

Consolidated Financial Statements of

AAMJIWNAANG FIRST NATION

March 31, 2019



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Independent Auditor's Report

To the Band Council of Aamjiwnaang First Nation

Opinion

We have audited the consolidated financial statements of **Aamjiwnaang First Nation** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, the consolidated statement of operations, change in net financial assets and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario
July 18, 2019

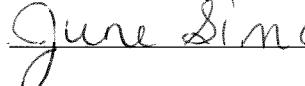
AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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AAMJIWNAANG FIRST NATION
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
		(restated)
FINANCIAL ASSETS		
Cash	\$ 12,217,665	\$ 6,647,069
Trust funds in Ottawa (Note 3)	5,380,004	4,980,034
Restricted assets (Note 4)	1,093,342	1,055,763
Portfolio investments	20,564,798	18,730,306
Accounts receivable (Note 5)	3,217,126	2,135,002
Loans to Band members (Note 6)	994,983	1,082,972
Investment in related parties (Note 7)	5,015,369	5,220,169
	48,483,287	39,851,315
LIABILITIES		
Accounts payable and accrued charges	3,259,887	2,092,745
Deferred revenue (Note 8)	2,574,875	1,041,139
Long-term debt (Note 9)	3,404,430	3,871,782
	9,239,192	7,005,666
CONTINGENT LIABILITIES (Note 10)		
NET FINANCIAL ASSETS	39,244,095	32,845,649
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	15,828,161	15,693,068
Prepaid assets	216,548	241,496
	16,044,709	15,934,564
ACCUMULATED SURPLUS (Note 12 and Note 16)	\$ 55,288,804	\$ 48,780,213

APPROVED BY THE BAND

 Chief of Band
 Band Manager

AAMJIWNAANG FIRST NATION
Consolidated Statement of Operations
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual (restated)
REVENUE			
Indigenous Services Canada			
Grant	\$ -	\$ 969,271	\$ 343,353
Fixed contribution	1,402,769	1,211,243	1,703,921
Set contribution	-	148,523	139,629
Health Canada	1,052,266	1,442,527	1,183,103
Canadian Mortgage and Housing Corporation ("CMHC")	347,152	1,040,052	509,322
Other federal funding	-	25,000	-
Province of Ontario	1,129,972	1,999,481	1,394,197
Southern First Nations Secretariat	444,508	393,860	465,359
Ontario First Nations Limited Partnership	1,000,000	1,524,530	1,204,414
Union of Ontario Indians	376,101	406,906	427,959
Stepping Stones	1,336,693	1,454,315	1,432,595
Kinomaadswin Education Body Inc.	3,870,583	3,704,366	-
Donation	-	13,600	-
Grand Bend wind project	-	4,610,850	4,239,806
Lease and management fee revenue	3,308,162	3,274,937	3,241,793
Rental income	747,055	828,529	812,917
Catering	-	13,876	14,869
Interest income	150,000	1,031,782	681,583
Internal transfers	-	-	1,156
User fees	95,000	57,172	89,307
Little Native Hockey League	-	645,325	
Other Recoveries	-	54,965	-
Other revenue	1,241,962	1,612,480	1,111,013
	16,502,223	26,463,590	18,996,296
EXPENSES			
Community Services - Schedule 1	10,308,031	12,915,393	8,732,662
Economic Development - Schedule 2	444,508	680,453	660,414
Housing - Schedule 3	607,564	1,137,993	1,093,243
General - Schedule 4	3,170,143	5,264,712	3,437,632
	14,530,246	19,998,551	13,923,951
Excess of revenue over expense from operations before net earnings from government enterprises	1,971,977	6,465,039	5,072,345
Net earnings from government enterprises	-	43,552	26,022
Annual surplus for the year (Note 16)	1,971,977	6,508,591	5,098,367
Accumulated surplus, beginning of year (Note 16)	48,780,213	48,780,213	43,681,846
ACCUMULATED SURPLUS, END OF YEAR (Note 16)	\$ 50,752,190	\$ 55,288,804	\$ 48,780,213

AAMJIWNAANG FIRST NATION
Consolidated Statement of Operations
For the year ended March 31, 2019

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ACCUMULATED SURPLUS, END OF YEAR (Note 16)	\$ 50,752,190	\$ 55,288,804	\$ 48,780,213

AAMJIWNAANG FIRST NATION
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual (restated)
ANNUAL SURPLUS			
Excess of revenue over expense	\$ 1,971,977	\$ 6,508,591	\$ 5,098,367
Acquisition of tangible capital assets	-	(944,095)	(338,389)
Amortization of tangible capital assets	-	809,002	690,451
	1,971,977	6,373,498	5,450,429
Acquisition of prepaid assets	-	(216,548)	(241,496)
Utilization of prepaid assets	-	241,496	247,753
	-	24,948	6,257
NET CHANGE IN NET FINANCIAL ASSETS	1,971,977	6,398,446	5,456,686
Net financial assets, beginning of year	-	32,845,649	27,388,963
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,971,977	\$ 39,244,095	\$ 32,845,649

AAMJIWNAANG FIRST NATION
Consolidated Statement of Cash Flows
As at March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 6,508,591	\$ 5,098,367
Items not affecting cash		
Amortization	809,002	690,451
Net earnings from government business enterprises	(43,552)	(26,022)
Net decrease (increase) in trust funds in Ottawa	(399,970)	331,977
	6,874,071	6,094,773
Changes in non-cash working capital items		
Accounts receivable	(1,082,124)	(848,604)
Prepaid expenses	24,948	6,257
Accounts payable	1,167,142	229,743
Deferred revenue	1,533,736	(244,205)
	8,517,773	5,237,964
FINANCING ACTIVITIES		
Repayment of long-term debt	(467,352)	(550,374)
INVESTING ACTIVITIES		
Net change of portfolio investments	(1,872,071)	(8,234,550)
Advances to related parties	248,352	(245,852)
Net decrease in housing loans	87,989	93,505
	(1,535,730)	(8,386,897)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(944,095)	(338,389)
NET CHANGE IN CASH POSITION	5,570,596	(4,037,696)
Cash position, beginning of year	6,647,069	10,684,765
CASH POSITION, END OF YEAR	\$ 12,217,665	\$ 6,647,069

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

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 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 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 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.

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, 2019

2. ACCOUNTING POLICIES - CONTINUED

Portfolio investments

Portfolio investments are recorded at cost. The market value of the portfolio investments that are publicly traded is \$20,426,045 (2018 - \$18,873,973).

During the year it was determined that the investments in Giiwedin Noodin FN Energy Corporation and 2401077 Ontario Inc. are portfolio investments. Giiwedin Noodin FN Energy Corporation was previously accounted for as a government business partnership and 2401077 Ontario Inc. was previously accounted for as a government business enterprise. Both previously were included in the consolidated financial statements on a modified equity basis.

The market value of the investments in Giiwedin Noodin FN Energy Corporation and 2401077 Ontario Inc. is not readily determinable.

The financial statements have been retroactively restated to account for these investments as portfolio investments.

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.

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.

AAMJIWNAANG FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

2. ACCOUNTING POLICIES - CONTINUED

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.

Investment income from Giiwedin Noodin FN Energy Corporation and 2401077 Ontario Inc. are recorded when dividends are received.

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.

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., and Ojibwe Filters and Industrial Supplies Ltd.

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.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

3. TRUST FUNDS IN OTTAWA

	2019	2018
Revenue trust fund	\$ 3,573,591	\$ 3,173,621
Capital trust fund	1,806,413	1,806,413
	\$ 5,380,004	\$ 4,980,034

4. RESTRICTED ASSETS

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

CMHC			
Cash	\$ 881,142	\$ 869,448	
Due from operating account – replacement reserve	51,049	125,976	
Due from operating account – operating reserve	161,151	60,339	
	\$ 1,093,342	\$ 1,055,763	

5. ACCOUNTS RECEIVABLE

Federal Government	\$ 1,126,831	\$ 471,730
Provincial Government programs	331,364	123,776
Other funders		
Kinomaadswin Education Body Inc.	129,075	-
Meals on Wheels	8,521	-
Ministry of Indigenous Relations	9,000	-
Mnaasged Child and Family Services	714	-
Right to Play	5,193	23,451
Southern First Nations Secretariat	358,424	46,005
Stepping Stones	70,698	45,628
Union of Ontario Indians	5,459	38,538
Rent net of allowance \$1,209,950 (2018 – 1,177,906)	179,341	232,103
Lease receivables	71,872	746,177
Employee restitution order	63,304	63,304
Hydro One Networks Inc.	-	1,985
Royal Bank of Canada	150,000	-
Little NHL	170,000	-
Walpole Island First Nation	-	550
Accrued interest	134,979	98,864
Miscellaneous	402,351	242,891
	\$ 3,217,126	\$ 2,135,002

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. LOANS TO BAND MEMBERS

	2019	2018
Loans		
Housing	\$ 1,588,065	\$ 1,676,054
Special	13,928	13,928
	1,601,993	1,689,982
Less: allowance for doubtful loans	607,010	607,010
	\$ 994,983	\$ 1,082,972

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.

7. INVESTMENT IN RELATED PARTIES

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

	2019	2018
		(restated)
Advances to (from)		
Chippewa Industrial Developments Ltd.	\$ 4,913,564	\$ 5,162,351
Ojibwe Filters and Industrial Supplies Ltd.	2,140	2,140
Giiwedin Noodin FN Energy Corporation	27,508	27,074
2401077 Ontario Inc.	27,074	27,074
	4,970,287	5,218,639
Shares		
Ojibwe Legends Trading Company Ltd.	1	1
Chippewa Industrial Developments Ltd.	45,079	1,527
Giiwedin Noodin FN Energy Corporation	1	1
2401077 Ontario Inc.	1	1
	\$ 5,015,369	\$ 5,220,169

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

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. INVESTMENT IN RELATED PARTIES - continued

The long-term debt incurred by Giiwedin 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, 2018. These financial statements may provide additional information as to the financial affairs and resources of these government business enterprises.

8. DEFERRED REVENUE

	2019	2018
Indigenous Services Canada		
Housing – construction	\$ 287,365	\$ -
Minor Capital	302,007	146,863
Special Projects	22,004	-
Environment Canada	14,008	1,400
Building Health Communities	-	15,500
Churchill wind project	1,820	1,820
Client Base CRF	228,380	113,603
Client Base Career Counselling	4,528	6,488
Employment Based E.I.	19,876	5,444
Environment – miscellaneous projects	76,788	66,093
Fence Line Monitoring	-	10,185
Green Teens	-	15,380
Healthy child development	-	250
Jordan's principle	4,125	20,473
Literacy program	2,437	3,050
Maternal Child Health	1,396	1,396
Medical Transportation	-	765
MOE – Drinking water source protect	93,910	-
MOE – Regulation 419	61,486	75,613
MOE – Standards (Talfourd Creek)	-	41,523
Nuclear waste management organization	45,375	30,119
Right to play	-	6,411
School transportation	15,763	8,609
Shell Canada Community Benefit	103,732	49,629
Special education	337,910	138,262
Styrolution	16,718	44,254
Youth work experience	15,089	14,386
Other Revenue School Healing	309	-

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. DEFERRED REVENUE - continued

	2019	2018
Other Revenue	1,589	-
KEB Education	80,488	-
KEB New Path	72,540	-
KEB First Nations Student Success	3,784	-
KEB Post Secondary Education	191,009	-
KEB Provincial Tuition	44,021	-
KEB Classroom Assistants	35,734	-
Leases	149,630	223,623
Child Welfare	341,054	-
	\$ 2,574,875	\$ 1,041,139

9. LONG-TERM DEBT

Housing Projects Loans

1.39%, repayable in blended monthly instalments of \$5,862, due March, 2020 – Phase 4	\$ 69,817	\$ 138,669
1.30%, repayable in blended monthly instalments of \$3,903, due December, 2020 – Phase 1	80,997	126,464
1.30%, repayable in blended monthly instalments of \$4,529, due October, 2020 – Phase 5	85,120	137,988
1.14%, repayable in blended monthly instalments of \$5,512, due June, 2021 – Phase 8	444,794	505,497
1.44%, repayable in blended monthly instalments of \$5,300, due November 2021 – Phase 6	166,280	227,019
1.43%, repayable in blended monthly instalments of \$3,454, due April, 2022 – Phase 9	124,235	163,368
1.30%, repayable in blended monthly instalments of \$3,703, due June, 2022 – Phase 7	141,331	183,632
2.35%, repayable in blended monthly instalments of \$8,084, due May, 2018 – Phase 3	-	16,345
1.92%, repayable in blended monthly instalments of \$5,790, due April 2019 – Phase 10	1,157,994	1,204,844
1.92%, repayable in blended monthly instalments of \$5,560, due July 2019 – Phase 11	1,133,862	1,167,956
	\$ 3,404,430	\$ 3,871,782

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

2020	\$ 460,107
2021	369,482
2022	548,302
2023	109,511
2024	1,917,028
	\$ 3,404,430

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

10. CONTINGENT LIABILITIES

- (a) The First Nation is contingently liable as guarantor of seven bank loans for Band members to a maximum of \$541,227. As at March 31, 2019, the amount of the loans outstanding was \$518,189. 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, 2019, the amount of the loan outstanding was \$NIL. The property the loan was used to purchase will be forfeited to the Band if the Band is required to repay the loan and is not reimbursed in full.
- (c) The First Nation has been named in various legal actions including two alleged wrongful dismissal cases from former employees. Legal counsel to the First Nation has assessed the First Nation's maximum potential liability if any, resulting from these actions could be \$727,300. 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, 2019

11. TANGIBLE CAPITAL ASSETS

	Buildings CMHC	Land CMHC	Buildings	Land	Infrastructure	Vehicles and Machinery	Furniture and Equipment	Computers	2019 Total
Cost, beginning of 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
Additions	651,589	-	18,894	-	96,464	100,800	58,676	17,672	944,095
Cost, end of the year	14,330,325	40,437	11,029,333	104,053	1,506,529	1,316,977	1,824,695	397,566	30,549,915
Accumulated amortization, beginning of the year	6,619,362	-	4,045,533	-	589,757	906,114	1,415,619	336,367	13,912,752
Amortization	282,402	-	278,974	-	34,742	108,139	75,966	28,779	809,002
Accumulated amortization, end of year	6,901,764	-	4,324,507	-	624,499	1,014,253	1,491,585	365,146	14,721,754
Net carrying amount, end of year	\$ 7,428,561	\$ 40,437	\$ 6,704,826	\$ 104,053	\$ 882,030	\$ 302,724	\$ 333,110	\$ 32,420	\$ 15,828,161
2018 Total									
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

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. ACCUMULATED SURPLUS

	2019	2018
		(restated)
Operating reserve		
Investment in tangible capital assets	\$ 12,423,731	\$ 11,411,860
Unrestricted accumulated surplus	19,722,732	13,214,141
Enterprise reserve		
Investment in government business enterprise and government business partnership (Note 7)	5,015,369	5,220,169
Internal restricted reserves		
OFNLP - Gaming	7,062,966	6,144,059
Community Enhancement	3,617,089	3,511,737
Environmental Stewardship	1,070,000	1,070,000
Future Generations	1,702,852	1,651,500
Housing Loans	60,419	57,069
Special Projects	483,048	433,881
External restricted reserves		
Trust Funds in Ottawa	5,380,004	4,980,034
CMHC	1,093,342	1,055,763
	\$ 55,288,804	\$ 48,780,213

The funding for the internal reserve is the following:

Cash	\$ -	\$ 33,452
Short-term deposits	600,000	1,200,000
Short-term and portfolio investments (market value - \$14,214,770; 2018 - \$11,785,392)	13,963,374	11,634,794
	\$ 13,996,374	\$ 12,868,246

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 \$289,886 (2018 - \$233,247) and are included in salaries and benefits in expenses.

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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.

	2019	2018
Allocation to reserves	\$ 75,786	\$ 87,101
Amortization	809,002	690,451
Bad debts	82,029	108,743
Bank charges and interest	69,412	40,047
Catering	12,974	15,309
Cemetery and funerals	119,398	72,797
Childcare initiative	93,236	116,516
Construction and renovations	101,490	15,466
Consultants	578,360	471,950
Distribution to members	1,400,782	1,118,963
Donations	38,692	46,499
Election costs	15,500	15,000
Employee benefits	908,884	822,005
Employment training programs		
CRF	293,234	233,997
EI	104,267	113,651
Equipment	42,960	23,808
Fire protection	78,064	76,835
Garbage collection	73,440	56,336
Honoraria		
Community	58,702	48,430
Council	166,055	188,737
Staff	59,495	36,067
Infrastructure services	14,051	21,030
Insurance	139,484	135,209
Medical travel	108,907	78,718
Mortgage interest	66,420	69,012
Office administration	280,706	230,710
Ontario Works employment related expenses	229,944	243,877
Pipeline lease payments	447,101	283,122
Police protection	117,000	114,799
Professional services	395,558	226,253
Program administration	326,429	365,806
Program resources	4,828,960	1,191,580
Repairs and maintenance		
Buildings	272,337	310,463
Vehicles and equipment	104,019	88,747
Repairs and renovations – CMHC	23,444	223,377
Salary and wages	5,713,192	4,527,539
Sports fees	31,810	24,388
Social assistance benefits	1,047,922	1,057,748

AAMJIWNAANG FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

14. CLASSIFICATION OF EXPENSE BY OBJECT – continued

	2019	2018
Student transporation	256,171	177,597
Training and professional development	195,977	122,541
Travel		
Community	35,420	5,659
Council	61,037	65,259
Staff	170,207	84,528
Utilities	233,942	229,616
Internal program administration	(286,250)	(352,340)
Total expenses by object	\$ 19,998,551	\$ 13,923,946
Band contributions to programs	2,179,301	2,008,629
Total expenses by object	\$ 22,177,852	\$ 17,436,793

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, 2019

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. PRIOR PERIOD ADJUSTMENT

The financial statements for the year ended March 31, 2018 have been restated to reflect Giiwedin Noodin FN Energy Corporation and 2401077 Ontario Inc. should have been accounted for as portfolio investments.

As a result of the prior period adjustment, Investment in related parties of \$15,231,198 as at March 31, 2018 was restated as \$5,220,169, accumulated surplus of \$58,791,242 as at March 31, 2018 was restated as \$48,780,213. Net earnings from government enterprises of \$3,352,415 was restated as \$26,022.

17. 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, 2019

Schedule 1

	<u>2019</u>	<u>2018</u>
Revenue		
Indigenous Services Canada		
Fixed contribution	\$ 614,955	\$ 1,104,882
Set contribution	148,523	138,976
Health Canada	1,442,527	1,183,103
Other federal funding	25,000	-
Province of Ontario	1,786,425	1,394,197
Union of Ontario Indians	406,906	375,659
Stepping Stones	1,454,315	1,432,595
Kinimaadswin Education Body Inc.	3,704,366	-
Donations	13,600	-
Rental income	139,949	95,413
Internal transfers	-	1,156
Catering	13,876	14,869
User fees	57,172	89,307
Other recoveries	54,965	-
Other revenue	1,055,208	772,035
	10,917,787	6,602,192
Expense		
Amortization	526,599	519,502
Catering	12,974	15,309
Cemetery and funerals	103,348	72,797
Construction and renovations	-	1,550
Consultants	409,215	386,510
Distribution to members	-	
Donations	32,889	36,800
Employee benefits	560,921	494,728
Equipment	8,091	-
Fire protection	78,064	76,835
Garbage collection	71,640	54,536
Honoraria		
Community	30,985	37,550
Staff	21,370	9,927
Infrastructure services	1,752	21,030
Insurance	54,774	54,538
Medical travel	108,907	78,718
Office administration	90,927	66,455
Ontario Works employment related expenses	229,944	243,877
Police protection	117,000	114,799
Professional services	53,183	31,167
Program administration	243,134	203,929
Program resources	4,019,077	965,911
Repairs and maintenance		
Buildings	112,723	100,853
Vehicles and equipment	102,926	86,640
Salary and wages	4,230,018	3,482,281
Sports fees	4,291	26,280

AAMJIWNAANG FIRST NATION
Schedule of Revenue and Expense
Community Services
For the year ended March 31, 2019

Schedule 1 - continued

	2019	2018
Social assistance benefits	1,039,366	1,049,459
Student transportation	256,171	177,597
Training and professional development	139,900	85,760
Travel		
Community	5,150	2,612
Staff	67,170	60,866
Utilities	182,882	173,846
	12,915,393	8,732,662
Excess of expense over revenue before band contribution of source revenue	(1,997,606)	(2,130,470)
Band contribution of source revenue	1,644,351	1,649,226
Excess of expense over revenue	\$ (353,255)	\$ (481,244)

AAMJIWNAANG FIRST NATION
Schedule of Revenue and Expense
Economic Development and corporations
For the year ended March 31, 2019

Schedule 2

	2019	2018
Revenue		
Indigenous Services Canada		
Fixed contribution	\$ 235,777	\$ 121,539
Southern First Nations Secretariat	393,860	465,359
Other revenue	28,035	26,290
	657,672	613,188
Expense		
Childcare initiative	96,236	128,139
Consultants	22,210	9,453
Employee benefits	17,725	17,777
Employee training programs		
CRF	293,234	268,013
EI	104,267	114,946
Equipment (recovery)	(2,660)	(738)
Honoraria		
Community	3,780	4,680
Staff	4,660	4,230
Office administration	1,102	822
Professional services	-	3,808
Program administration	7,590	10,965
Program resources	8,602	13,437
Salary and wages	115,536	80,050
Training and professional development	1,458	-
Travel - staff	6,713	4,832
	680,453	660,414
Excess of expense over revenue before band contribution of source revenue	(22,781)	(47,226)
Band contribution	25,735	54,893
Excess of revenue over expense	\$ 2,954	\$ 7,667

AAMJIWNAANG FIRST NATION
Schedule of Revenue and Expense
Housing
For the year ended March 31, 2019

Schedule 3

	2019	2018
Revenue		
Canadian Mortgage and Housing Corporation	\$ 1,040,052	\$ 509,322
Indigenous Services Canada	61,679	-
Rental income	688,580	717,504
Interest income	40,519	57,743
	1,830,830	1,284,569
Expense		
Allocation to replacement reserves	75,786	87,101
Amortization	282,403	170,949
Bad debts	49,484	108,743
Construction and renovations	5,327	-
Consultants	67,367	-
Employee benefits	29,117	26,629
Equipment	3,294	3,257
Honoraria		
Community	3,905	2,880
Staff	3,230	2,070
Infrastructure services	12,299	-
Insurance	55,049	52,155
Mortgage interest	66,420	69,012
Office administration	7,918	3,292
Professional services	7,050	7,100
Program resources	14,375	9,250
Repairs and maintenance		
Buildings	147,574	142,270
Vehicles and equipment	318	943
Repairs and renovations - CMHC	23,444	223,377
Salary and wages	229,425	127,859
Training and professional development	1,458	711
Travel - staff	3,240	5,063
Utilities	49,510	50,582
	1,137,993	1,093,243
Excess of revenue over expense before band contribution of source revenue	692,837	191,326
Band contribution	214,674	248,006
Excess of revenue over expense	\$ 907,511	\$ 439,332

AAMJIWNAANG FIRST NATION

Schedule of Revenue and Expense

General

For the year ended March 31, 2019

Schedule 4

	2019	2018
Revenue		
Indigenous Services Canada		
Grant	\$ 969,271	\$ 343,353
Fixed contribution	298,832	477,500
Set contribution	-	653
Province of Ontario	213,056	-
Ontario First Nations Limited Partnership	1,524,530	1,204,414
Union of Ontario Indians	-	52,300
Giiwedlin Noodin FN Energy Corporation dividends	4,610,850	4,239,806
Lease and management fee revenue	3,274,937	3,241,793
Little Native Hockey League	645,325	-
Investment income	1,034,815	649,862
Other revenue	529,237	312,688
	13,100,853	10,522,369
Expense		
Bad debts	32,545	-
Bank charges and interest	69,412	40,047
Cemetery and funerals	16,050	84
Construction and renovations	107,942	13,916
Consultants	79,568	75,986
Distribution to members	1,400,782	1,118,963
Donations	5,803	9,699
Election costs	15,500	15,000
Employee benefits	301,121	281,989
Equipment	22,457	(9,348)
Honoraria		
Community	20,032	4,820
Council	166,055	188,737
Staff	30,235	19,840
Insurance	29,661	28,516
Office administration	180,759	159,641
Pipeline lease payments	447,101	280,256
Professional services	335,325	184,178
Program administration (recovery)	(210,545)	(207,425)
Program resources	786,905	265,458
Repairs and maintenance		
Buildings	12,040	35,948
Vehicles and equipment	775	-
Salary and wages	1,138,212	801,591
Sports fees	27,519	-
Social assistance benefits	8,556	8,289
Training and professional development	53,161	36,073
Travel		
Community	30,270	2,452
Council	61,037	63,004
Staff	93,084	12,929

AAMJIWNAANG FIRST NATION
Schedule of Revenue and Expense
General
For the year ended March 31, 2018

Schedule 4 - continued

	2019	2018
Utilities	3,350	6,989
	5,264,712	3,437,632
Excess of revenue over expense before band contribution of source revenue	7,836,141	7,084,737
Band contribution	(1,884,760)	(1,952,125)
Excess of revenue over expense	\$ 5,951,381	\$ 5,132,612