

Consolidated Financial Statements of

**MAGNETAWAN FIRST NATION**

Year ended March 31, 2018

# MAGNETAWAN FIRST NATION

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Year ended March 31, 2018

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Magnetawan First Nation are the responsibility of management and have been approved by the Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as described in note 1. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

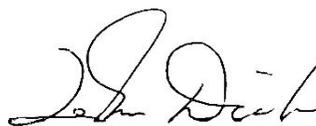
The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.



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KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Members of Magnetawan First Nation

We have audited the accompanying consolidated financial statements of Magnetawan First Nation which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation 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.



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*Opinion*

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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
August 30, 2018

# MAGNETAWAN FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial Assets</b>		
Cash and short-term investments (note 2)	\$ 2,988,435	\$ 2,595,485
Restricted cash (note 3)	177,021	175,207
Funds held in Ottawa Trust Fund	8,676	8,676
Accounts receivable (note 4)	1,481,851	412,155
Investment in Shwe Miikaan Corp (note 5)	1	1
Investment in Shwe Miikaan Limited Partnership (note 6)	547,900	504,643
	<u>5,203,884</u>	<u>3,696,167</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,528,872	761,803
Deferred revenue (note 7)	607,073	1,384,226
Long-term debt (note 8)	1,848,640	1,642,681
	<u>4,984,585</u>	<u>3,788,710</u>
Net financial assets (debt)	219,299	(92,543)
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	7,942,904	6,863,104
Inventories - gas and store merchandise	183,121	79,143
Prepaid expenses and deposits	129,300	129,300
	<u>8,255,325</u>	<u>7,071,547</u>
Contingent liabilities (note 10)		
Commitments (note 11)		
Accumulated surplus (note 12)	<u>\$ 8,474,624</u>	<u>\$ 6,979,004</u>

See accompanying notes to consolidated financial statements.

Approved:



# MAGNETAWAN FIRST NATION

## Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Indigenous and Northern Affairs Canada (note 13)	\$ 3,014,321	\$ 2,652,590
Health Canada	306,113	347,845
Ontario First Nations Limited Partnership	502,602	496,139
Canada Mortgage and Housing Corporation	190,535	48,816
Ministry of Community and Social Services	202,952	241,892
Ministry of Indigenous Relations and Reconciliation	90,000	90,000
Ministry of Transportation	240,773	264,502
Ministry of Health and Long-Term Care	111,262	54,746
Rental	210,404	133,412
Interest	18,035	3,316
Sales	7,583,087	2,355,763
Other	4,286,921	919,061
Share of net income of investment in business enterprise	66,257	105,917
	<u>16,823,262</u>	<u>7,713,999</u>
Expenses:		
Band Support	610,991	530,010
Economic Development	214,232	267,939
Education	877,866	698,427
Tim Hortons Operations	1,009,236	192,007
Library	22,097	20,755
Health Services	725,789	599,625
Social Assistance	237,660	272,464
Community Infrastructure	580,153	433,490
Community Property	323,851	-
Ontario First Nations Limited Partnership	260,178	183,975
CMHC Housing	176,064	154,772
Housing Authority	119,586	69,608
New Relationship Fund	90,000	90,110
Business Operations	6,686,913	2,278,994
Lands and Resources	1,835,387	465,428
Ministry of Transportation - Negotiations	213,727	226,848
Miller Quarry Project	-	10,000
Special Projects	1,343,912	-
	<u>15,327,642</u>	<u>6,494,452</u>
Excess of revenue over expenses	1,495,620	1,219,547
Accumulated surplus, beginning of year	6,979,004	5,759,457
Accumulated surplus, end of year	<u>\$ 8,474,624</u>	<u>\$ 6,979,004</u>

See accompanying notes to consolidated financial statements.

# MAGNETAWAN FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Financial Assets (Debt)

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Excess of revenue over expenses	\$ 1,495,620	\$ 1,219,547
Acquisition of tangible capital assets	(1,622,000)	(2,929,739)
Amortization of tangible capital assets	521,054	420,249
Loss on disposal of tangible capital assets	21,146	-
	415,820	(1,289,943)
Acquisition of prepaid expenses and deposits	-	(125,000)
Acquisition of inventories	(103,978)	(288)
Change in net financial assets	311,842	(1,415,231)
Net financial assets (debt), beginning of year	(92,543)	1,322,688
Net financial assets (debt), end of year	\$ 219,299	\$ (92,543)

See accompanying notes to consolidated financial statements.

# MAGNETAWAN FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Excess of revenue over expenses	\$ 1,495,620	\$ 1,219,547
Adjustments for:		
Amortization of tangible capital assets	521,054	420,249
Share of net income of investment in business enterprise	(66,257)	(105,917)
Loss on disposal of tangible capital assets	21,146	-
	<u>1,971,563</u>	<u>1,533,879</u>
Change in non-cash working capital:		
Increase in accounts receivable	(1,069,696)	(165,014)
Increase in inventories	(103,978)	(288)
Increase in prepaid expenses and deposits	-	(125,000)
Increase in accounts payable and accrued liabilities	1,767,069	154,268
Increase (decrease) in deferred revenue	(777,153)	1,122,717
	<u>1,787,805</u>	<u>2,520,562</u>
Capital transactions:		
Cash used to acquire tangible capital assets	(1,622,000)	(2,929,739)
Financing transactions:		
Principal payments on long-term debt	(63,151)	(48,688)
Long-term debt issued	269,110	800,000
	<u>205,959</u>	<u>751,312</u>
Investing transactions:		
Distribution from investment in business enterprise	23,000	60,000
Net increase in cash	394,764	402,135
Cash, beginning of year	2,779,368	2,377,233
Cash, end of year	<u>\$ 3,174,132</u>	<u>\$ 2,779,368</u>
Represented by:		
Cash and short-term investments	\$ 2,988,435	\$ 2,595,485
Restricted cash	177,021	175,207
Funds held in Ottawa Trust Fund	8,676	8,676
	<u>\$ 3,174,132</u>	<u>\$ 2,779,368</u>

See accompanying notes to consolidated financial statements.

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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Magnetawan First Nation (the "First Nation"), located in Britt, Ontario, administers programs and provides services on behalf of its members.

### 1. Significant accounting policies:

These consolidated financial statements of Magnetawan First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

The reporting entity is comprised of all committees and related entities under the control of Chief and Council. These entities include Magnetawan Development GP Inc. and Magnetawan Development Limited Partnership.

All interdepartmental and inter-organizational assets and liabilities and revenue and expenses have been eliminated.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

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Buildings	40 years
Land improvements	15 to 20 years
Furniture, computers and fixtures	3 to 10 years
Vehicles and equipment	10 years
Roads infrastructure	25 years
Water systems	25 years
Housing	25 years

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# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

#### (c) Non-financial assets (continued):

##### (i) Tangible capital assets (continued):

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

##### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### (d) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial activities.

#### (e) Consolidated revenue funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

#### (f) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

Actual results could differ from these estimates.

#### (g) Prior year funding adjustments:

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 2. Cash and short-term investments:

Short-term investments, consisting of a guaranteed investment certificate in the amount of \$11,200 (2017 - \$10,949), are recorded at cost and earn interest at a rate of 2.3% per annum.

### 3. Restricted cash:

The First Nation has pledged \$174,000 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 10(b).

### 4. Accounts receivable:

	2018	2017
Indigenous and Northern Affairs Canada	\$ 432,832	\$ 183,804
Construction Energie Renouvelable	417,317	–
Canada Mortgage and Housing Corporation	136,645	4,068
Sturgeon Falls Brush and Contracting Ltd.	125,395	–
Ministry of Transportation	118,000	57,750
Infrastructure Canada	53,303	–
Ministry of Community and Social Services	38,152	36,026
Independent Electricity System Operator	–	35,900
Other	160,207	106,935
Due from band members	344,049	296,394
Allowance for doubtful accounts	(344,049)	(308,722)
	\$ 1,481,851	\$ 412,155

### 5. Investment in Shwe Miikaan Corp (“SMC”):

The First Nation's investment in SMC represents a 33.333% ownership interest. The First Nation's share of the accumulated investment loss in SMC to date is \$44,106. The investment in SMC is accounted for using the equity method.

SMC has an ownership interest of 0.001% in Shwe Miikaan Limited Partnership (“SMLP”) and 0.1% in Shwe Miikaan 7182 Limited Partnership (“SM 7182 LP”).

	2018	2017
Investment in SMC	\$ 1	1
Accumulated share of net loss	(44,106)	(42,501)
Provision for impairment in value	44,106	42,501
	\$ 1	1

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 6. Investment in Shwe Miikaan Limited Partnership:

The First Nation's investment in SMLP represents a 33.333% ownership interest. The First Nation's share of the accumulated investment earnings in SMLP to date is \$130,900. The investment in SMLP is accounted for using the equity method.

SMLP has an ownership interest of 50.9% in SM 7182 LP.

	2018	2017
Investment in SMLP	\$ 500,000	500,000
Accumulated share of net earnings	130,900	64,643
Accumulated distributions	(83,000)	(60,000)
	\$ 547,900	504,643

### 7. Deferred revenue:

	2018	2017
Indigenous and Northern Affairs Canada	\$ 394,894	\$ 1,267,068
Ministry of Transportation	83,793	88,566
Ontario Trillium Foundation	63,004	–
Other	65,382	28,592
	\$ 607,073	\$ 1,384,226

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 8. Long-term debt:

The details of the long-term debt are as follows:

	2018	2017
Scotiabank term loan, monthly principal payments of \$4,445 plus interest of prime plus 1%, renewal date on March 1, 2022	\$ 791,110	\$ 800,000
Canada Mortgage and Housing Corporation:		
Monthly payments of \$1,747, including interest at 1.82%, renewal date September 1, 2019	213,127	230,053
Monthly payments of \$1,221, including interest at 2.06%, renewal date on September 1, 2022	124,345	136,462
Monthly payments of \$1,302 including interest at 1.83%, renewal date on December 1, 2019	223,505	234,945
Monthly payments of \$1,143 including interest at 2.00%, renewal date on November 1, 2018	232,225	241,221
Monthly payments of \$1,068 including interest at 1.35%, renewal date on May 1, 2022	264,328	–
	<u>\$ 1,848,640</u>	<u>\$ 1,642,681</u>

The First Nation can make partial or full payments on the term loan at any time over the life of the debt. The term loan is secured by a general security agreement provided by the First Nation, and an unlimited guarantee on the assets of the Magnetawan Gas Bar and Convenience Store (the “Gas Bar”).

Principal repayments are due as follows:

2019	\$ 112,933
2020	114,030
2021	115,148
2022	116,287
2023	117,446
Thereafter	1,272,796

# MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 9. Tangible capital assets:

Cost	2017	Additions	Disposals	2018
Buildings	\$ 3,808,589	\$ 103,027	\$ -	\$ 3,911,616
Land improvements	33,200	124,990	-	158,190
Furniture, computers and fixtures	446,724	45,159	(30,997)	460,886
Vehicles and equipment	1,745,829	255,059	-	2,000,888
Roads infrastructure	312,449	-	-	312,449
Water systems	2,905,296	-	-	2,905,296
Housing	1,807,137	1,093,765	-	2,900,902
<b>Total</b>	<b>\$ 11,059,224</b>	<b>\$ 1,622,000</b>	<b>\$ (30,997)</b>	<b>\$ 12,650,227</b>

Accumulated Amortization	2017	Disposals	Amortization expense	2018
Buildings	\$ 706,131	\$ -	\$ 98,823	\$ 804,954
Land improvements	24,900	-	5,826	30,726
Furniture, computers and fixtures	393,711	(9,851)	17,604	401,464
Vehicles and equipment	612,042	-	175,930	787,972
Roads infrastructure	198,836	-	12,498	211,334
Water systems	1,722,465	-	116,212	1,838,677
Housing	538,035	-	94,161	632,196
<b>Total</b>	<b>\$ 4,196,120</b>	<b>\$ (9,851)</b>	<b>\$ 521,054</b>	<b>\$ 4,707,323</b>

	Net book value 2017	Net book value 2018
Buildings	\$ 3,102,458	\$ 3,106,662
Land improvements	8,300	127,464
Furniture, computers and fixtures	53,013	59,422
Vehicles and equipment	1,133,787	1,212,916
Roads infrastructure	113,613	101,115
Water systems	1,182,831	1,066,619
Housing	1,269,102	2,268,706
<b>Total</b>	<b>\$ 6,863,104</b>	<b>\$ 7,942,904</b>

# MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 9. Tangible capital assets:

Cost	2016	Additions	Disposals	2017
Buildings	\$ 2,210,883	\$ 1,597,706	\$ -	\$ 3,808,589
Land improvements	33,200	-	-	33,200
Furniture, computers and fixtures	396,277	50,447	-	446,724
Vehicles and equipment	930,922	814,907	-	1,745,829
Roads infrastructure	245,269	67,180	-	312,449
Water systems	2,905,296	-	-	2,905,296
Housing	1,407,638	399,499	-	1,807,137
<b>Total</b>	<b>\$ 8,129,485</b>	<b>\$ 2,929,739</b>	<b>\$ -</b>	<b>\$ 11,059,224</b>

Accumulated Amortization	2016	Disposals	Amortization expense	2017
Buildings	\$ 632,280	\$ -	\$ 73,851	\$ 706,131
Land improvements	23,240	-	1,660	24,900
Furniture, computers and fixtures	357,127	-	36,584	393,711
Vehicles and equipment	495,551	-	116,491	612,042
Roads infrastructure	187,681	-	11,155	198,836
Water systems	1,606,253	-	116,212	1,722,465
Housing	473,739	-	64,296	538,035
<b>Total</b>	<b>\$ 3,775,871</b>	<b>\$ -</b>	<b>\$ 420,249</b>	<b>\$ 4,196,120</b>

	Net book value 2016	Net book value 2017
Buildings	\$ 1,578,603	\$ 3,102,458
Land improvements	9,960	8,300
Furniture, computers and fixtures	39,150	53,013
Vehicles and equipment	435,371	1,133,787
Roads infrastructure	57,588	113,613
Water systems	1,299,043	1,182,831
Housing	933,899	1,269,102
<b>Total</b>	<b>\$ 4,353,614</b>	<b>\$ 6,863,104</b>

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 10. Contingent liabilities:

- (a) The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.
- (b) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$174,000. As of March 31, 2018, its proportional outstanding loan balance as part of the Trust is \$173,189 (2017 – \$103,432).

### 11. Commitments:

- (a) The First Nation has entered into a 10-year license agreement with The TDL Group Corp. ("TDL"), which allows the licensing of a Tim Hortons kiosk in the Gas Bar building. Under the agreement, the First Nation is required to remit to TDL a 6% recurring weekly royalty fee as a percentage of gross weekly sales. The First Nation is also required to pay a 2.5% advertising fund fee and a 1.5% local advertising and promotion fee, each calculated as a percentage of gross weekly sales, set aside by TDL for these purposes.

For the duration of the agreement, which continues in effect until 2026, the First Nation is required to incur the costs to maintain the equipment, signage and infrastructure of the Tim Hortons kiosk in good order, maintaining the standards and image established by TDL.

No more than every 5 years, the First Nation is required to incur any costs to refurbish and modify the Tim Hortons kiosk and to conform to all dress and colour schemes. On an annual basis, the First Nation is required to repaint the interior and exterior of the Tim Hortons kiosk, as approved by TDL.

- (b) The First Nation has entered into a 5-year food services agreement with Morningstar Hospitality Services Inc. ("Morningstar") to provide management services for the Tim Hortons kiosk. The agreement is in place through January 31, 2021. The First Nation is required to pay Morningstar a flat annual fee of \$70,000 to be paid in 13 equal instalments during the year for its services.

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 12. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
Surplus (deficit):		
Invested in tangible capital assets	\$ 6,094,264	\$ 5,220,423
Operations	(1,047,014)	(750,846)
Investment in business enterprise	547,901	504,644
Unfinanced capital	–	(272,000)
	<u>5,595,151</u>	<u>4,702,221</u>
Restricted reserves:		
Consolidated revenue trust	8,676	8,676
Ontario First Nations Limited Partnership	1,492,633	1,568,970
	<u>1,501,309</u>	<u>1,577,646</u>
Committed reserves	1,378,164	699,137
	<u>\$ 8,474,624</u>	<u>\$ 6,979,004</u>

### 13. Indigenous and Northern Affairs Canada (“INAC”):

	2018	2017
INAC revenue per confirmation	\$ 2,142,147	\$ 3,740,808
Add: opening deferred revenue	1,267,068	178,850
Less: ending deferred revenue	(394,894)	(1,267,068)
Total INAC revenue per consolidated financial statements	<u>\$ 3,014,321</u>	<u>\$ 2,652,590</u>

Included in accounts payable are amounts due to INAC of \$58,382 (2017 - \$149,535).

### 14. Comparative information:

Certain 2017 comparative information have been reclassified to conform to the presentation adopted in 2018.

# MAGNETAWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 15. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, economic development, education, health services, social assistance, community property, business operations, and land and resources. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

#### **General / Band Support**

The general / band support and governance function area oversees the delivery of all governmental services. The functional area 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 functional area includes the governance activities of chief and council, library services and new relationships.

#### **Economic Development**

The economic development functional area encourages economic development of the First Nation through economic growth initiatives and planning.

#### **Education**

The education functional area provides education management and transportation services to the member First Nations as well as overseeing various small incentives.

#### **Health Services**

The health services functional area provides a diverse bundle of services directed toward the well-being of the members of the First Nations including such activities as long-term care, diabetes, mental health, traditional healing and training designed to enhance the health of member communities, in addition to operating of a health center.

#### **Social Assistance**

The social assistance functional area provides services directed towards the well-being of members in need of non-health related services including such activities as income support, home support and provision of child welfare services.

#### **Community Infrastructure**

The community infrastructure functional area provides public works services and ensuring the longevity of the First Nation by the acquisition, construction and maintenance of the physical assets of the First Nation, excluding housing.

# MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 15. Segmented information (continued):

### **Business Operations**

The business operations functional area reflects the operations of an on-reserve Gas Bar and Convenience Store.

### **Lands and Resources**

The lands and resources functional area provides services to develop land codes and manage the First Nation's land and natural resources to benefit the community.

### **Housing**

The housing functional area manages the operations of the various rental housing owned by the First Nation including both CMHC and other band-owned housing. This includes tenant identification, rent collection and maintenance management.

### **Tim Hortons**

The Tim Hortons functional area reflects the operations of an on-reserve Tim Hortons food and beverage kiosk.

### **Community Property**

The community property functional area is responsible for all capital project activities occurring in the First Nation during the year, including all construction and renovations.

### **Reserve and Restricted Funds**

The reserve and restricted funds functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership as well as fund held in trust in Ottawa by Indigenous and Northern Affairs Canada.

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 as disclosed in the summary of significant accounting policies.

# MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 15. Segmented information (continued):

	General/Band Support	Economic Development	Education	Health Services	Social Assistance	Community Infrastructure	Business Operations	Lands and Resources	Housing	Tim Hortons	Community Property	Reserve and Restricted Funds	2018 Total
Revenue	\$ 713,462	189,387	971,473	687,598	227,552	389,636	6,731,206	4,118,094	239,025	851,881	1,128,945	575,003	16,823,262
Expenses:													
Salaries, benefits and honoraria	409,319	70,010	173,778	280,664	17,886	104,180	352,444	265,718	46,756	399,655	-	-	2,120,410
Travel and training	47,536	365	37,251	80,571	2,396	2,143	-	43,069	321	5,118	-	-	218,770
Interest on long-term debt	-	-	-	-	-	-	-	-	24,131	-	-	-	24,131
Contractual and professional fees	69,040	132,073	75,991	39,164	-	99,149	281,133	604,194	15,333	153,448	1,419,503	-	2,889,028
Materials, supplies and rentals	96,481	3,268	118,711	260,070	23,118	176,827	6,076,732	1,368,058	43,159	409,083	-	-	8,575,507
Tuition and student allowances	-	-	379,532	-	-	-	-	-	-	-	-	-	379,532
Program costs	73,922	1,024	79,461	51,042	194,260	41,030	132,092	1,316,224	71,789	187	-	260,178	2,221,209
Amortization of tangible capital assets	30,074	7,492	33,142	43,547	-	162,455	75,891	10,750	94,161	63,542	-	-	521,054
Investment in tangible capital assets	(3,284)	-	(20,000)	(29,269)	-	(5,631)	(231,379)	(214,988)	-	(21,797)	(1,095,652)	-	(1,622,000)
	723,088	214,232	877,866	725,789	237,660	580,153	6,686,913	3,393,025	295,650	1,009,237	323,851	260,178	15,327,642
Excess (deficiency) of revenue over expenses	\$ (9,626)	(24,845)	93,607	(38,191)	(10,108)	(190,517)	44,293	725,069	(56,625)	(157,356)	805,094	314,825	1,495,620

# MAGNETAWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 15. Segmented information (continued):

	General/Band Support	Economic Development	Education	Health Services	Social Assistance	Community Infrastructure	Business Operations	Lands and Resources	Housing	Tim Hortons	Community Property	Reserve and Restricted Funds	2017 Total
Revenue	\$ 569,623	247,795	842,780	551,700	275,392	307,836	2,432,845	808,193	277,489	73,392	827,499	499,455	7,713,999
Expenses:													
Salaries, benefits and honoraria	348,265	79,619	131,190	247,934	17,758	102,082	231,012	226,753	17,008	66,882	-	-	1,488,503
Travel and training	46,249	962	18,381	75,226	3,529	2,345	-	6,488	1,174	6,291	-	-	160,645
Interest on long-term debt	-	-	-	-	-	-	-	-	16,031	-	-	-	16,031
Contractual and professional fees	69,841	140,794	20,464	34,778	-	62,208	44,991	343,453	12,067	667,167	2,129,294	-	3,525,057
Materials, supplies and rentals	97,316	16,387	133,487	157,440	25,352	144,852	1,930,174	48,874	58,044	46,255	-	-	2,658,181
Tuition and student allowances	-	-	320,520	-	-	-	-	-	-	-	-	-	320,520
Program costs	46,096	22,685	87,882	56,548	225,825	42,742	50,545	76,708	55,760	6,239	-	183,975	855,005
Amortization of tangible capital assets	33,108	7,492	45,003	41,722	-	151,107	45,898	-	64,296	31,623	-	-	420,249
Investment in tangible capital assets	-	-	(58,500)	(14,023)	-	(71,846)	(23,626)	-	-	(632,450)	(2,129,294)	-	(2,929,739)
	640,875	267,939	698,427	599,625	272,464	433,490	2,278,994	702,276	224,380	192,007	-	183,975	6,494,452
Excess (deficiency) of revenue over expenses	\$ (71,252)	(20,144)	144,363	(47,925)	2,928	(125,654)	153,851	105,917	53,109	(118,615)	827,499	315,480	1,219,547