

Consolidated Financial Statements of
AUNDECK-OMNI-KANING

Year ended March 31, 2016



INDEPENDENT AUDITOR'S REPORT

To: **The Members of Aundeck-Omni-Kaning**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Aundeck-Omni-Kaning** which comprise the consolidated statement of financial position as at **March 31, 2016**, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's 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 the auditor's judgement, 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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AUNDECK-OMNI-KANING

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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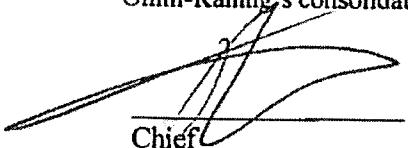
MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying consolidated financial statements of Aundeck-Omni-Kaning are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Aundeck-Omni-Kaning's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Aundeck-Omni-Kaning. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Aundeck-Omni-Kaning's consolidated financial statements.

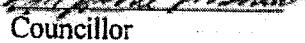


Chief

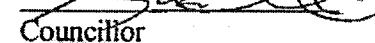


Councillor

Councillor



Councillor



Councillor

Councillor



Councillor



Councillor

INDEPENDENT AUDITOR'S REPORT, continued

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Aundeck-Omni-Kaning as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Freelandt Caldwell Reilly LLP". The signature is cursive and fluid, with "Freelandt" and "Caldwell" on the first line and "Reilly LLP" on the second line.

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Canada
July 26, 2016

AUNDECK-OMNI-KANING
 Consolidated Statement of Financial Position

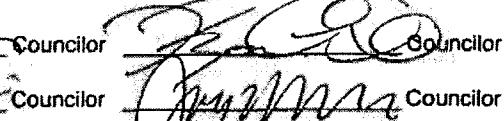
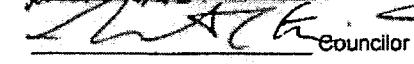
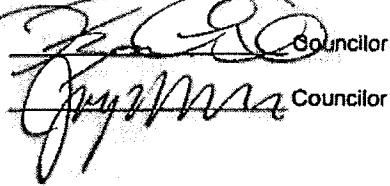
March 31, 2016, with comparative figures for 2015

	2016	2015
Financial assets:		
Cash	\$ 1,230,866	\$ 1,431,461
Restricted cash - CMHC replacement and operating surplus reserves (note 2)	91,967	57,736
Funds held in trust by Aboriginal Affairs and Northern Development Canada (note 3)	1,901	1,861
Accounts receivable	374,030	510,359
Band member loans (note 4)	381,017	467,653
Investment in Great Lakes Hospitality Group Limited Partnership (note 5)	1	1
Investment in UCCM Building Material Supply Company Ltd. (note 6)	1	1
Investment in Mnidoo Mnising Power Limited Partnership (note 7)	1	1
Total financial assets	2,079,784	2,469,073
Financial liabilities:		
Accounts payable and accrued liabilities	304,029	303,440
Deferred contributions (note 8)	81,885	44,968
Long-term debt (note 9)	1,606,989	1,683,777
Total financial liabilities	1,992,903	2,032,185
Net financial assets	86,881	436,888
Non-financial assets (note 10):		
Tangible capital assets (note 18)	18,023,243	18,059,061
Prepaid expenses	25,967	25,509
Inventory	330,008	-
Total non-financial assets	18,379,218	18,084,570
Accumulated surplus (note 11)	\$ 18,466,099	\$ 18,521,458
Contingent liabilities (note 12)		
Economic dependence (note 13)		

See accompanying notes to consolidated financial statements

Approved on behalf of the Chief and Council of Aundeck-Omni-Kaning:

Chief

 Councillor  Councillor
 Councillor  Councillor  Councillor  Councillor

AUNDECK-OMNI-KANING

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget	2016	2015
Revenues:			
Aboriginal Affairs and Northern Development of Canada	\$ 2,737,371	2,810,935	\$ 2,625,452
Other	3,416,590	3,906,254	3,939,711
Deferred contributions, beginning of year	-	44,968	20,272
	6,153,961	6,762,157	6,585,435
Expenditures (by program area):			
Band Government	749,300	945,542	727,164
Community Infrastructure - O & M	604,984	1,637,492	1,088,481
Community Infrastructure - Other	-	50,024	133,150
Economic Development	485,460	309,337	386,423
Education	1,505,332	1,624,705	1,469,354
Social Development	1,125,624	1,151,522	1,036,103
Community Services	672,212	741,970	738,778
Enterprise Program	-	59,953	871,500
Social Housing Rentals	175,209	112,650	116,787
Ontario First Nations Limited Partnership Distributions	-	57,003	78,728
Capital Projects	113,305	45,433	65,115
Total expenditures	5,431,426	6,735,631	6,711,583
Excess (deficiency) of revenues over expenditures before undernoted items	722,535	26,526	(126,148)
Deferred contributions, end of year	-	(81,885)	(44,968)
Excess (deficiency) of revenues over expenditures for the year	722,535	(55,359)	(171,116)
Accumulated surplus, beginning of year	18,521,458	18,521,458	18,692,574
Accumulated surplus, end of year	\$ 19,243,993	18,466,099	\$ 18,521,458

See accompanying notes to consolidated financial statements

AUNDECK-OMNI-KANING

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2016 with comparative figures for 2015

	Budget	2016	2015
Excess (deficiency) of revenues over expenditures for the year	\$ 722,535	\$ (55,359)	\$ (171,116)
Amortization of tangible capital assets	-	789,460	634,855
Loss on disposal of tangible capital assets	-	-	8,684
Proceeds on disposal of tangible capital assets	-	-	55,819
Acquisition of tangible capital assets	-	(753,642)	(3,172,736)
Change in prepaid expenses	-	(458)	(6,295)
Purchase of inventory	-	(330,008)	-
Increase (decrease) in net financial assets for the year	722,535	(350,007)	(2,650,789)
Net financial assets, beginning of year	436,888	436,888	3,087,677
Net financial assets, end of year	\$ 1,159,423	\$ 86,881	\$ 436,888

See accompanying notes to consolidated financial statements

AUNDECK-OMNI-KANING

Consolidated Statement of Cash Flows

Year ended March 31, 2016 with comparative figures for 2015

	2016	2015
Cash flows from operating activities:		
Deficiency of revenues over expenditures for the year	\$ (55,359)	\$ (171,116)
Non-cash charges to operations:		
Amortization of tangible capital assets	789,460	634,855
Loss on disposal of tangible capital assets	-	8,684
Provision for operating results of Great Lakes Hospitality Group Limited Partnership	-	599,770
Change in financial assets and liabilities relating to operations:		
Accounts receivable	136,329	1,650,901
Prepaid expenses	(458)	(6,295)
Inventory	(330,008)	-
Accounts payable and accrued liabilities	589	(215,359)
Deferred contributions	36,917	24,696
Net change in cash from operating activities	577,470	2,526,136
Cash flows from capital activities:		
Proceeds from disposal of tangible capital assets	-	55,819
Cash used to acquire tangible capital assets	(753,642)	(3,172,736)
Net change in cash from capital activities	(753,642)	(3,116,917)
Cash flows from financing activities:		
Repayment of long-term debt	(76,788)	(72,996)
Net change in cash from financing activities	(76,788)	(72,996)
Cash flows from investing activities:		
Restricted cash - CMHC replacement and operating surplus reserves	(34,231)	(25,208)
Funds held in trust by Aboriginal Affairs and Northern Development Canada	(40)	(51)
Band member loans	86,636	41,905
Net change in cash from investing activities	52,365	16,646
Net change in cash for the year	(200,595)	(647,131)
Cash, beginning of year	1,431,461	2,078,592
Cash, end of year	\$ 1,230,866	\$ 1,431,461

See accompanying notes to consolidated financial statements

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Notes to the Consolidated Financial Statements

March 31, 2016

Aundeck-Omni-Kaning is a First Nation located on the North Channel on Manitoulin Island. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education, and other services. Aundeck-Omni-Kaning is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

1. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surpluses/deficits, revenues and expenses of the entities that have been determined to be accountable to Aundeck-Omni-Kaning, (“the First Nation”) and are either owned or under the control of the First Nation.

All inter-entity balances have been eliminated on consolidation but in order to present the results of operations for specific functional areas, transactions amongst functional areas have not necessarily been eliminated in the individual supplementary schedules.

Long-term investments in non-controlled entities are recorded using the modified equity method of accounting.

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash

Cash and cash equivalents consist of balances held with TD Canada Trust.

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Notes to the Consolidated Financial Statements

March 31, 2016

1. Significant accounting policies, continued

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Rate
Buildings	25 – 40 years
Water & Sewer	10 – 25 years
Roads	40 years
Vehicles	12 – 30 years
Machinery & Equipment	4 – 30 years
Furniture & Miscellaneous	20 – 40 years
CMHC Housing	40 years
Band Housing	40 years
Land improvements	15 years
Other Rental Units	40 years

(e) Revenue recognition and deferred contributions:

Revenues from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and the amount can reasonably be estimated. Funding received under the funding arrangements, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all of the recognition criteria have been met. Other revenues are recorded on the accrual basis when earned and the amount can be reasonably estimated and collection is reasonably assured.

(f) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Amounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, useful lives of tangible capital assets, certain deferred contributions, amounts repayable to certain funders and fair value determinations.

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Notes to the Consolidated Financial Statements

March 31, 2016

(g) Financial instruments:

Measurement of financial instruments

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, restricted cash, funds held in trust in by Aboriginal Affairs and Northern Development Canada, accounts receivable, and band member loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Impairment

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations up to the amount of the previously recognized impairment.

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Notes to the Consolidated Financial Statements

March 31, 2016

2. Restricted Cash - CMHC replacement and operating surplus reserves

Under the terms of agreements with Canada Mortgage and Housing Corporation (“CMHC”) amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

3. Funds Held in Trust by Aboriginal Affairs and Northern Development Canada

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

4. Band Member Loans

Included in band member loans is an allowance for doubtful accounts for \$158,698 (2015 - \$129,855).

5. Investment in Great Lakes Hospitality Group Limited Partnership

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership. This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc. (the general partner which holds a 14% interest) and other First Nation's and related organizations from in and around the Manitoulin Island area. The investment is currently being accounted for using the modified equity method.

6. Investment in U.C.C.M. Building Material Supply Company Ltd.

The investment in U.C.C.M. Building Material Supply Company Ltd. represents a 16-2/3% ownership interest and is accounted for using the modified equity method of accounting.

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Notes to the Consolidated Financial Statements

March 31, 2016

7. Investment in Mnidoo Mnising Power Limited Partnership

The investment in Mnidoo Mnising Power Limited Partnership (MMPLP) represents a 16.665% ownership interest and is accounted for using the modified equity method.

8. Deferred contributions

Deferred contributions consist of the following:

	2016	2015
Social Development	\$ 46,800	\$ 27,422
Community Energy Plan	26,925	-
Community Activator	8,160	17,546
	<hr/> \$ 81,885	<hr/> \$ 44,968

9. Long-term debt

	2016	2015
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,995 including interest at 2.86% per annum, due January 2019. Insured by Canada Mortgage and Housing Corporation.	\$ 377,056	\$ 403,663
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$3,348 including interest at 1.82% per annum, due December 2016. Insured by Canada Mortgage and Housing Corporation.	691,891	730,329
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly blended payments of \$2,607 including interest at 1.65% per annum, due June 2017. Insured by Canada Mortgage and Housing Corporation.	538,042	559,785
	<hr/> \$ 1,606,989	<hr/> \$ 1,683,777

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2016

9. Long-term debt (continued)

Estimated principal re-payments are as follows:

2017	\$ 75,538
2018	76,966
2019	78,421
2020	79,903
2021	81,414
Subsequent years	<u>1,214,747</u>
	<u><u>\$ 1,606,989</u></u>

10. Non-financial assets

Tangible capital assets, prepaid expenses and inventory are accounted for as assets by the First Nation because they can be used to provide services to members in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

11. Accumulated Surplus

	2016	2015
Unrestricted operating accumulated surplus (deficiency)	\$ (153,653)	\$ 347,998
Internally restricted deferred revenue (expenditures)	(2,661,289)	(2,721,778)
Internally restricted – Little NHL	79,704	-
First Nation Enterprises	(86,315)	(75,613)
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, regular funds	957,401	954,519
Restricted Ontario First Nations Limited Partnership		
Distributions, 11.1 reporting, Future Generations' funds	1,437,531	1,433,204
Restricted Ontario First Nations Limited Partnership		
Distributions, 9.1 reporting	1,886,265	1,635,483
Restricted funds held in trust in Ottawa	1,901	1,861
Internally restricted community development	196,897	196,897
Internally restricted economic development loans	285,896	285,121
Restricted social housing operating surplus reserve (CMHC)	457	457
Restricted social housing replacement reserve (CMHC)	105,050	88,025
Equity in tangible capital assets	16,416,254	16,375,284
	\$18,466,099	\$18,521,458

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2016

12. Contingent liabilities

a) Loan guarantees:

The First Nation is contingently liable as guarantor of the bank indebtedness of U.C.C.M. Building Material Supply Company Ltd. At March 31, 2016, U.C.C.M. Building Material Supply Company Ltd.'s letter of credit amounted to \$140,000. At the consolidated financial statement date, no funds have been drawn on this letter of credit.

The First Nation, as a limited partner, has provided a proportionate guarantee in favour of a loan from the Bank of Montreal to a maximum of \$349,494, advanced to Great Lakes Hospitality Group Limited Partnership in the total amount of \$4,700,000. A further guarantee provides that the limited partners will provide the necessary funds to the GLHGLP to meet its debt covenants. This guarantee is provided jointly and severally with the other limited partners.

The First Nation has an agreement with the Bank of Montreal for an aggregate credit facility in the amount of \$1,800,000 under the First Nation on Reserve Loan Program and \$200,000 under the On-Reserve Housing Renovation Loan Program for qualified members of the Aundeck-Omni-Kaning First Nation. As of March 31, 2016 the First Nation has guaranteed loans with the original amount of \$66,500.

b) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various government agencies. Should these audits result in recoveries of grants, the amount of these recoveries would be recorded in the accounts in the year in which they are determined.

c) Legal claims:

The First Nation is a defendant in a claim in the amount of \$86,000 regarding a labour dispute matter. At the present time, neither the outcome nor the possible settlement, if any, can be determined. Accordingly, no provision regarding this matter has been recorded in the accompanying consolidated financial statements.

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2016

13. Economic dependence

The First Nation has a funding arrangement with Aboriginal Affairs and Northern Development Canada which provides funds to administer operations and provide services to its members in accordance with the terms of the funding arrangement.

As this funding arrangement provides the First Nation's major source of revenue, its ability to continue viable operations are dependent upon maintaining this funding arrangement.

14. Bank indebtedness

An operating line of credit has been approved by the TD Canada Trust to a maximum of \$50,000. The operating line is payable on demand, bears interest at the bank's prime lending rate plus 1% per annum and interest is payable monthly. The operating line is secured by a general security agreement. At the consolidated financial statement date, no funds have been drawn on this operating line.

15. Financial instruments

Transactions in financial instruments may result in an organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the consolidated financial statements in assessing the extent of the risk related to financial instruments. The First Nation is exposed to the following risks in respect of certain financial instruments held:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risk relate to its cash and accounts receivable.

Credit risk associated with cash is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivables and band member loans of \$755,047 (2015 - \$978,012), exposure level is low and unchanged from the prior year.

AUNDECK-OMNI-KANING
Notes to the Consolidated Financial Statements

March 31, 2016

15. Financial instruments (continued)

Liquidity risk

The First Nation does have liquidity risk in the accounts payable and accrued liabilities of \$304,029 (2015 - \$303,440). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensure that it documents when authorized payments become due and maintains an adequate line of credit to repay creditors. In the opinion of management, the liquidity risk exposure to the company is low and is not material.

16. Contribution arrangement funding provided by Aboriginal Affairs and Northern Development Canada

Included in the total funding of \$2,810,935 provided to the First Nation by Aboriginal Affairs and Northern Development Canada is \$214,122 of funding provided under contribution funding arrangements. This contribution funding comprises part of the program funding of the following programs:

	Contribution Funding	Program Expenditures and Transfers
Water – O & M – Schedule 4	\$ 14,397	\$ 153,261
Summer Student Employment – Schedule 6	15,800	21,616
Education – General – Schedule 7	108,985	120,037
Basic Needs – Schedule 8	21,700	39,508
Special Needs – Schedule 8	2,400	2,400
Social Assistance Transfer Funding – Schedule 8	26,840	36,955
Ontario Works – Schedule 8	3,300	3,300
National Child Benefit – Schedule 8-1	20,700	24,994
	<hr/>	<hr/>
	\$ 214,122	\$ 402,071

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2016

17. Segmented information

The Aundeck-Omni-Kaning First Nation is a diversified government institution that provides a wide range of services to its members, including band government, community infrastructure, economic development, education, social development, community services, housing, and other services. 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 Government

The band government function is responsible for carrying out all general band related services. This includes the setting of policies and procedures to be carried out throughout the First Nation's operations as well as overseeing the financial reporting activities of each department. The band government function also includes the activities of the Chief and Council.

Community Infrastructure

The community infrastructure department is responsible for providing public services, which include fire protection, road construction and maintenance, sanitation, water and recycling programs and the operation and upkeep of many of the buildings within the First Nation.

Economic Development

The economic development department is responsible for the identification and development of economic opportunities that will benefit the First Nation and its members. It also obtains funding for training and development opportunities to be carried out by its members, the employment of summer students and a lands researcher. This segment also includes the First Nation's share of activities in ventures such as the Manitoulin Hotel and Conference Centre Limited Partnership and Mnidoo Mnising Power Limited Partnership.

AUNDECK-OMNI-KANING

Notes to the Consolidated Financial Statements

March 31, 2016

17. Segmented information (Continued)

Education

The education department is responsible for services provided to elementary and secondary schools primarily through service contracts with provincially funded school boards. The education is also responsible for the tutoring members and providing funding for post-secondary initiatives undertaken by students of the First Nation.

Social Development

The social development department provides services under the Provincial Ontario Works Program which include financial support initiatives as well as employment training initiatives.

Community Services

The community services department is responsible for the management of health and long-term care programs as well as programs for the development and engagement of the youth of the first nation.

Housing

The housing segment reports the activities of the CMHC projects, including revenues, subsidies and expenses of the operation of each of the three phases currently in operation.

Capital

The capital department is responsible for the construction and purchasing of capital items to be used by the various departments within the First Nation. This department utilizes labour within the First Nation as well as contracts with third party entities.

March 31, 2016

17. Segmented information (Continued)

	2016						2015			
	Band	Government	Community Infrastructure	Economic Development	Social Development	Community Services	Housing	Capital	OFNL/P	Totals
Revenue										
Aboriginal Affairs	\$ 430,944	\$ 277,759	\$ 155,307	\$ 1,546,202	\$ 162,011	\$ 123,786	\$ -	\$ 238,712	\$ -	\$ 2,810,935
Health Canada	-	-	-	-	-	-	-	-	-	123,786
Ontario First Nations Limited Partnership	-	-	-	-	-	-	-	-	-	604,224
CMHC	-	-	-	-	-	-	-	-	-	84,170
Ministry of Community and Social Services	-	-	-	-	-	1,030,154	-	-	-	1,030,154
Deferred revenue, beginning of the year	-	-	-	-	-	27,422	-	-	-	44,968
Other	351,567	560,079	231,691	41,697	83,402	17,546	-	-	-	2,063,920
	782,511	837,838	386,998	1,387,899	1,302,989	847,864	160,976	238,712	616,370	6,762,157
Expenses										
Wages and benefits	389,491	174,642	298,961	120,037	276,902	455,026	-	-	-	1,715,059
Materials and program costs	415,498	863,912	65,834	189,434	861,107	272,516	41,029	45,433	57,003	2,811,766
Contracted services	72,281	-	-	1,315,234	-	-	-	-	-	1,387,515
Rents and financial expenses	4,299	-	-	-	-	-	-	-	-	31,831
Amortization expense	63,973	648,962	4,495	-	13,513	14,428	-	-	-	789,460
Program transfers and administration	90,130	(138,784)	(52,213)	(36,806)	116,714	19,875	-	-	-	-
	1,035,672	1,548,732	317,077	1,587,899	1,268,336	761,845	112,650	(300,292)	301,376	6,735,631
Deferred revenue, end of the year	(26,925)	-	-	-	(46,800)	(8,160)	-	-	-	(81,885)
Total	\$ (1280,086)	\$ (710,894)	\$ 69,921	\$ -	\$ (12,047)	\$ 77,859	\$ 48,326	\$ 493,571	\$ 257,991	# \$ (55,359)
Revenue										
Aboriginal Affairs	\$ 389,306	\$ 277,591	\$ 65,846	\$ 1,512,244	\$ 145,754	\$ 74,701	\$ -	\$ 234,711	\$ -	\$ 2,625,452
Health Canada	-	-	-	-	13,726	82,387	-	-	-	88,427
Ontario First Nations Limited Partnership	-	13,260	242,465	-	-	-	-	-	-	618,506
CMHC	-	12,000	-	-	-	-	-	-	-	96,170
Ministry of Community and Social Services	-	-	-	-	913,079	-	84,170	-	-	913,079
Other	381,124	423,259	765,375	25,104	52,630	560,391	87,855	(51,937)	-	2,243,801
	770,430	726,110	1,073,686	1,537,248	1,125,189	717,479	172,025	182,774	280,394	6,385,435
Expenses										
Wages and benefits	351,567	144,060	262,258	115,897	265,851	450,086	-	506	-	1,590,225
Materials and program costs	276,572	534,899	1,029,983	447,527	704,829	222,890	31,329	54,609	78,778	3,381,366
Contracted services	46,465	-	(32)	888,511	-	-	-	-	-	934,944
Rents and financial expenses	2,719	-	-	-	-	-	-	-	-	39,389
Amortization expense	46,896	518,537	4,495	-	9,424	11,415	44,088	-	-	634,855
Program transfers and administration	2,800	8,673	(5,764)	(85,413)	81,221	37,830	10,500	(45,101)	-	175,572
	727,019	1,206,169	1,290,940	1,537,348	1,061,325	728,221	116,787	(10,014)	78,728	6,756,551
Total	\$ 43,411	\$ (480,059)	\$ (217,254)	\$ -	\$ 63,864	\$ (10,742)	\$ 55,238	\$ 172,760	\$ 201,666	\$ (171,116)

AUNDECK-OMNI-KANINGNotes to the Consolidated Financial StatementsMarch 31, 2016

18. Tangible capital assets

2016												
	Land	Improvements	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units	Totals
Cost												
Balance, beginning of year	\$ 1,268,896	\$ 111,126	\$ 7,937,215	\$ 5,369,360	\$ 725,800	\$ 982,792	\$ 1,848,596	\$ 763,729	\$ 1,959,490	\$ 2,434,700	\$ 1,699,835	\$ 25,101,539
Additions	25,130	-	171,096	-	-	98,535	54,757	10,800	-	65,000	328,324	753,642
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	1,294,026	111,126	8,108,311	5,369,360	725,800	1,081,327	1,903,353	774,529	1,959,490	2,499,700	2,028,159	25,855,181
Accumulated Amortization												
Balance, beginning of year	-	23,338	1,075,891	2,654,469	333,378	598,278	976,618	261,039	272,311	381,112	466,044	7,042,478
Disposals	-	-	188,397	-	-	-	-	-	-	-	-	-
Amortization expense	-	6,668	188,397	253,694	16,330	65,557	82,663	30,185	44,089	56,243	45,634	789,460
Balance, end of year	-	30,006	1,264,288	2,908,163	349,708	663,835	1,059,281	291,224	316,400	437,355	511,678	7,831,938
Net book value	\$ 1,294,026	\$ 81,120	\$ 6,844,023	\$ 2,461,197	\$ 376,092	\$ 417,492	\$ 844,072	\$ 483,305	\$ 1,643,090	\$ 2,062,345	\$ 1,516,481	\$ 18,023,243
2015												
	Land	Improvements	Buildings	Water & Sewer	Roads	Vehicles	Machinery & Equipment	Furniture & Miscellaneous	CMHC Housing	Band Housing	Other Rental Units	Totals
Cost												
Balance, beginning of year	\$ 1,268,896	\$ 111,126	\$ 5,080,377	\$ 5,369,360	\$ 725,800	\$ 997,261	\$ 1,856,914	\$ 763,729	\$ 1,959,490	\$ 2,434,700	\$ 1,491,966	\$ 22,059,619
Additions	-	2,940,379	-	-	-	-	24,488	-	-	-	207,869	3,172,736
Disposals	-	(83,541)	-	-	-	(14,469)	(32,806)	-	-	-	-	(130,816)
Balance, end of year	1,268,896	111,126	7,937,215	5,369,360	725,800	982,792	1,848,596	763,729	1,959,490	2,434,700	1,699,835	25,101,539
Accumulated Amortization												
Balance, beginning of year	-	16,670	1,024,606	2,400,774	317,047	564,090	935,242	233,154	228,222	326,333	427,798	6,473,936
Disposals	-	(30,075)	81,360	253,695	16,331	(8,682)	(27,556)	-	-	-	-	(66,313)
Amortization expense	-	6,668	188,397	253,694	42,870	68,932	27,885	44,089	54,779	38,246	634,855	
Balance, end of year	-	23,338	1,075,891	2,654,469	333,378	598,278	976,618	261,039	272,311	381,112	466,044	7,042,478
Net book value	\$ 1,268,896	\$ 87,788	\$ 6,861,324	\$ 2,714,891	\$ 392,422	\$ 384,514	\$ 871,978	\$ 502,690	\$ 1,687,179	\$ 2,053,588	\$ 1,233,791	\$ 18,059,061