
Consolidated Financial Statements of

SAGAMOK ANISHNAWBEK

Year ended March 31, 2016



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 Chief and Council of Sagamok Anishnawbek

We have audited the accompanying consolidated financial statements of **Sagamok Anishnawbek** which comprise the consolidated statement of financial position as at March 31, 2016, 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.



Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sagamok Anishnawbek as at March 31, 2016 and its consolidated results of operations, 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

July 25, 2016
Sudbury, Canada

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of **Sagamok Anishnawbek** are the responsibility of management and have been approved by the Chief and Council.


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 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.

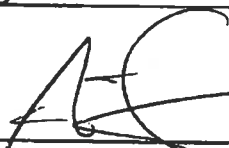
Sagamok maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Sagamok's assets are appropriately accounted for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

Sagamok 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 reviewed Sagamok'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 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. KPMG LLP has full access to the Council.



Chief

Chief Executive Officer

SAGAMOK ANISHNAWBEK

Index to Consolidated Financial Statements

Year ended March 31, 2016

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Financial Assets (Net Debt)	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 17

SAGAMOK ANISHNAWBEK


Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

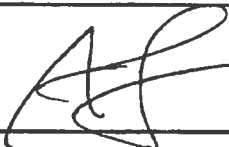
	2016	2015
Financial Assets		
Cash	\$ 532,939	\$ 312,313
Restricted cash	1,668,535	1,621,371
Accounts receivable	7,853,104	1,322,697
Investments (note 2)	1,327,253	1,493,704
Investment in business enterprise (note 3)	1	395
	11,381,832	4,750,480
Financial Liabilities		
Bank indebtedness	1,118,013	557,749
Accounts payable and accrued liabilities	2,512,382	1,613,812
Deferred revenue	318,371	466,008
Long-term debt (note 5)	11,129,399	11,135,719
	15,078,165	13,773,288
Net financial assets (net debt)	(3,696,333)	(9,022,808)
Non-Financial Assets		
Inventory	-	1,800
Prepaid expenses	184,548	159,389
Tangible capital assets (note 4)	22,893,436	22,099,468
	23,077,984	22,260,657
Contingent liabilities (note 8)		
Accumulated surplus (note 6)	\$ 19,381,651	\$ 13,237,849

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:



Chief



Chief Executive Officer

SAGAMOK ANISHNAWBEK

Consolidated Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Indigenous and Northern Affairs Canada (note 11)	\$ 8,222,381	\$ 7,873,885
North Shore Tribal Council	3,096,585	3,187,207
Health Canada	2,346,877	2,169,798
Ontario First Nations Limited Partnership	1,198,127	1,190,964
Ministry of Education	490,928	470,767
Canada Mortgage and Housing Corporation	465,850	446,659
Other	7,748,494	5,941,916
Ministry of Transportation - access road settlement	5,500,000	-
Net income (loss) from business enterprise (note 3)	(394)	395
	29,068,848	21,281,591
Expenses:		
Education	5,589,889	5,255,501
Medical Services	3,767,843	3,330,451
Social Assistance - Income Support	2,325,885	2,322,660
Community Infrastructure	1,918,323	1,565,536
Band Government	1,937,845	2,155,125
Community Housing	1,211,748	1,184,374
Mining Initiative	645,382	762,011
Housing Renovations	626,563	596,003
Day Nursery Program	609,251	553,140
Land and Environment	331,043	136,526
Aboriginal Skills and Employment Training Strategy	454,690	562,232
Restricted Funds	436,114	295,242
Housing Administration	363,730	329,141
Economic Development	363,145	162,718
Business Enterprises	240,647	213,766
Infrastructure Expansion / Minor Capital	230,585	208,958
Employment Programs	144,869	82,677
Seniors Complex	134,910	134,484
First Nations Child Care Initiative	73,923	73,923
School Feasibility Study	68,100	57,600
Aboriginal Skills and Employment Training Strategy - Employment Insurance	55,588	73,853
Community Hall Operations	53,091	86,325
Federal School Capital	37,736	36,989
Foster Home	10,407	40,830
Fisheries	305	1,425
Sagamok Development Corporation	832,147	647,293
Ritchie Falls	461,287	531,966
	22,925,046	21,400,749
Excess (deficiency) of revenue over expenses	6,143,802	(119,158)
Accumulated surplus, beginning of year	13,237,849	13,357,007
Accumulated surplus, end of year	\$ 19,381,651	\$ 13,237,849

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Changes in Net Financial Assets (Net Debt)

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Excess (deficiency) of revenue over expenses	\$ 6,143,802	\$ (119,158)
Acquisition of tangible capital assets	(2,099,895)	(2,138,000)
Amortization of tangible capital assets	1,281,202	1,198,668
Loss on disposal of tangible capital assets	17,225	7,819
Proceeds on disposal of tangible capital assets	7,500	-
	5,349,834	(1,050,671)
Use of inventory	1,800	-
Use of prepaid expenses	159,389	175,232
Acquisition of prepaid expenses	(184,548)	(159,389)
Change in net financial assets (net debt)	5,326,475	(1,034,828)
Net debt, beginning of year	(9,022,808)	(7,987,980)
Net debt, end of year	\$ (3,696,333)	\$ (9,022,808)

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ 6,143,802	\$ (119,158)
Adjustment for:		
Amortization of tangible capital assets	1,281,202	1,198,668
Loss on disposal of tangible capital assets	17,225	7,819
	<u>7,442,229</u>	<u>1,087,329</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(6,530,407)	85,647
Decrease in prepaid expenses	(25,159)	15,843
Decrease in inventory	1,800	-
Increase (decrease) in accounts payable and accrued liabilities	898,571	345,891
Increase (decrease) in deferred revenue	(147,637)	(252,728)
	<u>1,639,397</u>	<u>1,281,982</u>
Cash flow from financing activities:		
Long-term debt issued	773,258	962,960
Principal payments on long-term debt	(779,579)	(701,794)
	<u>(6,321)</u>	<u>261,166</u>
Cash flows from capital activity:		
Purchase of tangible capital assets	(2,099,895)	(2,138,000)
Proceeds on disposition of capital assets	7,500	-
	<u>(2,092,395)</u>	<u>(2,138,000)</u>
Cash flow from investing activities:		
Increase in investments	166,451	(199,923)
Decrease (increase) in investment in business enterprise	394	(395)
	<u>166,845</u>	<u>(200,318)</u>
Net decrease in cash	<u>(292,474)</u>	<u>(795,170)</u>
Cash, beginning of year	1,375,935	2,171,105
Cash, end of year	<u>\$ 1,083,461</u>	<u>\$ 1,375,935</u>
Represented by:		
Cash	\$ 532,939	\$ 312,313
Bank indebtedness	(1,118,013)	(557,749)
Restricted cash	1,668,535	1,621,371
	<u>\$ 1,083,461</u>	<u>\$ 1,375,935</u>

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

1. Significant accounting policies:

These consolidated financial statements of Sagamok Anishnawbek ("the First Nation") 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:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transaction are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

Organizations consolidated include:

Sagamok Development Corporation

Ritchie Falls Resort Limited Partnership

Organizations accounted for on a modified equity basis include:

Z'Gamok Enterprises Inc.

(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.

(c) Allocation of revenue and expenses:

The allocation of revenue and expenses was determined by Chief and Council in accordance with the specific terms of the applicable contribution agreements.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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 is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated Life - Years
Computer equipment	4 years
Vehicles	15 years
Furniture and equipment	5 - 10 years
Machinery and equipment	6 - 25 years
Water systems	10 - 50 years
Roads	25 - 50 years
Housing	25 - 40 years
Buildings	25 - 40 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 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.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for receivables. 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.

2. Investments:

	2016	2015
Knowledge First Financial Education Fund	\$ 638,740	795,191
Manitoulin Hotel Project	688,513	688,513
Bonds	-	10,000
	\$ 1,327,253	1,493,704

The Knowledge First Financial Education Fund represents funds invested with Knowledge First Financial for education scholarships, and is recorded at market value.

The Manitoulin Hotel Project is an amount invested in a hotel currently in operation in Little Current, Ontario, and is recorded using the cost method.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

3. Investment in business enterprises:

Z'Gamok Enterprises Inc.

The First Nation has a direct 100% interest in Z'Gamok Enterprises Inc. Z'Gamok Enterprises Inc. is engaged primarily in contracted services for mining, ore hauling, and custodial services.

The following table presents condensed supplementary financial information of Z'Gamok Enterprises Inc. for the year ended March 31, 2016:

	2016
Financial position:	
Current assets	\$ 886,095
Total assets	886,095
Current liabilities	365,439
Due to Sagamok Anishnawbek	562,725
Total liabilities	928,164
Net assets	\$ (42,069)
Results of operations:	
Revenues	\$ 5,519,517
Expenses	5,561,921
Retained earnings	335
Net income	\$ (42,069)

Transactions between Z'Gamok Enterprises Inc., Sagamok Anishnawbek, and Sagamok Development Corporation are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

The investment in Z'Gamok Enterprises Inc. has been impaired as of March 31, 2016 and has been reduced to a nominal amount.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

4. Tangible capital assets:

Cost	Balance March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land and land improvements	\$ 494,032	\$ 24,962	\$ -	\$ 518,994
Buildings	26,925,272	858,646	-	27,783,918
Furniture and equipment	755,105	157,566	-	912,671
Vehicles	817,139	463,565	(39,035)	1,241,669
Machinery and equipment	448,009	547,016	-	995,025
Roads infrastructure	6,058,829	-	-	6,058,829
Water and sewer infrastructure	2,076,010	-	-	2,076,010
Computer	466,504	48,140	-	514,644
Total	\$ 38,040,900	\$ 2,099,895	\$ (39,035)	\$ 40,101,760

Accumulated amortization	Balance March 31, 2015	Amortization Expense	Disposals	Balance at March 31, 2016
Land and land improvements	\$ 146,620	\$ 9,264	\$ -	\$ 155,884
Buildings	9,947,390	877,095	-	10,824,485
Furniture and equipment	343,785	68,396	-	412,181
Vehicles	346,308	104,176	(14,310)	436,174
Machinery and equipment	127,593	11,030	-	138,623
Roads infrastructure	3,750,022	135,141	-	3,885,163
Water and sewer infrastructure	872,030	53,146	-	925,176
Computer	407,684	22,954	-	430,638
Total	\$ 15,941,432	\$ 1,281,202	\$ (14,310)	\$ 17,208,324

	Net book value March 31, 2015	Net book value March 31, 2016
Land and land improvements	\$ 347,412	\$ 363,110
Buildings	16,977,882	16,959,433
Furniture and equipment	411,320	500,490
Vehicles	470,831	805,495
Machinery and equipment	320,416	856,402
Roads infrastructure	2,308,807	2,173,666
Water and sewer infrastructure	1,203,980	1,150,834
Computer	58,820	84,006
Total	\$ 22,099,468	\$ 22,893,436

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

4. Tangible capital assets (continued):

Cost	Balance March 31, 2014	Additions	Disposals	Balance at March 31, 2015
Land and land improvements	\$ 494,032	\$ -	\$ -	\$ 494,032
Buildings	24,900,207	2,025,065	-	26,925,272
Furniture and equipment	755,105	-	-	755,105
Vehicles	784,805	65,821	-	850,626
Machinery and equipment	434,157	13,852	(33,487)	414,522
Roads infrastructure	6,047,542	11,287	-	6,058,829
Water and sewer infrastructure	2,076,010	-	-	2,076,010
Computer	436,712	29,792	-	466,504
Total	\$ 35,928,570	\$ 2,145,817	\$ (33,487)	\$ 38,040,900

Accumulated amortization	Balance March 31, 2014	Amortization Expense	Disposals	Balance at March 31, 2015
Land and land improvements	\$ 137,633	\$ 8,987	\$ -	\$ 146,620
Buildings	9,112,295	835,095	-	9,947,390
Furniture and equipment	278,753	65,032	-	343,785
Vehicles	350,050	21,926	(25,668)	346,308
Machinery and equipment	125,370	2,223	-	127,593
Roads infrastructure	3,602,248	147,774	-	3,750,022
Water and sewer infrastructure	818,884	53,146	-	872,030
Computer	335,382	72,302	-	407,684
Total	\$ 14,760,615	\$ 1,206,485	\$ (25,668)	\$ 15,941,432

	Net book value March 31, 2014	Net book value March 31, 2015
Land and land improvements	\$ 356,399	\$ 347,412
Buildings	15,787,912	16,977,882
Furniture and equipment	476,352	411,320
Vehicles	434,755	504,318
Machinery and equipment	308,787	286,929
Roads infrastructure	2,445,294	2,308,807
Water and sewer infrastructure	1,257,126	1,203,980
Computer	101,330	58,820
Total	\$ 21,167,955	\$ 22,099,468

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. Long-term debt:

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

	2016	2015
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,757 including interest at 1.92%, due April 2017	\$ 189,861	219,004
Mortgage payable to Royal Bank of Canada in monthly payments of \$2,272 including interest at 2.78%, due February 2018	171,347	193,512
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,649 including interest at 1.67%, due June 2018	216,932	244,844
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$10,108 including interest at 2.65%, due February 2015	939,534	1,041,158
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$8,239 including interest at 2.75%, due February 2016	844,617	919,711
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,550 including interest at 1.67%, due June 2018	597,311	641,549
Corporation in monthly payments of \$3,201 including interest at 1.80%, due October 2016	519,505	548,300
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,213 including interest at 1.65%, due June 2017	549,386	578,618
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$5,443 including interest at 2.35%, due September 2018	930,015	972,983
Term loan payable to Toronto-Dominion Bank in monthly payments of \$5,666 including interest at prime plus 5.56% per annum, due August 2016	36,238	119,661
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$5,431 including interest at 2.76%, due June 2015	967,242	1,009,283
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$2,543 including interest at 1.92%, due April 2019	583,146	602,281
Brought forward	\$ 6,545,134	7,090,904

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. Long-term debt (continued):

	2016	2015
Carried forward	\$ 6,545,134	7,090,904
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,559 including interest at 2.68%, due February 2016	472,261	490,341
TD Bank loan - John Deere Grader with monthly principal payments of \$2,946 plus interest at 5.29%, due September 2015	97,720	116,743
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,255 including interest at 1.65%, due September 2016	145,079	157,629
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,944 including interest at 1.49%, due January 2017	417,827	434,801
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,610 including interest at 1.53%, due December 2017	801,403	832,217
Term loan payable to Royal Bank of Canada in monthly payments of \$3,363 including interest at 4.5%, due October 2017	208,951	239,156
TD Bank loan - Community Hall with monthly principal payments of \$5,000 plus interest at Prime + 1.25%, due March 2018	725,000	785,000
TD Bank loan - John Deere Backhoe with monthly principal payments of \$1,410 plus interest at 4.24%, due June 2017	20,577	36,250
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$13,379 including interest at 2.84%, due December 2019	657,887	318,298
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$14,174 including interest at 2.84%, due December 2019	696,989	634,380
TD term loan for Fire Truck with monthly payments of \$4,135 including interest at 3.72%, due February 2021	302,227	-
TD term loan for Dodge Truck with monthly payments of \$710 including interest at 3.58%, due February 2021	38,344	-
	\$ 11,129,399	11,135,719

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. Long-term debt (continued):

Principal payments required on long-term debt are as follows:

2017	\$	819,527
2018		914,825
2019		777,631
2020		805,726
2021		877,210
Thereafter		6,934,480

6. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 11,972,988	10,724,593
Reserves and reserve funds	2,569,886	2,667,925
Restricted funds	1,139,772	1,088,754
Other	3,699,005	(1,243,423)
Total surplus	\$ 19,381,651	13,237,849

7. Replacement reserve funds:

The terms of the CMHC agreement require that the replacement reserves be funded in the amount of \$807,245 (2015 - \$791,467). At March 31, 2016, the reserve funds are underfunded by \$70,900 (2015 - \$54,809).

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

8. 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 governments.
- (b) The First Nation has endorsed CMHC loans made to various members under the Rural Rehabilitation Assistance Program and is contingently liable for some.
- (c) The Department of Indigenous and Northern Affairs Canada (INAC) has guaranteed loans to various members. If any loans are in default and require payment by the Department, the amount paid will be charged back to the First Nation.
- (d) 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 \$514,750. As of March 31, 2016, its proportional outstanding loan balance as part of the Trust is \$230,878 (2015 – \$Nil).

The loan guarantee is secured by an assignment of the First Nation's distributions from the Ontario First Nation Limited Partnership.

9. Comparative information:

Certain 2015 comparative information have been reclassified to conform to the presentation adopted in 2016.

10. Budget figures:

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current fund budgets are affected on an on-going basis, depending on when various government programs become available to the First Nation. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the consolidated statement of operations.

11. Indigenous and Northern Development Canada:

	2016	2015
Revenue as reported	\$ 8,222,381	7,873,885
Education Plan, Design and Construction deferred revenue	(68,099)	68,099
Revenue per funding confirmation	(8,154,282)	(7,941,984)
	\$ –	–

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

12. Segmented information:

Sagamok Anishnawbek is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. 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:

Band Support

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing and training designed to enhance the health of member communities.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

12. Segmented information (continued):

Education

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the communities.

Social Assistance

The social assistance department provides services under the Provincial Ontario Works Program including both active measures such as employment training and financial assistance components.

Capital

The capital department provides services for the longevity of the First Nation by the acquisition and development of land resources, equipment, roads and housing. Revenue and expenses included in the capital department are generally long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

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 financial statements as disclosed in the summary of significant accounting policies.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

12. Segmented information (continued):

	Social Assistance	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2016 Consolidated Total
Revenue:								
Indigenous and Northern Affairs Canada	\$ -	19,913	5,171,535	2,434,562	596,371	-	-	8,222,381
Health Canada	-	2,339,377	-	7,500	-	-	-	2,346,877
Ontario First Nations Limited Partnership	-	-	-	-	-	-	1,198,127	1,198,127
Canada Mortgage and Housing Corporation	-	-	-	447,150	18,700	-	-	465,850
Other	2,244,854	1,339,235	161,755	10,314,726	593,877	2,167,048	14,118	16,835,613
	2,244,854	3,698,525	5,333,290	13,203,838	1,208,948	2,167,048	1,212,245	29,068,848
Expenses:								
Salaries and benefits	288,392	2,124,747	1,860,013	3,284,533	209,545	152,134	-	7,919,364
Materials, supplies and subcontracts	42,138	635,030	227,384	2,246,634	87,180	832,147	-	4,070,511
Professional fees	-	34,370	160,323	1,938,033	431,025	306,843	-	2,870,394
Interest on long-term debt	-	-	-	176,804	42,299	10,146	-	229,249
Other	1,895,358	973,696	3,342,169	1,041,903	53,924	(7,636)	436,114	7,835,528
	2,325,886	3,767,843	5,589,889	8,687,907	823,973	1,293,434	436,114	22,925,046
Excess (deficiency) of revenue over expenses	\$ (81,032)	(69,318)	(256,599)	4,516,031	384,975	873,614	776,131	6,143,802
	Social Assistance	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2015 Consolidated Total
Revenue:								
Indigenous and Northern Affairs Canada	\$ -	19,519	5,062,754	2,300,578	491,034	-	-	7,873,885
Health Canada	-	2,125,790	-	44,008	-	-	-	2,169,798
Ontario First Nations Limited Partnership	-	-	-	-	-	-	1,190,964	1,190,964
Canada Mortgage and Housing Corporation	-	-	-	427,959	18,700	-	-	446,659
Other	2,289,907	1,060,644	831,853	4,395,572	187,373	789,690	45,246	9,800,285
	2,289,907	3,205,953	5,894,607	7,168,117	697,107	789,690	1,236,210	21,281,591
Expenses:								
Salaries and benefits	299,900	1,833,965	1,868,344	2,866,966	186,750	150,048	-	7,205,971
Materials, supplies and subcontracts	31,902	753,203	193,062	1,656,602	52,518	647,293	-	3,334,580
Professional fees	7,500	87,546	46,013	2,911,068	299,601	36,468	-	3,388,194
Interest on long-term debt	-	-	-	211,624	25,898	13,555	-	251,077
Other	1,983,358	655,737	3,775,145	23,973	14,162	331,897	436,655	7,220,927
	2,322,660	3,330,451	5,882,564	7,670,231	578,929	1,179,259	436,655	21,400,749
Excess (deficiency) of revenue over expenses	\$ (32,753)	(124,498)	12,043	(502,114)	118,178	(389,569)	799,555	(119,158)