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JUL 31 2019

Indigenous Services Canada
Services aux Autochtones Canada
Sudbury

PRIVATE AND CONFIDENTIAL
Indigenous Services Canada
760 Notre Dame Avenue, Unit M
Sudbury ON P3

July 31, 2019

Dear Sir or Madam:

Sheshegwaning First Nation

At the request of our client, Sheshegwaning First Nation, we are submitting the following items regarding the March 31, 2019 year-end, which comply with terms of the FNFTA, and can be made available on your internet site:

- Audited Financial Statements
- Schedule of Remuneration and Expenses – Chief & Council

The following additional required reporting documents will not be published and are for your internal purposes only:

- Schedule of Remuneration and Expenses – Unelected Senior Officials
- Revenues and Expenses – Indigenous Services Canada
- Revenues and Expenses – Health Canada

We trust this is satisfactory. Should you have any questions or require any additional information, please do not hesitate to contact our office.

Yours very truly

Wayne McDonald, CPA, CA

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Enclosures:

Consolidated Financial Statements of

SHESHEGWANING FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

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 Members of Sheshegwaning First Nation

Opinion

We have audited the consolidated financial statements of Sheshegwaning First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the consolidated notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation'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 First Nation or to cease operations or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 risk of material misstatement of the 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, internal 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 purposes of expressing an opinion on the effectiveness of the First Nation'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 the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 31, 2019

SHESHEGWANING FIRST NATION

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Year ended March 31, 2019

Financial Statements

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SHESEGWANING FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and short-term investments (note 2)	\$ 1,257,835	\$ 535,544
Restricted cash (note 3)	372,407	324,163
Accounts receivable	602,642	467,155
Loans receivable (note 4)	26,478	38,574
Consolidated revenue trust fund (note 5)	88,186	86,185
Investment in Odawa Stone Limited Partnership (note 6 (i))	182,220	135,605
Investment in Odawa Freshwater Limited Partnership (note 6 (i))	225	225
Investments in non- controlled entities (note 7)	101,730	91,548
	2,631,723	1,678,999
Financial liabilities		
Accounts payable and accrued liabilities	355,651	352,630
Deferred revenue (note 8)	865,536	333,409
Long-term debt (note 9)	1,844,172	1,984,211
	3,065,359	2,670,250
Net debt	(433,636)	(991,251)
Non-financial assets		
Tangible capital assets (note 10)	7,659,180	7,884,495
Prepaid expenses	15,882	16,053
	7,675,062	7,900,548
Contingent liabilities (note 11)		
Accumulated surplus (note 12)	\$ 7,241,426	\$ 6,909,297

See accompanying notes to consolidated financial statements.

Approved:



Chief



Councillor

SHESHEGWANING FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Government transfers - Federal (note 13)	\$ 1,587,685	\$ 2,233,003
- Provincial	685,954	428,306
Kinoomaadziwin education body	998,864	-
Investment income	12,163	18,798
Rental income	212,567	234,355
Net loss in business enterprises	(83,508)	(92,958)
Other	1,717,874	1,778,850
	5,131,599	4,600,354
Expenses (Schedules):		
Community Services	990,829	812,084
Social Assistance	332,947	298,905
Education	1,295,978	1,182,789
Band Government	247,583	269,672
Band Memberships and Trusts	3,943	11,874
Business Enterprises	299,859	252,065
Community Infrastructure	746,733	888,362
Employment and Economic Development	522,649	824,756
Community Property	169,879	133,716
Social Housing	189,070	234,723
	4,799,470	4,908,946
Excess (deficiency) of revenue over expenses	332,129	(308,592)
Accumulated surplus, beginning of year	6,909,297	7,217,889
Accumulated surplus, end of year	\$ 7,241,426	\$ 6,909,297

See accompanying notes to consolidated financial statements.

SHESHEGWANING FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Debt

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Excess (deficiency) of revenue over expenses	\$ 332,129	\$ (308,592)
Acquisition of tangible capital assets	(271,806)	(292,329)
Amortization of tangible capital assets	497,121	525,273
Loss on disposal of tangible capital assets	-	6,007
Proceeds on disposal of tangible capital assets	-	1,500
	557,444	(68,141)
Use of prepaid expenses	171	5,647
Change in net financial assets	557,615	(62,494)
Net debt, beginning of year	(991,251)	(928,757)
Net debt, end of year	\$ (433,636)	\$ (991,251)

See accompanying notes to consolidated financial statements.

SHESHEGWANING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Operating activities:		
Deficiency of revenue over expenses	\$ 332,129	\$ (308,592)
Adjustments for:		
Amortization of tangible capital assets	497,121	525,273
Loss on disposal of tangible capital assets	-	6,007
Impairment loss on investment	22,063	350,293
Share of loss in business enterprises	93,690	92,958
	<u>945,003</u>	<u>665,939</u>
Change in non-cash working capital:		
Increase in accounts receivable	(135,487)	(201,138)
Increase in accounts payable and accrued liabilities	3,021	35,341
Increase in deferred revenue	532,127	236,490
Decrease (increase) in prepaid expenses	171	5,647
Net change in cash from operating activities	<u>1,344,835</u>	<u>742,279</u>
Financing activities:		
Principal payments on long-term debt	(140,039)	(135,332)
Investing activities:		
Purchase of tangible capital assets	(271,806)	(292,329)
Proceeds on disposal of tangible capital assets	-	1,500
Increase in investments	(10,182)	(9,341)
Investment in Odawa Freshwater Limited Partnership	-	(125)
Increase in consolidated revenue trust fund	(2,001)	(1,791)
Contributions to business enterprises- Odawa Stone	(140,305)	(104,499)
Contributions to business enterprises- GHLP	(22,063)	(350,293)
Decrease (increase) in loans receivable	12,096	(8,806)
	<u>(434,261)</u>	<u>(765,684)</u>
Net increase (decrease) in cash and short-term investments	<u>770,535</u>	<u>(158,737)</u>
Cash and short-term investments, beginning of year	859,707	1,018,444
Cash and short-term investments, end of year	\$ 1,630,242	\$ 859,707
Represented by:		
Cash and short- term investments	\$ 1,257,835	\$ 535,544
Restricted cash	372,407	324,163
	<u>\$ 1,630,242</u>	<u>\$ 859,707</u>

See accompanying notes to consolidated financial statements.

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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, 2019

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, 2019

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 \$210,240 (2018 - \$207,042).

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 (2018 - \$Nil) at year end.

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

3. Restricted cash:

	2019	2018
Robinson Huron Treaty (i)	\$ 195,750	\$ 167,603
Canadian Mortgage Housing Corporation (ii)	176,657	156,560
	\$ 372,407	\$ 324,163

(i) The First Nation has pledged \$195,750 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 \$176,657 (2018 - \$156,560) 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 \$174,762 (2018 - \$156,147).

4. Loans receivable:

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

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

5. Consolidated revenue trust fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 54,588	31,597	86,185
Interest	2,001	—	2,001
Balance, end of year	\$ 56,589	31,597	88,186

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, 2019 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 \$140,305 (2018 - \$104,499). These transactions were entered into during the normal course of operations and these transactions were recorded at their exchange amount.

	2019	2018
Financial Position:		
Current assets	\$ 14,882	11,666
Other assets	324,573	332,682
Total assets	339,455	344,348
Current liabilities	90,711	84,002
Long-term liabilities	66,524	124,741
Total liabilities	157,235	208,743
Net assets	\$ 182,220	135,605
Shesegwaning First Nation interest	% 100	100

Results of operations	2019	2018
Revenue	\$ 42,016	—
Expenses	135,707	92,958
Share in operations	\$ (93,691)	(92,958)

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. Investment in business enterprises (continued):

	2019	2018
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 the limited partner units in Odawa Freshwater Limited Partnership 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 which is accounted for at its cost of \$25.

7. Investments:

The investments are comprised of the following:

	2019	2018
Investment in U.C.C.M. Building Material Supply Limited Partnership		
	\$ 101,728	91,546
Investment in M'Nidoo M'Nising Power Limited Partnership	1	1
Investment in Great Lakes Hospitality Group Partnership	1	1
	\$ 101,730	91,548

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 \$22,063 was made to the Great Lakes Hospitality Group Partnership. At March 31, 2019 the investment was impaired and a write-down of \$ 22,063 was realized.

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

8. Deferred revenue:

	2019	2018
Indigenous Services Canada	\$ 386,057	295,106
Kinoomaadziwin Education Body	386,492	23,000
Health Canada	74,520	-
Other	18,467	15,303
	\$ 865,536	333,409

9. Long-term debt:

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

	2019	2018
1.01% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,828, due December 2030	\$ 242,939	262,318
1.31% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,247, due November 2031	174,551	187,141
1.82% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,233, due September 2034	361,756	381,831
1.84% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,065, due September 2037	202,648	211,768
1.67% Canada Mortgage and Housing Corporation, blended monthly payments of \$1,827, due May 2028	186,302	204,878
1.37% Canada Mortgage and Housing Corporation, blended monthly payments of \$2,205, due July 2040	489,330	508,954
Toronto Dominion loan, blended monthly payments of \$3,393 including interest at prime plus 1.50%, due September 2023	186,646	227,321
	\$ 1,844,172	1,984,211

Borrowings under the Toronto Dominion loan are secured by a general security agreement representing a first charge on the asset which has a net book value of \$137,551 (2018 - \$194,468).

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

2020	\$ 141,597
2021	143,098
2022	144,622
2023	146,173
2024	130,781
Thereafter	1,137,901

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 692,897	-	-	692,897
Land improvements	203,660	-	-	203,660
Buildings	8,325,554	-	-	8,325,554
Infrastructure	5,541,100	23,040	-	5,564,140
Machinery and equipment	2,019,790	91,994	-	2,111,784
Furniture, computers and fixtures	172,589	7,606	-	180,195
Assets under construction	-	149,166	-	149,166
Total	\$ 16,955,590	271,806	-	17,227,396
Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization	Balance at March 31, 2019
Land	\$ -	-	-	-
Land improvements	61,636	-	6,431	68,067
Buildings	4,093,594	-	234,650	4,328,244
Infrastructure	3,521,672	-	92,492	3,614,164
Machinery and equipment	1,276,591	-	144,928	1,421,519
Furniture, computers and fixtures	117,602	-	18,620	136,222
Assets under construction	-	-	-	-
Total	\$ 9,071,095	-	497,121	9,568,216
	Net book value, March 31, 2018		Net book value, March 31, 2019	
Land	\$ 692,897		692,897	
Land improvements	142,024		135,593	
Buildings	4,231,960		3,997,310	
Infrastructure	2,019,428		1,949,976	
Machinery and equipment	743,199		690,265	
Furniture, computers and fixtures	54,987		43,973	
Assets under construction	-		149,166	
Total	\$ 7,884,495		7,659,180	

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. Tangible capital assets (continued):

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)	-	-
Total	\$ 16,677,560	292,329	-	(14,299)	16,955,590
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	-	-		-	-
Total	\$ 8,552,614	(6,792)		525,273	9,071,095
	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			-	
Total	\$ 8,124,946			7,884,495	

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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 Services Canada ("ISC") has guaranteed loans on behalf of its members in the amount of \$1,657,565 (2018 - \$1,756,890). If any loans are in default and required payment by ISC, 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 \$2,004,443. 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, 2019, its proportional outstanding loan balance as part of the Trust is \$195,750 (2018 - \$167,603).

12. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 5,815,008	5,900,284
Operations	(1,868,356)	(1,826,617)
	3,946,652	4,073,667
Reserves set aside by Council	3,294,774	2,835,630
	<hr/> \$ 7,241,426	<hr/> 6,909,297

SHESHEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

13. Government transfers- Federal

	2019	2018
Indigenous Services Canada	\$ 1,158,427	\$ 1,910,086
Health Canada	141,345	105,598
Canada Mortgage and Housing Corporation	178,406	142,000
Other	109,507	75,319
	<hr/> \$ 1,587,685	<hr/> \$ 2,233,003

14. Comparative information:

Certain 2019 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, 2019

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, 2019

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.

SHESEGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2019

	Community Services	Social Assistance	Education	Band Government	Community Infrastructure	Employment and Economic Development	Business Enterprises and Other	OFNLP Community Projects	Community Property	Social Housing	2019 Total
Revenue	\$ 852,863	307,316	1,297,248	351,043	355,259	458,042	115,849	710,203	402,620	281,156	5,131,599
Expenses:											
Salaries, wages and benefits	468,977	66,143	504,243	248,327	262,836	305,359	32,327	-	71,871	-	1,960,083
Materials, supplies, rentals and general	417,411	260,984	430,323	247,329	218,322	117,550	177,145	-	134,159	95,987	2,099,210
Contractual services	-	-	-	-	19,473	43,878	34,297	-	208,834	-	306,482
Administration	51,049	5,820	141,669	(276,542)	28,701	33,799	-	-	5,820	9,684	-
Tuition	-	-	186,317	-	-	-	-	-	-	-	186,317
Amortization of tangible capital assets	53,392	-	33,426	40,018	217,401	-	69,485	-	-	83,399	49,121
Investment in tangible capital assets	-	-	-	(7,606)	-	-	(13,395)	-	(250,805)	-	(271,806)
Investment impairment loss	-	-	-	-	-	22,063	-	-	-	-	22,063
	990,829	332,947	1,295,978	251,526	746,733	522,649	299,859	-	169,879	189,070	4,795,470
Excess (deficiency) of revenue over expenses	\$ (137,966)	(25,631)	1,270	99,517	(391,474)	(64,807)	(184,010)	(184,010)	710,203	232,741	92,086
											332,129

SHESGWANING FIRST NATION

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2019

	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	1,194,570	292,704	536,083	423,975	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	403,340	260,535	366,910	192,648	256,806	-	42,116	142,618	2,192,803
Contractual services	1,284	-	-	-	22,760	14,801	28,025	-	26,349	-	93,219
Administration	47,147	4,080	96,680	(213,476)	28,177	-	23,040	-	4,668	9,684	-
Tuition	-	-	202,880	-	-	-	-	-	-	82,421	202,880
Amortization of tangible capital assets	52,134	-	36,806	34,082	250,281	-	69,549	-	-	-	525,273
Investment in tangible capital assets	(22,966)	-	(8,901)	(20,354)	(113,617)	-	(126,491)	-	-	-	(292,329)
Investment impairment loss	-	-	-	-	-	350,293	-	-	-	-	350,293
	812,084	298,905	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)