

Consolidated Financial Statements of

SAGAMOK ANISHNAWBEK

Year ended March 31, 2017

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.

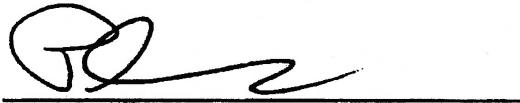
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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



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, 2017, 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, 2017 and its consolidated results of operations, changes in net financial assets (net 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 19, 2017
Sudbury, Canada

SAGAMOK ANISHNAWBEK

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Year ended March 31, 2017

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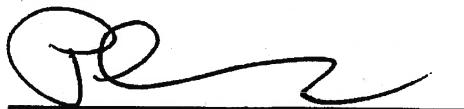
Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

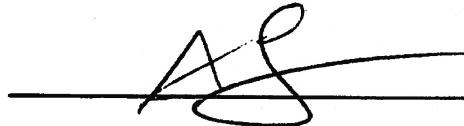
	2017	2016
Financial Assets		
Cash	\$ 613,038	\$ 532,939
Restricted cash	1,749,654	1,668,535
Accounts receivable	3,989,015	7,853,104
Investments (note 2)	621,559	1,327,253
<u>Investment in business enterprise (note 3)</u>	1	1
	6,973,267	11,381,832
Financial Liabilities		
Bank indebtedness	76,619	1,118,013
Accounts payable and accrued liabilities	2,428,275	2,512,382
Deferred revenue	1,378,353	318,371
<u>Long-term debt (note 5)</u>	9,685,968	11,129,399
	13,569,215	15,078,165
<u>Net financial assets (net debt)</u>	(6,595,948)	(3,696,333)
Non-Financial Assets		
Prepaid expenses	180,522	184,548
<u>Tangible capital assets (note 4)</u>	25,575,600	22,893,436
	25,756,122	23,077,984
Contingent liabilities (note 8)		
<u>Accumulated surplus (note 6)</u>	\$ 19,160,174	19,381,651

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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Indigenous and Northern Affairs Canada (note 11)	\$ 9,017,151	\$ 8,222,381
North Shore Tribal Council	3,501,306	3,096,585
Health Canada	2,295,480	2,346,877
Ontario First Nations Limited Partnership	1,349,955	1,198,127
Ministry of Education	526,488	490,928
Canada Mortgage and Housing Corporation	564,126	465,850
Other	8,980,908	7,748,494
Ministry of Transportation - access road settlement	-	5,500,000
Net income (loss) from business enterprise (note 3)	(394)	29,068,848
	26,235,414	29,068,848
Expenses:		
Education	6,357,766	5,589,889
Medical Services	4,521,706	3,767,843
Social Assistance - Income Support	2,435,702	2,325,885
Community Infrastructure	1,865,845	1,874,037
Band Government	2,245,432	1,984,348
MTO Settlement	1,163,512	-
Community Housing	1,123,901	1,211,748
Sagamok Development Corporation	994,695	832,147
Mining Initiative	731,491	645,382
Aboriginal Skills and Employment Training Strategy - Employment Strategy	697,136	454,690
Housing Renovations	615,373	626,563
Day Nursery Program	598,759	609,251
Restricted Funds	493,413	436,114
Ritchie Falls	448,126	461,287
Infrastructure Expansion / Minor Capital	439,763	230,585
Housing Administration	375,745	363,730
Economic Development	301,311	363,145
Business Enterprises	222,021	240,647
Land and Environment	197,538	328,826
Employment Programs	172,210	144,869
Seniors Complex	144,739	134,910
First Nations Child Care Initiative	110,988	73,923
Aboriginal Skills and Employment Training Strategy - Employment Insurance	64,264	55,588
Community Hall Operations	41,047	53,091
Federal School Capital	38,410	37,736
Fisheries	27,203	305
Foster Home	17,612	10,407
CMHC Housing Phase 18	11,183	-
School Feasibility Study	-	68,100
	26,456,891	22,925,046
Excess (deficiency) of revenue over expenses	(221,477)	6,143,802
Accumulated surplus, beginning of year	19,381,651	13,237,849
Accumulated surplus, end of year	\$ 19,160,174	\$ 19,381,651

See accompanying notes to consolidated financial statements.

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

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Excess (deficiency) of revenue over expenses	\$ (221,477)	\$ 6,143,802
Acquisition of tangible capital assets	(4,120,338)	(2,099,895)
Amortization of tangible capital assets	1,438,174	1,281,202
Loss on disposal of tangible capital assets	-	17,225
Proceeds on disposal of tangible capital assets	-	7,500
	<u>(2,903,641)</u>	<u>5,349,834</u>
Use of inventory	-	1,800
Use of prepaid expenses	184,548	159,389
Acquisition of prepaid expenses	(180,522)	(184,548)
Change in net financial assets (net debt)	<u>(2,899,615)</u>	<u>5,326,475</u>
Net debt, beginning of year	(3,696,333)	(9,022,808)
Net debt, end of year	<u>\$ (6,595,948)</u>	<u>(3,696,333)</u>

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (221,477)	\$ 6,143,802
Adjustment for:		
Amortization of tangible capital assets	1,438,174	1,281,202
Decrease in investment in business enterprise	394	394
Loss on disposal of tangible capital assets	17,225	17,225
	<u>1,216,697</u>	<u>7,442,623</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	3,864,089	(6,530,407)
Increase (decrease) in prepaid expenses	4,026	(25,159)
Decrease in inventory	1,800	1,800
Increase (decrease) in accounts payable and accrued liabilities	(84,107)	898,571
Increase (decrease) in deferred revenue	1,059,982	(147,637)
	<u>6,060,687</u>	<u>1,639,791</u>
Cash flow from financing activities:		
Long-term debt issued	446,874	773,258
Principal payments on long-term debt	(1,890,305)	(779,579)
	<u>(1,443,431)</u>	<u>(6,321)</u>
Cash flows from capital activity:		
Purchase of tangible capital assets	(4,120,338)	(2,099,895)
Proceeds on disposition of capital assets	7,500	7,500
	<u>(4,120,338)</u>	<u>(2,092,395)</u>
Cash flow from investing activities:		
Decrease in investments	705,694	166,451
Net increase (decrease) in cash	<u>1,202,612</u>	<u>(292,474)</u>
Cash, beginning of year	<u>1,083,461</u>	<u>1,375,935</u>
Cash, end of year	\$ 2,286,073	\$ 1,083,461
Represented by:		
Cash	\$ 613,038	\$ 532,939
Bank indebtedness	(76,619)	(1,118,013)
Restricted cash	1,749,654	1,668,535
	<u>\$ 2,286,073</u>	<u>\$ 1,083,461</u>

See accompanying notes to consolidated financial statements.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

8826927 Canada Inc. (Operating as "Ritchie Falls Resort")

7007710 Canada Inc. (Operating as "Sagamok Becker Enterprises")

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.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

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.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

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:

	2017	2016
Knowledge First Financial Education Fund	\$ 621,558	638,740
Manitoulin Hotel Project	1	688,513
	<hr/> \$ 621,559	<hr/> 1,327,253

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. At March 31, 2017 the investment was impaired and a write-down of \$688,512 was realized.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

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, 2017:

	2017
Financial position:	
<hr/>	
Current assets	\$ 1,135,964
Total assets	1,135,964
Current liabilities	222,519
Due to Sagamok Anishnawbek	953,414
Total liabilities	1,175,933
Net debt	\$ (39,969)
<hr/>	
Results of operations:	
<hr/>	
Revenues	\$ 1,247,771
Expenses	1,248,971
Net loss	\$ (1,200)

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. is impaired at March 31, 2017 and has been reduced to a nominal amount.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

4. Tangible capital assets:

Cost	Balance March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land and land improvements	\$ 518,025	\$ -	\$ -	\$ 518,025
Buildings	27,804,401	3,185,564	-	30,989,965
Furniture and equipment	841,787	18,383	-	860,170
Vehicles	1,182,467	341,204	-	1,523,671
Machinery and equipment	1,097,420	488,469	-	1,585,889
Roads infrastructure	6,058,829	-	-	6,058,829
Water and sewer infrastructure	2,076,010	-	-	2,076,010
Computer	514,645	86,718	-	601,363
Total	\$ 40,093,584	\$ 4,120,338	\$ -	\$ 44,213,922

Accumulated amortization	Balance March 31, 2016	Amortization Expense	Disposals	Balance at March 31, 2017
Land and land improvements	\$ 155,884	\$ 9,531	\$ -	\$ 165,415
Buildings	10,823,616	898,224	-	11,721,840
Furniture and equipment	410,730	76,748	-	487,478
Vehicles	445,955	184,652	-	630,607
Machinery and equipment	130,565	33,704	-	164,269
Roads infrastructure	3,877,584	134,429	-	4,012,013
Water and sewer infrastructure	925,176	53,146	-	978,322
Computer	430,638	47,740	-	478,378
Total	\$ 17,200,148	\$ 1,438,174	\$ -	\$ 18,638,322

	Net book value March 31, 2016	Net book value March 31, 2017
Land and land improvements	\$ 362,141	\$ 352,610
Buildings	16,980,785	19,268,125
Furniture and equipment	431,057	372,692
Vehicles	736,512	893,064
Machinery and equipment	966,855	1,421,620
Roads infrastructure	2,181,245	2,046,816
Water and sewer infrastructure	1,150,834	1,097,688
Computer	84,007	122,985
Total	\$ 22,893,436	\$ 25,575,600

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

4. Tangible capital assets (continued):

Cost	Balance March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land and land improvements	\$ 493,063	\$ 24,962	\$ -	\$ 518,025
Buildings	26,945,755	858,646	-	27,804,401
Furniture and equipment	684,222	157,566	-	841,787
Vehicles	757,937	463,565	(39,035)	1,182,467
Machinery and equipment	550,404	547,016	-	1,097,420
Roads infrastructure	6,058,829	-	-	6,058,829
Water and sewer infrastructure	2,076,010	-	-	2,076,010
Computer	466,505	48,140	-	514,645
Total	\$ 38,032,726	\$ 2,099,895	\$ (39,035)	\$ 40,093,584
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	9,946,521	877,095	-	10,823,616
Furniture and equipment	342,334	68,396	-	410,730
Vehicles	356,090	104,176	(14,311)	445,955
Machinery and equipment	119,535	11,030	-	130,565
Roads infrastructure	3,742,443	135,141	-	3,877,584
Water and sewer infrastructure	872,030	53,146	-	925,176
Computer	407,684	22,954	-	430,638
Total	\$ 15,933,257	\$ 1,281,202	\$ (14,311)	\$ 17,200,148
	Net book value March 31, 2015			Net book value March 31, 2016
Land and land improvements	\$ 346,443		\$ 362,141	
Buildings	16,999,234		16,980,785	
Furniture and equipment	341,888		431,057	
Vehicles	401,847		736,512	
Machinery and equipment	430,869		966,855	
Roads infrastructure	2,316,386		2,181,245	
Water and sewer infrastructure	1,203,980		1,150,834	
Computer	58,821		84,007	
Total	\$ 22,099,469		\$ 22,893,436	

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2017

5. Long-term debt:

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

	2017	2016
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,724 including interest at 1.43%, due April 2022	\$ 160,140	189,861
Mortgage payable to Royal Bank of Canada in monthly payments of \$2,272 including interest at 2.78%, due February 2018	148,560	171,347
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,649 including interest at 1.67%, due June 2018	188,537	216,932
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$9,397 including interest at 1.12%, due February 2020	836,721	939,534
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$7,583 including interest at 1.01%, due February 2021	761,738	844,617
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$4,550 including interest at 1.67%, due June 2018	552,286	597,311
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,029 including interest at 1.03%, due October 2021	489,433	519,505
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,213 including interest at 1.65%, due June 2017	519,627	549,386
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$5,443 including interest at 2.35%, due September 2018	885,932	930,015
Term loan payable to Toronto-Dominion Bank in monthly payments of \$5,666 including interest at prime plus 5.56% per annum, repaid March 2017	-	36,238
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$4,773 including interest at 1.39%, due June 2020	923,064	967,242
Mortgage payable to Canada Mortgage and Housing Corporation, in monthly payments of \$2,543 including interest at 1.92%, due April 2019	563,590	583,146
 Brought forward	 \$ 6,029,628	 6,545,134

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2016

5. Long-term debt (continued):

	2017	2016
Carried forward	\$ 6,029,628	6,545,134
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,190 including interest at 1.01%, due February 2021	450,630	472,261
TD Bank loan - John Deere Grader with monthly principal payments of \$2,042 plus interest at 4.086%, due September 2020	77,519	97,720
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,255 including interest at 1.65%, repaid August 2016	—	145,079
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,942 including interest at 1.48%, due January 2022	400,568	417,827
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,610 including interest at 1.53%, due December 2017	770,061	801,403
Term loan payable to Royal Bank of Canada in monthly payments of \$3,363 including interest at 4.5%, due October 2017	177,273	208,951
TD Bank loan - Community Hall with monthly principal payments of \$5,000 plus interest at Prime + 1.25%, repaid March 2017	—	725,000
TD Bank loan - John Deere Backhoe with monthly principal payments of \$1,410 plus interest at 4.24%, due June 2017	4,213	20,577
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,649 including interest at 1.37%, due July 2020	634,918	657,887
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,807 including interest at 1.37%, due July 2020	672,655	696,989
TD term loan for Fire Truck with monthly payments of \$4,135 including interest at 3.72%, repaid March 2017	—	302,227
TD term loan for Dodge Truck with monthly payments of \$710 including interest at 3.58%, due February 2021	31,080	38,344
TD term loan for Vehicle Fleet with monthly payments of \$3,015 including interest at 4.36%, due March 2022	217,620	—
TD term loan for Rental Building with monthly payments Of \$1,728 including interest at 4.28%, due April 2021	219,803	—
	<hr/> \$ 9,685,968	<hr/> 11,129,399

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

5. Long-term debt (continued):

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

2018	\$ 834,167
2019	695,066
2020	720,970
2021	697,369
2022	854,221
Thereafter	5,884,175

6. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 16,066,905	11,972,988
Reserves and reserve funds	5,524,385	8,069,888
Restricted funds	751,818	1,075,841
Other	(3,182,934)	(1,737,066)
Total surplus	\$ 19,160,174	19,381,651

7. Replacement reserve funds:

The terms of the CMHC agreement require that the replacement reserves be funded in the amount of \$933,473 (2016 - \$865,922). At March 31, 2017, the reserve funds are underfunded by \$75,024 (2016 - \$58,678).

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

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, 2017, its proportional outstanding loan balance as part of the Trust is \$230,878 (2016 -\$230,878).

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 2016 comparative information have been reclassified to conform to the presentation adopted in 2017.

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.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

11. Indigenous and Northern Development Canada:

	2017	2016
Revenue as reported	\$ 9,017,151	8,222,381
Deferred Revenue: Education Plan, Design and Construction	–	(68,099)
Deferred Revenue: Const of multi-units	571,387	–
Deferred Revenue: Renovations and additions	250,000	–
Deferred Revenue: Lot Servicing	125,000	–
Deferred Revenue: Capacity development	130,980	–
Deferred Revenue: Innovation	25,000	–
Repayable: School effectiveness	59,375	–
Revenue per funding confirmation	(10,178,893)	(8,154,282)
	\$ –	–

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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.

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.

SAGAMOK ANISHNAWBEK

Notes to Consolidated Financial Statements

Year ended March 31, 2017

12. Segmented information (continued):

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, 2017

12. Segmented information (continued):

	Social Assistance	Health	Education	General Band Support	Capital	Consolidated Entities	Reserves and Reserve Funds	2017 Consolidated Total
Revenue:								
Indigenous and Northern Affairs Canada	\$ -	20,269	5,538,391	2,737,988	720,502	-	-	9,017,151
Health Canada	-	2,270,497	-	24,983	-	-	-	2,295,480
Ontario First Nations Limited Partnership	-	-	-	-	-	-	1,349,955	1,349,955
Canada Mortgage and Housing Corporation	-	-	-	12,000	552,126	-	-	564,126
Other	2,435,702	1,840,526	321,221	3,124,884	3,070,126	2,195,210	21,033	13,008,702
	2,435,702	4,131,292	5,859,612	5,899,856	4,342,754	2,195,210	1,370,988	26,235,414
Expenses:								
Salaries and benefits	299,198	2,590,838	2,181,119	3,198,407	296,327	194,027	-	8,759,916
Materials, supplies and subcontracts	46,643	266,777	264,276	906,885	1,976,828	-	-	3,461,509
Professional fees	2,830	80,862	257,618	883,423	67,192	49,108	-	1,341,233
Interest on long-term debt	-	-	-	-	2,199	53,921	8,674	64,794
Other	2,087,031	1,583,231	3,654,553	1,511,762	2,250,658	1,248,794	493,413	12,829,442
	2,435,702	4,521,708	6,357,766	6,502,675	4,645,026	1,500,603	493,413	26,456,893
Excess (deficiency) of revenue over expenses	\$ -	(390,416)	(498,154)	(602,818)	(302,272)	694,607	877,575	(221,479)
	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	4,814,726	593,877	2,167,048	5,514,118	16,835,613
	2,244,854	3,698,525	5,333,290	7,703,638	1,208,948	2,167,048	6,712,245	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	42,136	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	306,643	-	2,870,394
Interest on long-term debt	-	-	-	176,804	42,299	10,146	-	229,249
Other	1,985,356	973,696	3,342,169	1,041,903	53,924	(7,636)	436,114	7,835,526
	2,325,886	3,767,843	5,589,889	8,687,007	823,973	1,293,434	436,114	22,925,046
Excess (deficiency) of revenue over expenses	\$ (81,032)	(69,318)	(256,599)	(883,969)	364,975	873,614	6,276,131	6,143,802