

Consolidated financial statements of

**Chippewas of Kettle & Stony Point
First Nation**

March 31, 2016

Chippewas of Kettle & Stony Point First Nation

March 31, 2016

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Management's Responsibility for the Consolidated Financial Statements

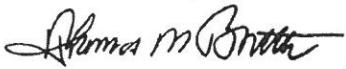
The accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation are the responsibility of management and have been approved by Council.

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 is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

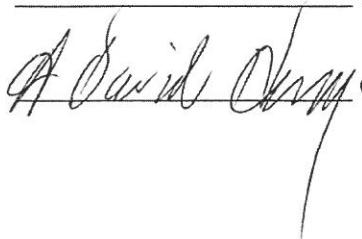
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, Deloitte 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.

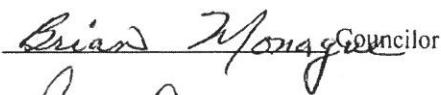
On behalf of Chippewas of Kettle and Stony Point First Nation:



Chief



Councilor



Councilor



Councilor

Independent Auditor's Report

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, 2016, and the consolidated statements 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, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The consolidated financial statements of Chippewas of Kettle & Stony Point First Nation for the year ended March 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on July 27, 2015.

Pelotte LLP

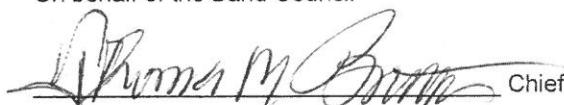
Chartered Professional Accountants
Licensed Public Accountants
July 27, 2016

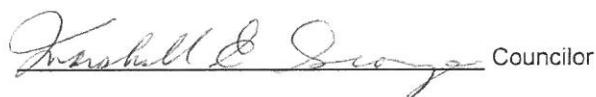
Chippewas of Kettle & Stony Point First Nation

Consolidated statement of financial position
as at March 31, 2016

	2016	2015
	\$	\$
Financial assets		
Cash and cash equivalents (Note 2)	-	1,266,127
Accounts receivable (Note 3)	876,830	508,002
Loans receivable (Note 4)	246,221	510,031
Land settlement receivable (Note 19)	95,000,000	-
Funds on deposit with AANDC	2,958	1,142
Due from governments (Note 5)	271,902	870,677
Portfolio investments (Note 6)	18,417,240	16,803,609
Due from related parties (Note 7)	3,498,763	2,309,331
Investment in government business enterprises (Note 8)	2,651,016	3,373,443
	120,964,930	25,642,362
Liabilities		
Bank indebtedness (Note 2)	176,356	-
Accounts payable and accrued liabilities	1,508,361	1,527,177
Deferred revenue (Note 9)	1,183,536	1,124,940
Long-term debt (Note 10)	3,904,903	4,226,073
	6,773,156	6,878,190
Net financial assets	114,191,774	18,764,172
Non-financial assets		
Tangible capital assets (Exhibit B)	18,200,333	18,896,702
Prepaid expenses and inventory of supplies	255,572	20,214
	18,455,905	18,916,916
Accumulated surplus (Note 11)	132,647,679	37,681,088

On behalf of the Band Council

 Chief

 Councilor

The accompanying notes to the consolidated financial statements are an integral part of
this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation

Consolidated statement of operations
year ended March 31, 2016

	Budget	2016	2015
	\$	\$	\$
Revenue			
Federal government transfers (Note 9)	7,000,685	10,041,862	9,165,806
Provincial government transfers (Note 9)	1,324,261	2,346,292	2,587,957
Grants	1,957,360	2,202,202	2,984,168
Rent and dues	880,138	1,550,370	1,643,797
(Loss) income from investment in government business enterprises (Note 8)	-	(722,427)	446,616
Other	407,649	4,470,756	2,474,975
Land settlement (Note 19)	-	95,000,000	-
	11,570,093	114,889,055	19,303,319
 Expenditures			
Band government	1,645,031	3,260,063	2,530,361
Community services	66,376	84,597	68,518
Economic development	745,997	3,740,209	2,690,251
Education	1,971,272	5,312,119	4,752,140
Health	2,001,733	2,128,835	2,043,045
Housing	-	485,624	594,837
Land claims	1,151,361	1,284,804	1,587,599
Land programs	97,821	169,811	265,740
Minor capital	8,652	170,875	112,662
Public works	1,277,598	974,598	1,180,921
Social services	2,501,267	2,310,929	2,406,204
	11,467,108	19,922,464	18,232,278
Annual surplus	102,985	94,966,591	1,071,041
Accumulated surplus, beginning of year	-	37,681,088	36,610,047
Accumulated surplus, end of year	102,985	132,647,679	37,681,088

The accompanying notes to the consolidated financial statements are an integral part of
this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation

Consolidated statement of changes in net financial assets
year ended March 31, 2016

	Budget	2016	2015
	\$	\$	\$
Annual (deficit) surplus	102,985	94,966,591	1,071,041
Acquisition of tangible capital assets	(762,580)	(762,580)	(838,382)
Amortization of tangible capital assets	1,028,770	1,028,770	1,007,072
Loss on disposal of tangible capital assets	-	430,179	225,360
	369,175	95,662,960	1,465,091
(Acquisition) disposal of prepaid expenses and inventory of supplies	-	(235,358)	59,287
Net change in net financial assets	369,175	95,427,602	1,524,378
Net financial assets, beginning of year	18,764,172	18,764,172	17,239,794
Net financial assets, end of year	19,133,347	114,191,774	18,764,172

The accompanying notes to the consolidated financial statements are an integral part of
this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation

Consolidated statement of cash flows
year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Annual (deficit) surplus	94,966,591	1,071,041
Adjustment for items not affecting cash		
Amortization of tangible capital assets	1,028,770	1,007,072
Share of loss (income) from investment in government business enterprises	722,427	(446,616)
Loss on disposal of tangible capital assets	430,179	225,360
	97,147,967	1,856,857
Changes in non-cash working capital items		
Accounts receivable	(368,828)	345,023
Loans receivable	263,810	3,982
Land settlement receivable	(95,000,000)	
Funds on deposit with AANDC	(1,816)	(1,107)
Due from governments	598,775	(294,969)
Prepaid expenses and inventory of supplies	(235,358)	59,287
Accounts payable and accrued liabilities	(18,816)	(1,030,764)
Deferred revenue	58,596	(174,296)
	2,444,330	764,013
Capital activity		
Acquisition of tangible capital assets	(762,580)	(838,382)
Investing activities		
Increase in portfolio investments	(1,613,631)	(848,609)
Increase in due from related parties	(1,189,432)	(349,535)
	(2,803,063)	(1,198,144)
Financing activity		
Repayment of long-term debt	(321,170)	(291,011)
Net change in cash and cash equivalents	(1,442,483)	(1,563,524)
Cash and cash equivalents, beginning of year	1,266,127	2,829,651
Cash and cash equivalents, end of year	(176,356)	1,266,127
Represented by		
Cash and cash equivalents	(977,137)	326,165
Restricted cash	800,781	939,962
	(176,356)	1,266,127

The accompanying notes to the consolidated financial statements are an integral part of
this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

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 ("First Nation") entity includes the Chippewas of Kettle and Stony Point 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, temporary bank indebtedness, 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.

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.

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

1. Significant accounting policies (continued)

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
Infrastructure	25 to 40 years

Contributed tangible capital assets are recorded as 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.

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 stipulations 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.

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

1. Significant accounting policies (continued)

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, 2016, 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. Significant estimates include the useful lives of tangible capital assets, the valuation of accounts receivable and the determination of deferred revenue.

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 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 Replacement Fund reflects monies received and expenditures made on capital projects relating to the CMHC mortgaged buildings.

2. Cash and cash equivalents

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:

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

2. Cash and cash equivalents (continued)

	2016	2015
	\$	\$
Externally restricted		
CMHC capital improvements	331,950	336,798
Internally restricted		
Capital planning	67,158	66,655
Economic development	90,320	225,156
Camp Ipperwash	311,353	311,353
	468,831	603,164
Unrestricted		
Operating	(970,015)	327,097
Social services	(7,122)	(932)
	(977,137)	326,165
	(176,356)	1,266,127

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, 2016 the First Nation has drawn \$815,000.

At the year end, the First Nation held \$136,665 (2015 - \$139,820) in trust for band members from a settlement with the Government of Canada and held a funeral trust of \$59,656 (2015 - \$65,497) that can be utilized by band members as per policy.

3. Accounts receivable

	2016	2015
	\$	\$
Due from members		
Rent	419,226	382,170
Other	55,741	55,741
	474,967	437,911
Due from others		
Other	1,046,764	670,179
	1,521,731	1,108,090
Less: allowance for doubtful accounts	(644,901)	(600,088)
	876,830	508,002

4. Loans receivable

	2016	2015
	\$	\$
Members of First Nation	3,478,989	3,400,209
Less: allowance for doubtful accounts	(3,232,768)	(2,890,178)
	246,221	510,031

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

5. Due from governments

	2016	2015
	\$	\$
Federal Government		
Aboriginal Affairs and Northern Development Canada	145,871	727,514
Health Canada	90	90
Canada Mortgage and Housing Corporation	10,228	18,885
Provincial Government	<u>247,645</u>	<u>272,563</u>
	403,834	1,019,052
Less: allowance for doubtful accounts	<u>(131,932)</u>	<u>(148,375)</u>
	<u>271,902</u>	<u>870,677</u>

6. Portfolio investments

Investments and marketable securities are comprised of \$18,417,240 invested with RBC PH&N Investment Council Inc. (2015 - \$16,803,609). The fair market value is approximately \$19,122,281 (2015 - \$17,753,185). 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 1.8% and 3.8% and maturity dates between September 2017 and March 2023. Included in the investment balance are amounts held in cash totaling \$1,147,718 (2015 - \$734,596).

7. Due from related parties

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

	2016	2015
	\$	\$
Due (to) from Southwind Corporate Development Inc.	(18,239)	300,129
Due from Indian Hills of Ipperwash Limited	2,981,622	2,947,164
Due to Points Preference Supermarket Inc.	800	(1,422,660)
Due from (to) Kettle & Stony Point Gas & Convenience Inc.	8,758	(42,302)
Due to 9236058 Canada Inc.	(1,178)	-
Loan due from Kettle & Stony Point Gas & Convenience Inc.	<u>527,000</u>	<u>527,000</u>
	<u>3,498,763</u>	<u>2,309,331</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 \$49,532 (2015 - \$67,892).

These transactions are in the normal course of business and are measured at the exchange amount (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 the consolidated financial statements

March 31, 2016

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 \$2,438,104 since 2007, resulting in an investment of \$(464,315) (2015 - \$2,977).

	Southwind Corporate Development Inc.	Indian Hills of Ipperwash Limited
	\$	\$
Assets	<u>3,632,379</u>	<u>3,427,252</u>
Liabilities	827,048	3,471,509
Share capital and contributed surplus	100	100
Surplus (deficit)	<u>2,805,231</u>	<u>(44,357)</u>
	<u>3,632,379</u>	<u>3,427,252</u>
Revenue	15,027,237	403,679
Expenditures	<u>15,282,372</u>	<u>870,971</u>
Net loss for the year	<u>(255,135)</u>	<u>(467,292)</u>

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

9. Deferred revenue and government transfers

	Balance March 31, 2015	Funding received 2016	Revenue recognized 2016	Balance March 31, 2016
	\$	\$	\$	\$
Federal Government				
Aboriginal Affairs and Northern Development Canada	1,072,071	8,006,535	7,923,134	1,155,472
Health Canada	-	2,041,114	2,026,545	14,569
Canada Mortgage and Housing Corporation	-	92,183	92,183	-
	1,072,071	10,139,832	10,041,862	1,170,041
Provincial Government				
Ministry of Education	-	467,693	467,693	-
Ministry of Aboriginal Affairs	-	232,107	232,107	-
Ministry of Health	-	1,018,655	1,018,655	-
Ministry of Training	-	481,126	481,126	-
Other	-	146,711	146,711	-
	-	2,346,292	2,346,292	-
Other				
Other	52,869	1,853	41,227	13,495
	1,124,940	12,487,977	12,429,381	1,183,536

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

10. Long-term debt

	2016	2015
	\$	\$
1.52% mortgage, Canadian Mortgage and Housing Corporation, payable \$5,222 monthly including principal and interest, maturing May 1, 2018	133,654	193,856
1.64% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,817 monthly including principal and interest, maturing October 1, 2021	308,685	361,048
5.25% Promissory note payable, Team Truck Centres Limited payable \$2,300 monthly including principal and interest, maturing December 2, 2017	5,499	50,246
1.53% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,081 monthly including principal and interest, maturing December 1, 2017	392,922	423,692
2.05% mortgage, Bank of Montreal, payable \$2,578 biweekly including principal and interest, maturing May 1, 2020	264,489	325,633
1.71% mortgage, Canadian Mortgage and Housing monthly including principal and interest, maturing September 1, 2017	323,333	369,966
1.92% mortgage, Canadian Mortgage and Housing Corporation, payable \$2,250 monthly including principal and interest, maturing February 1, 2019	76,663	101,974
Promissory note payable, AANDC, interest free, total due the earlier of March 31, 2017 or the date on which the 1942 Stony Point Appropriation claim is settled (Note 19)	1,965,285	1,965,285
Promissory note payable, AANDC, interest free, total due the earlier of March 31, 2017 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
	3,904,903	4,226,073

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

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:

	\$
2017	2,688,279
2018	285,654
2019	235,916
2020	204,527
2021	145,728
Thereafter	344,799
	<u>3,904,903</u>

Interest expense for the year on long-term debt was \$27,922 (2015 - \$38,036).

11. Accumulated surplus

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

	2016	2015
	\$	\$
Capital Fund	15,602,321	15,602,321
Operations Fund	4,165,846	5,973,082
Camp Ipperwash Fund	287,054	287,054
Investment Fund	17,309,805	15,516,644
CMHC Replacement Reserve	282,653	301,987
Stony Point FSA trust fund	95,000,000	
	<u>132,647,679</u>	<u>37,681,088</u>

12. Expenditures by object

	2016	2015
	\$	\$
Salaries, wages and employee benefits	9,805,528	8,700,672
Materials	9,041,343	8,468,188
Amortization	1,028,770	1,007,072
Rents and financial expenses	46,823	56,346
	<u>19,922,464</u>	<u>18,232,278</u>

13. Contingencies

The First Nation is a defendant in various legal actions. The ultimate outcomes are indeterminable at March 31, 2016 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 \$1,720,009 of housing loans for band members with the Bank of Montreal and the Royal Bank of Canada. The First Nation has provided a full financial guarantee to the Bank of Montreal for each loan, with the land as collateral. All mortgages are up to date on payments consequently management does not expect to act on the guarantee.

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

13. Contingencies (continued)

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, 2016 is \$214,453.

As a First Nation government entity, Provincial or Federal taxes are not collected and remitted; consequently no provisions have been included in the financial statements related to Provincial or Federal taxes.

14. Commitments

The First Nation has entered into contracts for the design and engineering related to the construction of a new water tower. The design and engineering contracts combined cost is \$292,352 and \$129,376 has been spent to March 31, 2016.

The First Nation has entered into a contract for the design for a new Indian Hills Golf Club House. The contract cost is \$325,000 and \$75,350 has been spent to March 31, 2016.

The First Nation has entered into a contract for the design for a new Cultural/Heritage Centre & Ojibway Village. The contract cost is \$450,000 and \$110,000 has been spent to March 31, 2016.

15. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 143 members of its staff. The plan is a defined contribution plan.

The amount contributed to the pension plan in 2016 was \$250,296 (2015 - \$266,490) 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 1928 land claim and the Clench Defalcation Claim. When the claims are settled, the amounts will be reflected in the year of settlement.

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 February 5, 2015.

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.

Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2016

18. Segmented information (continued)

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.

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 by 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 which appear after the notes to the financial statements.

19. Land settlement and subsequent events

As of March 23, 2016, the Ipperwash final settlement agreement was signed between the Chippewas of Kettle and Stony Point and her Majesty the Queen in Right of Canada in the amount of \$95,000,000. The settlement is inclusive of all costs incurred by the First Nation for the negotiation of the agreement, including all legal costs. Subsequent to year end the funds of \$93,034,715 were received net of the promissory note payable to in the amount of \$1,965,285. The First Nation obtained a bridge financing loan in the amount of \$10,770,000 on a short term basis to cover the Treaty Payments for adults 18-54 and seniors 55 and up. The bridge financing loan was used to distribute funds to the band members which was cleared using the settlement funds.

20. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Chippewas of Kettle & Stony Point First Nation
 Consolidated schedule of segment disclosure - Exhibit A
 year ended March 31, 2016

	Public works	Health	Administration	Education	Other	Business enterprises	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Government transfers	416,102	3,370,908	809,365	3,061,137	4,730,642	-	12,388,154
Other	141,824	409,000	112,804	54,172	102,505,528	(722,427)	102,500,901
	557,926	3,779,908	922,169	3,115,309	107,236,170	(722,427)	114,889,055
Expenses							
Salaries and benefits	399,611	2,104,028	767,627	2,074,382	4,459,880	-	9,805,528
Facility maintenance	367,276	134,569	55,836	111,719	250,512	-	919,912
Equipment and maintenance	78,124	29,154	12,382	100,110	159,177	-	378,947
Program costs	101,848	530,703	690,402	1,243,423	5,222,931	-	7,789,307
	946,859	2,798,454	1,526,247	3,529,634	10,092,500	-	18,893,694
(Loss) income before amortization	(388,933)	981,454	(604,078)	(414,325)	97,143,670	(722,427)	95,995,361
Amortization	56,788	-	564,412	89,607	317,963	-	1,028,770
Net surplus (deficit)	(445,721)	981,454	(1,168,490)	(503,932)	96,825,707	(722,427)	94,966,591

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation
 Consolidated schedule of segment disclosure - Exhibit A (continued)
 year ended March 31, 2015

	Public works	Health	Administration	Education	Other	Business enterprises	Consolidated
Revenue							
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
Expenses							
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 to the consolidated financial statements are an integral part of this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation
 Consolidated schedule of tangible capital assets - Exhibit B
 year ended March 31, 2016

	Land	Infrastructure	Buildings	Building contents	Vehicles	Construction in progress	Total
Cost, beginning of year	250,000	7,959,790	23,131,210	3,129,139	2,758,503	84,509	37,313,151
Additions	-	3,165	-	216,941	144,590	397,884	762,580
Disposals	-	-	-	(430,179)	-	-	(430,179)
Cost, end of year	250,000	7,962,955	23,131,210	2,915,901	2,903,093	482,393	37,645,552
Accumulated amortization, beginning of year	-	4,418,602	9,951,380	2,157,478	1,888,989	-	18,416,449
Amortization	-	208,503	459,678	207,522	153,067	-	1,028,770
Accumulated amortization, end of year	-	4,627,105	10,411,058	2,365,000	2,042,056	-	19,445,219
Net carrying amount, end of year	250,000	3,335,850	12,720,152	550,901	861,037	482,393	18,200,333

The accompanying notes to the consolidated financial statements are an integral part of
 this consolidated financial statement.

Chippewas of Kettle & Stony Point First Nation

Consolidated schedule of tangible capital assets - Exhibit B (continued)

year ended 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 net book value of tangible capital assets not being amortized as they are under construction is \$4893,393 at March 31, 2016 (2015 - \$84,509). The First Nation holds various works of art and historical treasures that have cultural, aesthetic or historical value that is preserved perpetually. These items are not recognized as tangible capital assets 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.

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.