

Consolidated Financial Statements of

AAMJIWNAANG FIRST NATION

March 31, 2018



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Independent Auditor's Report

To the Band Council of Aamjiwnaang First Nation

We have audited the accompanying consolidated financial statements of **Aamjiwnaang First Nation** which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statement of operations, 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 control as management determines is necessary to enable the preparation of 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 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 auditor's 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 control 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Aamjiwnaang First Nation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario

July 26, 2018

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

	<u>Page</u>
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Consolidated Notes to the Financial Statements	5 – 16
Schedules of Revenue and Expense	17 – 22

AAMJIWNAANG FIRST NATION
Consolidated Statement of Financial Position
As at March 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash	\$ 6,647,069	\$ 10,684,765
Trust funds in Ottawa (Note 3)	4,980,034	5,312,011
Restricted assets (Note 4)	1,055,763	946,120
Portfolio investments	18,730,306	10,605,399
Accounts receivable (Note 5)	2,135,002	1,286,398
Loans to Band members (Note 6)	1,082,972	1,176,477
Investment in related parties (Note 7)	15,231,198	11,632,931
	49,862,344	41,644,101
LIABILITIES		
Accounts payable and accrued charges	2,092,745	1,863,002
Deferred revenue (Note 8)	1,041,139	1,285,344
Long-term debt (Note 9)	3,871,782	4,422,156
	7,005,666	7,570,502
CONTINGENT LIABILITIES (Note 10)		
NET FINANCIAL ASSETS	42,856,678	34,073,599
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	15,693,068	16,045,130
Prepaid assets	241,496	247,753
	15,934,564	16,292,883
ACCUMULATED SURPLUS (Note 12)	\$ 58,791,242	\$ 50,366,482

APPROVED BY THE BAND

 Chief of Band
 Band Manager

AAMJIWNAANG FIRST NATION
Consolidated Statement of Operations
For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Indigenous and Northern Affairs Canada			
Grant	\$ -	\$ 343,353	\$ 342,694
Fixed contribution	2,107,120	1,703,921	1,444,665
Set contribution	-	139,629	489,673
Health Canada	1,075,363	1,183,103	1,090,505
Canadian Mortgage and Housing Corporation ("CMHC")	347,152	509,322	1,301,961
Other federal funding	-	-	25,000
Province of Ontario	1,059,287	1,394,197	1,217,937
Southern First Nations Secretariat	444,508	465,359	571,332
Ontario First Nations Limited Partnership	-	1,204,414	1,187,088
Union of Ontario Indians	306,689	427,959	267,954
Stepping Stones	1,221,953	1,432,595	1,447,838
Churchill wind project	-	-	13,898
Donation	-	-	10,250
Grand Bend wind project	-	4,239,806	4,541,233
Lease and management fee revenue	3,008,962	3,354,516	3,146,521
Rental income	747,055	812,917	769,056
Catering	-	14,869	12,828
Interest income	150,000	568,275	601,826
Internal transfers	-	1,156	-
User fees	80,000	89,307	75,824
Wage subsidy	-	-	18,175
Other revenue	690,033	1,111,593	823,749
	11,238,122	18,996,291	19,400,007
EXPENSES			
Community Services - Schedule 1	6,699,953	8,680,292	8,057,676
Economic Development - Schedule 2	444,508	753,864	797,680
Housing - Schedule 3	607,564	1,090,372	2,172,659
General - Schedule 4	2,727,794	3,399,418	3,240,355
	10,479,819	13,923,946	14,268,370
Excess of revenue over expense from operations before net earnings from government enterprises	758,303	5,072,345	5,131,637
Net earnings from government enterprises	-	3,352,415	4,881,740
Annual surplus for the year	758,303	8,424,760	10,013,377
Accumulated surplus, beginning of year	50,366,482	50,366,482	40,353,105
ACCUMULATED SURPLUS, END OF YEAR	\$ 51,124,785	\$ 58,791,242	\$ 50,366,482

AAMJIWNAANG FIRST NATION

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2018

	2018 <u>Budget</u>	<u>2018</u>	<u>2017</u>
ANNUAL SURPLUS			
Excess of revenue over expense	\$ 758,303	\$ 8,424,760	\$ 10,013,377
Acquisition of tangible capital assets	-	(338,389)	(228,702)
Amortization of tangible capital assets	-	690,451	1,051,968
	758,303	8,776,822	10,836,643
Acquisition of prepaid assets	-	(241,496)	(247,753)
Utilization of prepaid assets	-	247,753	8,486
	-	6,257	(239,267)
NET CHANGE IN NET FINANCIAL ASSETS	758,303	8,783,079	10,597,376
Net financial assets, beginning of year	-	34,073,599	23,476,223
NET FINANCIAL ASSETS, END OF YEAR	\$ 758,303	\$ 42,856,678	\$ 34,073,599

AAMJIWNAANG FIRST NATION
Consolidated Statement of Cash Flows
As at March 31, 2018

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Annual surplus	\$ 8,424,760	\$ 10,013,377
Items not affecting cash		
Amortization	690,451	1,051,968
Net earnings from government business enterprises	(3,352,415)	(4,881,740)
Net decrease (increase) in trust funds in Ottawa	331,977	(116,422)
	6,094,773	6,067,183
Changes in non-cash working capital items		
Accounts receivable	(848,604)	(704)
Prepaid expenses	6,257	(239,267)
Accounts payable	229,743	108,617
Deferred revenue	(244,205)	460,695
	5,237,964	6,396,524
FINANCING ACTIVITIES		
Repayment of long-term debt	(550,374)	(546,610)
INVESTING ACTIVITIES		
Net change of portfolio investments	(8,234,550)	1,370,838
Advances to related parties	(245,852)	(54,150)
Net decrease (increase) in housing loans	93,505	(12,733)
	(8,386,897)	1,303,955
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(338,389)	(228,702)
NET CHANGE IN CASH POSITION	(4,037,696)	6,925,167
Cash position, beginning of year	10,684,765	3,759,598
CASH POSITION, END OF YEAR	\$ 6,647,069	\$ 10,684,765

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

1. PURPOSE OF THE ORGANIZATION

The Aamjiwnaang First Nation is located in Sarnia, Ontario. The elected government consists of a Chief and nine members of Council. The organization manages and administers all political, social and economic programs of this First Nation.

2. ACCOUNTING POLICIES

Management's responsibility for the financial statements

These financial statements of the organization are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local government entities.

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities as defined in the CPA Canada Public Sector Accounting Handbook

Principal of consolidation

Commercial enterprises that meet the definition of a government business enterprise and government business partnership are included in the consolidated financial statements on a modified equity basis. Under the modified equity method of accounting, only Aamjiwnaang First Nation's investment in the government business enterprise, government business partnership and the First Nation's portion of the enterprise's and partnership's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise and partnership that are different from those of Aamjiwnaang First Nation and inter-organizational balances and transactions are not eliminated.

Organizations accounted for on a modified equity basis include:

Chippewa Industrial Developments Limited
Ojibwe Legends Trading Company Ltd.
Ojibwe Filters and Industrial Supplies Ltd.
2401077 Ontario Inc.
Giiwedín Noodin FN Energy Corporation

Tangible capital assets

Tangible capital assets have been recorded at cost and amortized over their useful lives. Amortization is computed using the following annual rates and methods:

Buildings and infrastructure	4%	diminishing-balance
Furniture and equipment	20%	diminishing balance
Vehicles and machinery	30%	diminishing-balance
Computers	55%	diminishing balance

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

2. ACCOUNTING POLICIES - CONTINUED

Portfolio investments

Portfolio investments are recorded at cost. The market value of the portfolio investments is \$18,873,973 (2017 - \$10,797,868)

Loans to Band members

Funding received for the purpose of building and renovating houses is recorded as revenue of a specific program. The commitment of the funds to a particular First Nation member for the purchase of approved housing is recorded as an expenditure of the program and as a commitment to that First Nation member. Commitments outstanding at the end of the year are reported as liabilities.

Agreements exist between the Council and the members regarding the terms of repayment of various expenses. The portion of the expenses determined to be repayable are recorded as loans due from the members on the Consolidated Statement of Financial Position as well as an increase to the operating fund.

Loans to band members 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.

Revenue recognition

Revenues are recognized in the period in which the transactions or events that give 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 consolidated statement of revenue and expense as the stipulation is 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.

Rental revenue and interest on loans is recognized when it is due in accordance with the respective agreements.

Investment income earned is recognized as revenue of the appropriate reserve on an accrual basis.

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

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

2. ACCOUNTING POLICIES - CONTINUED

Management estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditure during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Reserve Accounting

The First Nation records accounting transactions using the reserve accounting method generally in use for government organizations. A reserve 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. The First Nation maintains the following reserves:

Operating – the operating reserve reports the general activity of the First Nation administration

Enterprise – the enterprise reserve reports the activity of the various investments in government business enterprises. These government business enterprises include wholly owned subsidiaries Chippewa Industrial Developments Limited, Ojibwe Legends Trading Company Ltd., Ojibwe Filters and Industrial Supplies Ltd., and 2401077 Ontario Inc. The reserve also reports the First Nation's proportionate share of its government business partnership in Giiwedin Noodin FN Energy Corporation.

Internally restricted – the internally restricted reserve reports the designated assets, as established by the First Nation's council, which requires Band Council motion to release any portion of these reserves for expenses.

Externally restricted – the externally restricted reserve reports the activities and assets of all externally restricted assets, including the Trust funds in Ottawa and Ontario First Nations Limited Partnership.

3. TRUST FUNDS IN OTTAWA

	<u>2018</u>	<u>2017</u>
Revenue trust fund	\$ 3,173,621	\$ 3,505,597
Capital trust fund	1,806,413	1,806,413
	<u>\$ 4,980,034</u>	<u>\$ 5,312,011</u>

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

4. RESTRICTED ASSETS

The externally restricted assets represent the assets of the operating surplus and replacement reserves for the CMHC housing projects.

CMHC		
Cash	\$ 869,448	\$ 769,010
Due from operating account – replacement reserve	125,976	140,639
Due from operating account – operating reserve	60,339	36,471
	\$ 1,055,763	\$ 946,120

5. ACCOUNTS RECEIVABLE

	2018	2017
Federal Government	\$ 471,730	\$ 431,876
Provincial Government programs	123,776	33,110
Other funders		
Mnaasged Child & Family Services	-	14,803
Right to Play	23,451	11,807
Southern First Nations Secretariat	46,005	88,959
Stepping Stones	45,628	17,416
Union of Ontario Indians	38,538	4,945
Rent net of allowance \$1,177,906 (2017 – 1,188,338)	232,103	250,720
Lease receivables	746,177	97,232
Employee restitution order	63,304	63,304
Enbridge Pipelines Inc.	-	10,500
Hydro One Networks Inc.	1,985	105,957
Walpole Island First Nation	550	125
Accrued interest	98,864	80,833
Miscellaneous	242,891	74,811
	\$ 2,135,002	\$ 1,286,398

6. LOANS TO BAND MEMBERS

Loans		
Housing	\$ 1,676,054	\$ 1,760,218
Special	13,928	13,928
	1,689,982	1,774,146
Less: allowance for doubtful loans	607,010	597,669
	\$ 1,082,972	\$ 1,176,447

Housing loans bear interest at various rates from 2.5% to 5%. An allowance for doubtful accounts has been created to allow for loans which may not ultimately be collectible. Interest on the special loans has not been recorded as these loans may not ultimately be collectible.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

7. INVESTMENT IN RELATED PARTIES

The investment in related parties is made up of investments in government business enterprises and government business partnership through advances to and shares in these corporations. The advances to these corporations are non-interest bearing, unsecured and are due on demand.

	<u>2018</u>	<u>2017</u>
Advances to (from)		
Chippewa Industrial Developments Ltd.	\$ 5,162,351	\$ 4,916,498
Ojibwe Filters and Industrial Supplies Ltd.	2,140	2,140
Giiwedini Noodin FN Energy Corporation	27,074	27,074
2401077 Ontario Inc.	27,074	27,074
	5,218,639	4,972,786
Shares		
Ojibwe Legends Trading Company Ltd.	1	1
Chippewa Industrial Developments Ltd.	1,527	(24,495)
Giiwedini Noodin FN Energy Corporation	3,962,364	3,014,840
2401077 Ontario Inc.	6,048,667	3,669,799
	\$ 15,231,198	\$ 11,632,431

The shares in Chippewa Industrial Developments Ltd., Ojibwe Legends Trading Company Ltd., Ojibwe Filters Industrial Supplies Ltd., and 2401077 Ontario Inc. are owned and controlled by the Band and are considered investments in government business enterprises and are accounted for using the modified equity method as indicated in Note 2. The shares in Giiwedini Noodin FN Energy Corporation are owned 50% by Aamjiwnaang, are considered an investment in a government business partnership and are accounted for using the modified equity method.

The long-term debt incurred by Giiwedini Noodin FN Energy Corporation for the investment in the partnership is secured by a general security agreement covering all assets of the corporation and a limited recourse share pledge agreement with respect to the pledge share capital of this corporation by each of Aamjiwnaang First Nation and Walpole Island First Nation. There is no other recourse.

The long-term debt incurred by 2401077 Ontario Inc. for the investment in the partnership is secured by a general security agreement covering all assets of the corporation and a limited recourse share pledge agreement with respect to the pledge share capital of this corporation by Aamjiwnaang First Nation. There is no other recourse.

Financial statements for each of the corporations have been prepared for the year ended December 31, 2017. These financial statements may provide additional information as to the financial affairs and resources of these government business enterprises and government business partnership to the users of these financial statements.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. DEFERRED REVENUE

	<u>2018</u>	<u>2017</u>
Indigenous and Northern Affairs Canada		
Minor Capital	\$ 146,863	\$ 327
Environment Canada	1,400	24,782
Building Healthy Communities	15,500	-
Churchill wind project	1,820	1,820
Client Base CRF	113,603	51,372
Client Base Career Counselling	6,488	9,619
Employment Based E.I.	5,444	14,230
Environment – miscellaneous projects	66,093	9,525
Family Violence	-	730
Fence Line Monitoring	10,185	-
Green Teens	15,380	11,443
Healthy child development	250	-
Jordan's principle	20,473	-
Literacy program	3,050	15,829
Maternal Child Health	1,396	1,396
Medical Transportation	765	5,694
MOE – Drinking water source protect	-	1,707
MOE – Regulation 419	75,613	31,675
MOE – Standards	41,523	-
New Horizons	-	24,691
Nuclear waste management organization	30,119	49,090
Right to play	6,411	-
School transportation	8,609	3,359
Shell Canada Community Benefit	49,629	-
Special education	138,262	71,063
Strengthening Families	-	1,598
Styrolution	44,254	25,000
Youth work experience	14,386	-
Leases	223,623	930,394
	\$ 1,041,139	\$ 1,285,344

9. LONG-TERM DEBT

Housing Projects Loans

1.39%, repayable in blended monthly instalments of \$5,862, due March, 2020 – Phase 4	\$ 138,669	\$ 206,573
1.30%, repayable in blended monthly instalments of \$3,903, due December, 2020 – Phase 1	126,464	171,345
1.30%, repayable in blended monthly instalments of \$4,529, due October, 2020 – Phase 5	137,988	190,175
1.14%, repayable in blended monthly instalments of \$5,512, due June, 2021 – Phase 8	505,497	565,514

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

9. LONG-TERM DEBT – continued

	<u>2018</u>	<u>2017</u>
1.44%, repayable in blended monthly instalments of \$5,300, due November 2021 – Phase 6	227,019	286,893
1.43%, repayable in blended monthly instalments of \$3,454, due April, 2022 – Phase 9	163,368	201,927
1.30%, repayable in blended monthly instalments of \$3,703, due June, 2022 – Phase 7	183,632	225,293
2.35%, repayable in blended monthly instalments of \$8,084, due May, 2018 – Phase 3	16,345	111,751
1.92%, repayable in blended monthly instalments of \$5,790, due April 2019 – Phase 10	1,204,844	1,250,808
1.92%, repayable in blended monthly instalments of \$5,560, due July 2019 – Phase 11	1,167,956	1,211,877
	\$ 3,871,782	\$ 4,422,156

Principal amounts due in the next five years are as follows:

2019	\$ 477,750
2020	2,656,313
2021	274,763
2022	451,770
2023	11,186
	\$ 3,871,782

10. CONTINGENT LIABILITIES

- (a) The First Nation is contingently liable as guarantor of seven bank loans for Band members to a maximum of \$681,645. As at March 31, 2018, the amount of the loans outstanding was \$680,446. The property the loans were used to purchase will be forfeited to the Band if the Band is required to repay the loans and is not reimbursed in full.
- (b) The First Nation is contingently liable as guarantor of one bank loan a Band member to a maximum of \$30,000. As at March 31, 2018, the amount of the loans outstanding was \$NIL. The property the loans were used to purchase will be forfeited to the Band if the Band is required to repay the loans and is not reimbursed in full.
- (c) The First Nation has been named in various legal actions including an alleged personal injury case and two alleged wrongful dismissal cases from former employees. Legal counsel to the First Nation is unable to access the First Nation's potential liability if any, resulting from these actions. Any settlement will be reflected as a charge to accumulated surplus in the year incurred. No provision for possible losses has been included in these financial statements.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. TANGIBLE CAPITAL ASSETS

	Buildings		Land		Buildings		Land Infrastructure		Vehicles and Machinery	Furniture and Equipment	Computers	2018 Total
	CMHC		CMHC									
Cost, beginning of year	\$ 13,678,736	\$	40,437	\$	11,005,694	\$	104,053	\$ 1,410,065	\$ 1,087,433	\$ 1,613,140	\$ 327,873	\$ 29,267,431
Additions	-		-		4,745		-	-	128,744	152,879	52,021	338,389
Cost, end of the year	13,678,736		40,437		11,010,439		104,053	1,410,065	1,216,177	1,766,019	379,894	29,605,820
Accumulated amortization, beginning of the year	6,448,413		-		3,755,427		-	555,577	800,818	1,347,107	314,959	13,222,301
Amortization	170,949		-		290,106		-	34,180	105,296	68,512	21,408	690,451
Accumulated amortization, end of year	6,619,362		-		4,045,533		-	589,757	906,114	1,415,619	336,367	13,912,752
Net carrying amount, end of year	\$ 7,059,374	\$	40,437	\$	6,964,906	\$	104,053	\$ 820,308	\$ 310,063	\$ 350,400	\$ 43,527	\$ 15,693,068
												2017 Total
Cost, beginning of year	\$ 13,678,736	\$	40,437	\$	11,005,694	\$	104,053	\$ 1,351,695	\$ 917,103	\$ 1,613,140	\$ 327,873	\$ 29,038,731
Additions	-		-		-		-	58,370	170,330	-	-	228,700
Cost, end of the year	13,678,736		40,437		11,005,694		104,053	1,410,065	1,087,433	1,613,140	327,873	29,267,431
Accumulated amortization, beginning of the year	5,901,579		-		3,453,333		-	521,189	714,483	1,280,576	299,175	12,170,335
Amortization	546,834		-		302,094		-	34,388	86,335	66,531	15,784	1,051,966
Accumulated amortization, end of year	6,448,413		-		3,755,427		-	555,577	800,818	1,347,107	314,959	13,222,301
Net carrying amount, end of year	\$ 7,230,323	\$	40,437	\$	7,250,267	\$	104,053	\$ 854,488	\$ 286,615	\$ 266,033	\$ 12,914	\$ 16,045,130

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. ACCUMULATED SURPLUS

	<u>2018</u>	<u>2017</u>
Operating reserve		
Investment in tangible capital assets	\$ 11,441,860	\$ 11,622,974
Unrestricted accumulated surplus	14,214,141	9,383,475
Enterprise reserve		
Investment in government business enterprise and government business partnership (Note 7)	15,231,198	11,632,931
Internal restricted reserves		
OFNLP - Gaming	6,144,059	5,238,896
Community Enhancement	3,511,737	3,101,577
Environmental Stewardship	1,070,000	1,145,000
Future Generations	1,651,500	1,500,000
Housing Loans	57,069	100,000
Special Projects	433,881	383,498
External restricted reserves		
Trust Funds in Ottawa	4,980,034	5,312,011
CMHC	1,055,763	946,120
	\$ 58,791,242	\$ 50,366,482
The funding for the internal reserve is the following:		
Cash	\$ 33,452	\$ 981,301
Short-term deposits	1,200,000	1,800,000
Short-term and portfolio investments		
(market value - \$16,709,393; 2017 - \$8,880,140)	11,677,725	8,687,670
	\$ 12,911,177	\$ 11,468,971

13. PENSION PLAN

It is mandatory that, after three months, all permanent employees of the Band who work at least 25 hours per week become members of a private pension plan that is a defined contribution plan. The employee has the option to contribute either 5% or 8.2% which is matched by the Band. Contributions to the plan made during the year by the Band on behalf of its employees amounted to \$233,247 (2017 - \$222,447) and are included in salaries and benefits in expenses.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

14. CLASSIFICATION OF EXPENSES BY OBJECT

The consolidated statement of revenue and expenses presents the expenses by function; the following classifies the same expenses by object.

	<u>2018</u>	<u>2017</u>
Allocation to reserves	\$ 87,101	\$ 88,798
Amortization	690,451	1,051,968
Bad debts	108,743	33,429
Bank charges and interest	40,047	14,379
Catering	15,309	12,880
Cemetery and funerals	72,797	72,584
Childcare initiative	116,516	101,217
Construction and renovations	15,466	56,359
Consultants	471,950	403,210
Distribution to members	1,118,963	1,167,587
Donations	46,499	47,870
Election costs	15,000	17,918
Employee benefits	822,005	749,685
Employment training programs		
CRF	233,997	302,480
EI	113,651	169,601
Equipment	23,808	57,370
Fire protection	76,835	75,849
Garbage collection	56,336	54,823
Honoraria		
Community	48,430	46,976
Council	188,737	168,455
Staff	36,067	37,080
Infrastructure services	21,030	20,316
Insurance	135,209	126,561
Medical travel	78,718	71,887
Mortgage interest	69,012	81,079
Office administration	230,710	230,965
Ontario Works employment related expenses	243,877	232,384
Pipeline lease payments	283,122	320,097
Police protection	114,799	112,991
Professional services	226,253	237,979
Program administration	365,806	293,170
Program resources	1,191,580	859,878
Recovery of surplus from funding sources	-	23,782
Repairs and maintenance		
Buildings	310,463	426,333
Vehicles and equipment	88,747	76,394
Repairs and renovations – CMHC	223,377	964,321
Salary and wages	4,527,539	4,129,535
Sports fees	24,388	26,549
Social assistance benefits	1,057,748	1,044,097

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

14. CLASSIFICATION OF EXPENSE BY OBJECT – continued

	<u>2018</u>	<u>2017</u>
Student transportation	177,597	194,629
Training and professional development	122,541	81,488
Travel		
Community	5,659	16,615
Council	65,259	68,249
Staff	84,528	76,159
Utilities	299,616	254,600
Internal program administration	(352,340)	(432,206)
Total expenses by object	\$ 13,923,946	\$ 14,268,370
Band contributions to programs	2,008,629	2,554,869
Total expenses by object	\$ 17,436,793	\$ 17,394,946

15. SEGMENTED INFORMATION

Aamjiwnaang First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

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

Community Services

Aamjiwnaang First Nation provides a wide array of other services, including fire protection, police protection, social assistance, garbage collection, infrastructure services, student transportation, medical travel, home support services, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members. Also included are community events such as the Pow Wow and Community Days.

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

15. SEGMENTED INFORMATION - continued

Economic Development

This department is responsible for all economic development to develop future programs and funding.

Housing

This department is responsible for all housing including rental units, CMHC rent-to-own housing and any Residential Repair Assistance Programs (RRAP).

General

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the government activities of Chief and Council. Also included are pipeline lease activity as well as activity from government business enterprises and government business partnerships.

16. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the presentation of the current year.

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Community Services

For the year ended March 31, 2018

Schedule 1

	<u>2018</u>	<u>2017</u>
Revenue		
Indigenous and Northern Affairs Canada		
Fixed contribution	1,137,538	822,271
Set contribution	138,976	427,818
Health Canada	1,183,103	1,090,505
Other federal funding	-	25,000
Province of Ontario	1,394,197	1,217,937
Union of Ontario Indians	375,659	215,063
Stepping Stones	1,432,595	1,447,838
Donations	-	10,250
Rental income	95,413	62,648
Internal transfers	1,156	-
Catering	14,869	12,828
User fees	89,307	75,824
Wage subsidy	-	18,175
Other revenue	767,176	504,636
	6,629,989	5,930,793
Expense		
Amortization	519,502	505,133
Catering	15,309	12,880
Cemetery and funerals	72,797	72,584
Construction and renovations	1,550	2,000
Consultants	386,511	264,479
Donations	36,800	43,530
Employee benefits	485,688	464,523
Equipment	16,126	34,989
Fire protection	76,835	75,849
Garbage collection	54,536	54,223
Honoraria		
Community	37,550	22,715
Staff	9,927	13,695
Infrastructure services	21,030	20,316
Insurance	54,538	47,233
Medical travel	78,718	71,887
Office administration	63,782	54,552
Ontario Works employment related expenses	243,877	232,384
Police protection	114,799	112,991
Professional services	31,167	51,405
Program administration	209,929	196,297
Program resources	914,361	717,157
Recovery of surplus from funding sources	-	23,782
Repairs and maintenance		
Buildings	121,746	139,089
Vehicles and equipment	87,169	70,630
Salary and wages	3,467,462	3,185,629
Sports fees	24,388	25,049

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Community Services

For the year ended March 31, 2018

Schedule 1 - continued

	<u>2018</u>	<u>2017</u>
Social assistance benefits	1,049,459	1,044,097
Student transportation	177,597	194,629
Training and professional development	85,357	67,862
Travel		
Community	3,207	9,629
Staff	60,848	61,331
Utilities	157,727	165,127
	<u>8,680,292</u>	<u>8,057,676</u>
Excess of expense over revenue before band contribution of source revenue	(2,050,303)	(2,126,883)
Band contribution of source revenue	<u>1,573,113</u>	<u>1,621,750</u>
Excess of expense over revenue	\$ (477,190)	\$ (505,133)

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Economic Development and corporations

For the year ended March 31, 2018

Schedule 2

	<u>2018</u>	<u>2017</u>
Revenue		
Indigenous and Northern Affairs Canada		
Fixed contribution	\$ 75,900	\$ 124,130
Southern First Nations Secretariat	465,359	571,332
Other revenue	26,390	64,148
	<u>567,649</u>	<u>759,610</u>
Expense		
Childcare initiative	116,516	101,217
Consultants	9,453	22,542
Employee benefits	23,330	17,139
Employee training programs		
CRF	233,997	302,480
EI	113,651	169,601
Equipment	557	-
Honoraria		
Community	4,680	4,050
Staff	4,230	2,610
Office administration	1,345	3,962
Professional services	8,079	10,000
Program administration	67,215	27,590
Program resources	13,690	2,472
Salary and wages	150,789	130,316
Travel - staff	6,332	3,701
	<u>753,864</u>	<u>797,680</u>
Excess of expense over revenue before band contribution of source revenue	(186,215)	(38,070)
Band contribution	187,510	79,800
Excess of revenue over expense	\$ 1,295	\$ 41,730

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

Housing

For the year ended March 31, 2018

Schedule 3

	<u>2018</u>	<u>2017</u>
Revenue		
Canadian Mortgage and Housing Corporation	\$ 509,322	\$ 1,301,961
Indigenous and Northern Affairs Canada	-	5,000
Rental income	717,504	706,408
Interest income	57,163	53,023
Other income	580	-
	<u>1,284,569</u>	<u>2,066,392</u>
Expense		
Allocation to replacement reserves	87,101	88,798
Amortization	170,949	546,835
Bad debts	108,743	17,035
Employee benefits	26,629	24,216
Equipment	3,257	3,023
Honoraria		
Community	2,880	4,965
Staff	2,070	3,440
Insurance	52,155	50,945
Mortgage interest	69,012	81,079
Office administration	3,292	3,633
Professional services	7,100	9,600
Program administration	62,600	65,500
Program resources	9,250	13,074
Repairs and maintenance		
Buildings	139,436	156,282
Vehicles and equipment	906	1,278
Repairs and renovations - CMHC	223,377	964,321
Salary and wages	127,859	136,028
Training and professional development	711	246
Travel - staff	5,063	5,386
Utilities	50,582	65,100
	<u>1,152,972</u>	<u>2,240,784</u>
Excess of revenue over expense (expense over revenue) before band contribution of source revenue and program administration	131,597	(174,392)
Band contribution	248,006	100,304
Program administration	62,600	68,125
Excess of revenue over expense (expense over revenue)	\$ 442,203	\$ (5,963)

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

General

For the year ended March 31, 2018

Schedule 4

	<u>2018</u>	<u>2017</u>
Revenue		
Indigenous and Northern Affairs Canada		
Grant	\$ 343,353	\$ 342,694
Fixed contribution	490,483	493,264
Set contribution	653	61,855
Ontario First Nations Limited Partnership	1,204,414	1,187,088
Union of Ontario Indians	52,300	52,891
Churchill wind project	-	13,898
Giiwedín Noodin FN Energy Corporation dividends	4,239,806	4,541,233
Lease and management fee revenue	3,354,516	3,146,521
Investment income	511,112	548,803
Other revenue	317,447	254,965
	10,514,084	10,643,212
Expense		
Bad debts	-	16,394
Bank charges and interest	40,047	14,379
Construction and renovations	13,916	54,359
Consultants	75,986	116,189
Distribution to members	1,118,963	1,167,587
Donations	9,699	4,340
Election costs	15,000	17,918
Employee benefits	286,358	243,807
Equipment	3,868	19,358
Honoraria		
Community	3,320	15,246
Council	188,737	168,455
Staff	19,840	17,335
Insurance	28,516	28,383
Office administration	162,291	168,818
Pipeline lease payments	283,122	320,097
Professional services	179,907	166,974
Program administration	26,062	3,783
Program resources	254,279	127,175
Repairs and maintenance		
Buildings	49,281	130,962
Vehicles and equipment	672	4,486
Salary and wages	781,429	677,562
Sports fees	-	1,500
Social assistance benefits	8,289	-
Training and professional development	36,473	13,380

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

General

For the year ended March 31, 2018

Schedule 4 - continued

	<u>2018</u>	<u>2017</u>
Travel		
Community	2,452	6,986
Council	65,259	68,249
Staff	12,285	5,741
Utilities	23,107	24,973
	3,689,158	3,604,436
Excess of revenue over expense before band contribution of source revenue and program administration	6,824,926	7,038,776
Band contribution	(2,008,629)	(1,712,555)
Program administration	289,740	274,782
Excess of revenue over expense	\$ 5,106,037	\$ 5,601,003