



Consolidated Financial Statements of

**SHESEGWANING FIRST NATION**

Year ended March 31, 2018

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of the Sheshegwaning 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. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. 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 First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is 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 members.

  
Chief

  
Councilor



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## **INDEPENDENT AUDITORS' REPORT**

To the Chief and Council of Sheshegwaning First Nation

We have audited the accompanying consolidated financial statements of Sheshegwaning 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 (net 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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sheshegwaning First Nation as at March 31, 2018 and its consolidated results of operations, consolidated changes in net financial assets (net debt) and its consolidated 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

July 27, 2018

# **SHESHEGWANING FIRST NATION**

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**Year ended March 31, 2018**

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# SHESHEGWANING 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)	\$ 517,568	\$ 790,117
Restricted cash (note 3)	342,139	228,327
Accounts receivable	467,255	266,117
Loans receivable (note 4)	38,574	29,768
Consolidated revenue trust fund (note 5)	86,185	84,394
Investment in business enterprise- Odawa Stone LP (note 6 (i))	135,605	124,065
Investment in business enterprise- Odawa Freshwater LP (note 6 (ii))	125	-
Investments (note 7)	91,548	82,207
	1,678,999	1,604,995
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	352,630	317,289
Deferred revenue (note 8)	333,409	96,919
Long-term debt (note 9)	1,984,211	2,119,544
	2,670,250	2,533,752
Net financial assets (net debt)	(991,251)	(928,757)
<b>Non-financial assets</b>		
Tangible capital assets (note 10)	7,884,495	8,124,946
Prepaid expenses	16,053	21,700
	7,900,548	8,146,646
Contingent liabilities (note 11)		
Accumulated surplus (note 12)	\$ 6,909,297	\$ 7,217,889

See accompanying notes to consolidated financial statements.

Approved:

  
Chief

  
Councillor

# SHESHEGWANING FIRST NATION

## Exhibit B - Consolidated Statement of Operations

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

	2018	2017
Revenue:		
Government transfers - Federal (note 13)	\$ 2,233,003	\$ 2,034,710
- Provincial	428,306	405,228
Investment income	18,798	3,088
Rental income	234,355	216,734
Net loss in business enterprises	(92,958)	(256,418)
Other	1,778,850	1,914,430
	<u>4,600,354</u>	<u>4,317,772</u>
Expenses (Schedules):		
Community Services	812,084	748,965
Social Assistance	298,905	248,067
Education	1,182,789	1,083,014
Band Government	269,672	289,886
Band Memberships and Trusts	11,874	3,175
Business Enterprises	252,065	220,691
Community Infrastructure	888,362	760,916
Employment and Economic Development	824,756	1,100,491
Community Property	133,716	248,730
Social Housing	234,723	173,268
	<u>4,908,946</u>	<u>4,877,203</u>
Deficiency of revenue over expenses	(308,592)	(559,431)
Accumulated surplus, beginning of year	7,217,889	7,777,320
Accumulated surplus, end of year	<u>\$ 6,909,297</u>	<u>\$ 7,217,889</u>

See accompanying notes to consolidated financial statements.



# SHESHEGWANING FIRST NATION

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

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

	2018	2017
Deficiency of revenue over expenses	\$ (308,592)	\$ (559,431)
Acquisition of tangible capital assets	(292,329)	(412,608)
Amortization of tangible capital assets	525,273	496,575
Loss on disposal of tangible capital assets	6,007	-
Proceeds on disposal of tangible capital assets	1,500	-
	(68,141)	(475,464)
Use of prepaid expenses	5,647	(5,189)
Change in net financial assets (net debt)	(62,494)	(480,653)
Net financial assets (debt), beginning of year	(928,757)	(448,104)
Net financial assets (debt), end of year	\$ (991,251)	\$ (928,757)

See accompanying notes to consolidated financial statements.

# SHESHEGWANING FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

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

	2018	2017
<b>Operating activities:</b>		
Deficiency of revenue over expenses	\$ (308,592)	\$ (559,431)
Adjustments for:		
Amortization of tangible capital assets	525,273	496,575
Loss on disposal of tangible capital assets	6,007	-
Impairment loss on investment	350,293	807,459
Share of loss in business enterprises	92,958	256,418
	665,939	1,001,021
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(201,138)	179,991
Increase in accounts payable and accrued liabilities	35,341	14,920
Increase in deferred revenue	236,490	89,666
Decrease (increase) in prepaid expenses	5,647	(5,189)
Net change in cash from operating activities	742,279	1,280,409
<b>Financing activities:</b>		
Increase (decrease) in demand line of credit	-	(150,000)
New financing obtained	-	285,000
Principal payments on long-term debt	(135,332)	(116,831)
	(135,332)	18,169
<b>Investing activities:</b>		
Purchase of tangible capital assets	(292,329)	(412,608)
Proceeds on disposal of tangible capital assets	1,500	-
Increase in investments	(9,341)	(177)
Investment in Odawa Freshwater Limited Partnership	(125)	-
Increase in consolidated revenue trust fund	(1,791)	(1,536)
Contributions to business enterprises- Odawa Stone	(104,499)	(143,630)
Contributions to business enterprises- GHLP	(350,293)	(118,946)
Decrease (increase) in loans receivable	(8,806)	16,446
	(765,684)	(660,451)
Net increase (decrease) in cash and short-term investments	(158,737)	638,127
Cash and short-term investments, beginning of year	1,018,444	380,317
Cash and short-term investments, end of year	\$ 859,707	\$ 1,018,444
<b>Represented by:</b>		
Cash and short-term investments	\$ 517,568	\$ 790,117
Restricted Cash	342,139	228,327
	\$ 859,707	\$ 1,018,444

See accompanying notes to consolidated financial statements.

# **SHESHEGWANING FIRST NATION**

## **Notes to Consolidated Financial Statements**

**Year ended March 31, 2018**

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Sheshegwaning First Nation (the "First Nation") is located on Manitoulin Island and administers programs and provides services on behalf of its members.

### **1. Significant accounting policies:**

These consolidated financial statements of the 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 includes the activities of all committees of Council under the control of the First Nation including:

- Odawa Stone Limited Partnership
- 2294669 Ontario Limited
- Odawa Freshwater Limited Partnership
- Odawa Freshwater General Partner Inc.

The government business enterprises comprising the above are accounted for using the modified equity method. Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation and inter-organizational transactions and balances are not eliminated.

#### **(b) 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 on the consolidated statement of financial position.

#### **(c) Consolidated revenue trust funds:**

Trust funds 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.

Funds held by the Government of Canada on behalf of the First Nation are included on the consolidated statement of financial position.

# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

#### (d) 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 are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated Life - Years
Land improvements	10 - 30 years
Buildings	10 - 40 years
Infrastructure	10 - 40 years
Machinery and equipment	5 - 15 years
Furniture, computers and fixtures	4 - 10 years

Annual amortization is charged 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 financial statements.

#### (e) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for accounts receivable and investment in business enterprises. 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.

# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

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

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.

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

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

The short-term investments consist of term deposits with a maturity date of less than a year, earn interest at 1.35% per annum and are recorded at cost of \$207,042 (2017 - \$205,011).

Under its credit agreement, the First Nation has a demand operating facility to a maximum of \$150,000, bearing interest at prime plus 2.0%. In the current year, the demand operating facility was not utilized and had an outstanding balance of \$Nil (2017-\$Nil) at year end.

Borrowings under the credit facility are secured by a general security agreement.

### 3. Restricted cash:

	2018	2017
Robinson Huron Treaty (i)	\$ 185,579	\$ 90,795
Canadian Mortgage Housing Corporation (ii)	156,560	137,532
	\$ 342,139	\$ 228,327

(i) The First Nation has pledged \$195,000 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 11(e).

(ii) In accordance with the operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$156,560 (2017 - \$137,532) is restricted for this purpose. Under the agreement, the First Nation is required to set aside funding to maintain a replacement reserve bank account. As of fiscal year end, this First Nation is required to have set aside \$156,147 (2017 - \$137,532)

### 4. Loans receivable:

The loans receivable are secured by an assignment of wages bearing interest at rates up to 10% and require monthly payments.

# SHESEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 5. Consolidated revenue trust fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 52,797	31,597	84,394
Interest	1,791	—	1,791
Balance, end of year	\$ 54,588	31,597	86,185

### 6. Investment in business enterprises:

(i) The First Nation has a 99% interest in Odawa Stone Limited Partnership ("Odawa Stone") and a further 1% interest by virtue of its 100% investment in 2294669 Ontario Limited (the general partner for Odawa Stone). Odawa Stone is engaged in development and operation of a stone quarry. The First Nation's interest in Odawa Stone's results of operations for the year ended March 31, 2018 is included in the First Nation's consolidated statement of operations.

During the year, the First Nation provided Odawa Stone with labour, contract support, accounting services and equipment rental totaling \$104,499 (2017- \$143,630). These transactions were entered into during the normal course of operations and these transactions were recorded at their exchange amount.

	2018	2017
Financial Position:		
Current assets	\$ 11,667	27,777
Other assets	332,682	350,211
Total assets	344,349	377,988
Current liabilities	84,003	71,879
Long-term liabilities	124,741	182,044
Total liabilities	208,744	253,923
Net assets	\$ 135,605	124,065
Sheshegwaning First Nation interest	% 100	100

	2018	2017
Results of operations		
Revenue	\$ -	1,000
Expenses	92,958	257,418
Share in operations	\$ (92,958)	(256,418)

# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 6. Investment in business enterprises (continued):

	2018	2017
Investment in business enterprises:		
100% interest in 2294669 Ontario Ltd.	\$ 1	1
99% interest in Odawa Stone Limited Partnership	99	99
	\$ 100	100

(ii) The investment is comprised of 100% ownership of limited partner units in Odawa Freshwater Limited Partner with a cost of \$100 and 100% ownership of Odawa Freshwater General Partner Inc. The investment in Odawa Freshwater General Partner Inc. is comprised of 100 common shares with a cost of \$100. The Odawa Freshwater Limited Partnership has a 25% limited partnership interest in the Odawa Island Farm Limited Partnership with a cost of \$25.

### 7. Investments:

The investments are comprised of the following:

	2018	2017
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 91,546	82,205
Investment in M'Nidoo M'Nising Power Limited Partnership	1	1
Investment in Great Lakes Hospitality Group Partnership	1	1
	\$ 91,548	82,207

The investment in U.C.C.M. Building Material Limited Partnership represents a 14.28% ownership interest and is accounted for using the equity method.

The investment in the M'Nidoo M'Nising Power Limited Partnership (MMPLP) represents a 16.665% ownership interest and is accounted for using the equity method.

The investment in the Great Lakes Hospitality Group Partnership represents an 11.75% ownership interest and is accounted for using the equity method. In the current year, an additional contribution of \$350,293 was made to the Great Lakes Hospitality Group Partnership. At March 31, 2018 the investment was impaired and a write-down of \$ 350,293 was realized.

# SHESEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 8. Deferred revenue:

	2018	2017
INAC	\$ 295,106	—
Other	38,303	46,917
Service Canada	—	50,002
	\$ 333,409	96,919

### 9. Long-term debt:

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

	2018	2017
1.01% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,828, due February 2021	\$ 262,318	281,503
1.31% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,247, due December 2021	187,141	199,568
1.82% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,233, due September 2019	381,831	401,507
1.84% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,065, due September 2017	211,768	220,790
1.67% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,827, due June 2018	204,878	223,221
1.37% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,205, due July 2020	508,954	528,312
Toronto Dominion loan, blended monthly payments of \$3,393 including interest at prime plus 1.50%, due September 2023	227,321	264,643
	\$ 1,984,211	2,119,544

Borrowings under the Toronto Dominion loan are secured by a general security agreement representing a first charge on the asset.

Principal repayments due within each of the next five years are estimated as follows:

2019	\$140,118
2020	141,598
2021	143,099
2022	144,625
2023	146,174



# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 10. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions	Transfers	Disposals	Balance at March 31, 2018
Land	\$ 692,897	-		-	692,897
Land improvements	203,660	-		-	203,660
Buildings	8,205,934	99,709	19,911	-	8,325,554
Infrastructure	5,541,100	-		-	5,541,100
Machinery and equipment	1,888,089	146,000		(14,299)	2,019,790
Furniture, computers and fixtures	125,969	46,620		-	172,589
Assets under construction	19,911	-	(19,911)	-	-
<b>Total</b>	<b>\$ 16,677,560</b>	<b>292,329</b>	<b>-</b>	<b>(14,299)</b>	<b>16,955,590</b>

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$ -	-	-	-
Land improvements	55,205	-	6,431	61,636
Buildings	3,862,532	-	231,062	4,093,594
Infrastructure	3,385,012	-	136,660	3,521,672
Machinery and equipment	1,142,546	(6,792)	140,837	1,276,591
Furniture, computers and fixtures	107,319	-	10,283	117,602
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 8,552,614</b>	<b>(6,792)</b>	<b>525,273</b>	<b>9,071,095</b>

	Net book value, March 31, 2017	Net book value, March 31, 2018
Land	\$ 692,897	692,897
Land improvements	148,455	142,024
Buildings	4,343,402	4,231,960
Infrastructure	2,156,088	2,019,428
Machinery and equipment	745,543	743,199
Furniture, computers and fixtures	18,650	54,987
Assets under construction	19,911	-
<b>Total</b>	<b>\$ 8,124,946</b>	<b>7,884,495</b>

# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 10. Tangible capital assets (continued):

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 692,897	-	-	692,897
Land improvements	203,660	-	-	203,660
Buildings	8,205,934	-	-	8,205,934
Infrastructure	5,523,100	18,000	-	5,541,100
Machinery and equipment	1,533,644	354,445	-	1,888,089
Furniture, computers and fixtures	105,717	20,252	-	125,969
Assets under construction	-	19,911	-	19,911
<b>Total</b>	<b>\$ 16,264,952</b>	<b>412,608</b>	<b>-</b>	<b>16,677,560</b>

  

Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$ -	-	-	-
Land improvements	48,774	-	6,431	55,205
Buildings	3,632,667	-	229,865	3,862,532
Infrastructure	3,248,690	-	136,322	3,385,012
Machinery and equipment	1,020,192	-	122,354	1,142,546
Furniture, computers and fixtures	105,716	-	1,603	107,319
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 8,056,039</b>	<b>-</b>	<b>496,575</b>	<b>8,552,614</b>

  

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 692,897	692,897
Land improvements	154,886	148,455
Buildings	4,573,267	4,343,402
Infrastructure	2,274,410	2,156,088
Machinery and equipment	513,452	745,543
Furniture, computers and fixtures	1	18,650
Assets under construction	-	19,911
<b>Total</b>	<b>\$ 8,208,913</b>	<b>8,124,946</b>

# SHESHEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 11. Contingent liabilities:

- a) The First Nation has endorsed CMHC loans made to various members under the Rural Rehabilitation Assistance Program and is contingently liable for some.
- b) Indigenous and Northern Affairs Canada ("INAC") has guaranteed loans on behalf of its members in the amount of \$1,756,890 (2017-\$1,854,901). If any loans are in default and required payment by INAC, the amount paid will be charged back to the First Nation.
- c) The First Nation provided a limited guarantee of 25% on a loan issued to Odawa Stone Limited Partnership in the amount of \$20,962.
- d) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 11.75% ownership interest in the partnership. As of the year end, the outstanding balance on the facility was \$2,154,776. In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by GLHLP under terms of the loan facility.
- e) 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 borrowing in proportion to its beneficial interest in the Trust in the amount of \$195,750. As of March 31, 2018 its proportional outstanding loan balance as part of the Trust is \$167,603 (2017- \$116,778).

### 12. Accumulated surplus:

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 5,900,284	6,005,402
Operations	(1,826,617)	(1,359,150)
	4,073,667	4,646,252
Reserves set aside by Council	139,391	139,391
Reserve funds set aside for specific purpose by Council	2,696,239	2,432,246
	\$ 6,909,297	7,217,889

# SHESEGWANING FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 13. Government transfers- Federal

	2018	2017
Indigenous and Northern Affairs Canada	\$ 1,910,086	\$ 1,650,461
Health Canada	105,598	143,032
Canada Mortgage and Housing Corporation	142,000	233,924
Government of Canada	75,319	7,293
	<u>\$ 2,233,003</u>	<u>\$ 2,034,710</u>

The Indigenous and Northern Affairs Canada revenue is as follows:

	2018	2017
Revenue per funding confirmation	\$ 2,205,192	\$ 1,770,368
Less: deferred revenue, end of year	(295,106)	—
Less: prior period funding adjustment	—	(119,907)
Revenue as reported	<u>\$ 1,910,086</u>	<u>\$ 1,650,461</u>

### 14. Comparative information:

Certain 2018 comparative information have been reclassified where necessary to conform to the current year presentation.

### 15. Segmented information:

Sheshegwaning First Nation is a diversified governmental institution that provides a wide range of services to its Members, including community services, social services, education, band government, infrastructure, economic and community development, business enterprises, capital and rental housing. 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 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:

The community services department provides a wide range of support services for children and families.

# **SHESHEGWANING FIRST NATION**

## **Notes to Consolidated Financial Statements**

Year ended March 31, 2018

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### **15. Segmented information (continued):**

#### **Social Assistance**

The social assistance department delivers a variety of programming including Ontario Works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

#### **Education**

The education department provides services to elementary students through the operation of an on reserve elementary school for students up to Grade 8. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

#### **Band Government**

The band government 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.

#### **Community Infrastructure**

The community infrastructure or public works department provides the First Nation with support services for the repair and maintenance of all First Nation owed assets including buildings, roads, water systems and equipment. In addition, the department arranges for fire protection services to be provided to the First Nation.

#### **Employment and Economic Development**

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training funding for the First Nation. In addition the department manages the operations of the Complex.

#### **Business Enterprises and Other**

Business ventures undertaken by the First Nation are managed through the business enterprise department of the First Nation.

#### **Community Property**

This department is responsible for managing all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

# **SHESHEGWANING FIRST NATION**

## **Notes to Consolidated Financial Statements**

Year ended March 31, 2018

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### **15. Segmented information (continued):**

#### **Social Housing**

The social housing department manages the operations of the various rental housing stock owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

For each report segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on the 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 financial statements as disclosed in the summary of significant accounting policies.

# SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2018

	Community Services	Social Assistance	Education	Band Government	Community Infrastructure	Employment and Economic Development	Business Enterprises and Other	OFNLP Community Projects	Community Property	Social Housing	2018 Total
Revenue	\$ 786,192	278,867	1,191,570	292,704	536,083	423,375	133,445	561,840	178,856	216,822	4,600,354
Expenses:											
Salaries, wages and benefits	432,071	69,409	451,984	220,759	333,851	243,974	24,176	-	60,583	-	1,836,807
Materials, supplies, rentals and general	302,414	225,416	407,859	260,535	366,910	192,648	256,806	-	42,116	142,618	2,197,322
Contractual services	1,284	-	-	-	22,760	14,801	28,025	-	26,349	-	93,219
Administration	47,147	4,080	92,161	(213,476)	28,177	23,040	-	-	4,668	9,684	(4,519)
Tuition	-	-	202,880	-	-	-	-	-	-	-	202,880
Amortization of tangible capital assets	52,134	-	36,806	34,082	250,281	-	69,549	-	-	82,421	525,273
Investment in TCA	(22,966)	-	(8,901)	(20,354)	(113,617)	-	(126,491)	-	-	-	(292,329)
Investment impairment loss	-	-	-	-	-	350,293	-	-	-	-	350,293
	612,084	288,905	1,182,789	281,546	888,362	824,756	252,065	-	133,716	234,723	4,908,946
Excess (deficiency) of revenue over expenses	\$ (25,892)	(20,038)	8,781	11,158	(352,279)	(400,781)	(118,620)	561,840	45,140	(17,901)	(308,592)

# SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2018

	Community Services	Social Assistance	Education	Band Government	Community Infrastructure	Employment and Economic Development	Business Enterprises and Other	OFNLP Community Projects	Community Property	Social Housing	2017 Total
Revenue	\$ 700,981	231,899	1,149,362	293,031	290,717	476,684	129,581	554,270	280,341	210,906	4,317,772
Expenses:											
Salaries, wages and benefits	413,266	52,483	359,231	223,246	243,634	154,850	30,138	-	77,434	-	1,554,282
Materials, supplies, rentals and general	295,699	191,504	381,965	212,443	558,542	95,020	89,013	-	79,281	81,765	1,985,232
Contractual services	-	-	-	-	27,865	54,140	29,569	-	111,550	-	223,124
Administration	34,504	4,080	85,565	(175,654)	25,691	6,647	-	-	6,114	9,684	(3,369)
Tuition	-	-	226,508	-	-	-	-	-	-	-	226,508
Amortization of tangible capital assets	42,884	-	41,152	33,026	225,348	375	71,971	-	-	81,819	496,575
Investment in TCA	(37,388)	-	(11,407)	-	(320,164)	(18,000)	-	-	(25,649)	-	(412,608)
Investment impairment loss	-	-	-	-	-	807,459	-	-	-	-	807,459
	748,965	248,067	1,083,014	293,061	760,916	1,100,491	220,691	-	248,730	173,268	4,877,203
Excess (deficiency) of revenue over expenses	\$ (47,984)	(16,168)	55,348	(30)	(470,199)	(523,807)	(91,110)	554,270	31,611	37,638	(559,431)





