509	\$ 37,313,151
Accumulated amortization, beginning of year	\$ -	\$ 4,210,445	\$ 9,491,701	\$ 1,978,040	\$ 1,729,191	\$ -	\$ 17,409,377
Amortization	-	208,157	459,679	179,438	159,798	-	1,007,072
Accumulated amortization, end of year	\$ -	\$ 4,418,602	\$ 9,951,380	\$ 2,157,478	\$ 1,888,989	\$ -	\$ 18,416,449
Net carrying amount, end of year	\$ 250,000	\$ 3,541,188	\$ 13,179,830	\$ 971,661	\$ 869,514	\$ 84,509	\$ 18,896,702

The accompanying notes are an integral part of these consolidated financial statements.

**Chippewas of Kettle & Stony Point First Nation**  
**Consolidated Schedule of Tangible Capital Assets**  
Exhibit B (continued)

**March 31, 2014**

	Land	Infrastructure	Buildings	Building Contents	Vehicles	Construction in progress	Total
Cost, beginning of year	\$ 250,000	\$ 7,942,702	\$ 23,131,210	\$ 2,576,678	\$ 2,471,965	\$ -	\$ 36,372,555
Additions	-	1,850	-	275,724	50,000	-	327,574
Cost, end of year	\$ 250,000	\$ 7,944,552	\$ 23,131,210	\$ 2,852,402	\$ 2,521,965	\$ -	\$ 36,700,129
Accumulated amortization, beginning of year	\$ -	\$ 3,996,130	\$ 9,032,022	\$ 1,797,426	\$ 1,589,529	\$ -	\$ 16,415,107
Amortization	-	214,315	459,679	180,614	139,662	-	994,270
Accumulated amortization, end of year	\$ -	\$ 4,210,445	\$ 9,491,701	\$ 1,978,040	\$ 1,729,191	\$ -	\$ 17,409,377
Net carrying amount, end of year	\$ 250,000	\$ 3,734,107	\$ 13,639,509	\$ 874,362	\$ 792,774	-	\$ 19,290,752

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$84,509 (2014- \$nil). The First Nation holds various works of art and historical treasures that have cultural, aesthetic or historical value that is worth preserving perpetually. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made. Crown land, where the ownership has not transferred to the First Nation is not recognized in the financial statements.