

Consolidated Financial Statements of

# **M'CHIGEENG FIRST NATION**

Year ended March 31, 2015

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of M'Chigeeng First Nation (the "First Nation") are the responsibility of management and have been approved by M'Chigeeng First Nation and the undernoted Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains a system of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

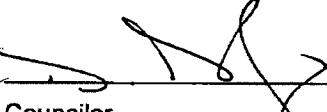
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council review the First Nation's consolidated financial statements and recommend their approval. Chief and Council meet to discuss and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the First Nation Members. 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 First Nation.

  
Chief

  
Councilor

  
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## INDEPENDENT AUDITORS' REPORT

To the Members of M'Chigeeng First Nation

We have audited the accompanying consolidated financial statements of **M'Chigeeng First Nation** which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, changes in net financial assets 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 financial position of M'Chigeeng First Nation as at March 31, 2015 and its consolidated results of operations and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*  
\_\_\_\_\_  
Handwritten signature of KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 28, 2015  
Sudbury, Canada

# M'CHIGEENG FIRST NATION

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Year ended March 31, 2015

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## Consolidated Financial Statements

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# M'CHIGEENG FIRST NATION

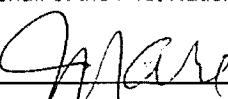
## Exhibit A - Consolidated Statement of Financial Position

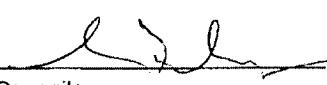
March 31, 2015, with comparative information for 2014

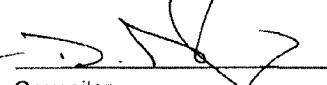
	2015	2014
<b>Financial assets:</b>		
Cash and short-term investments (note 2)	\$ 5,959,365	7,643,616
Accounts receivable	1,998,552	2,504,397
Investments (note 3)	2,321,087	2,114,855
Investment in HIAH Economic Dev LP	1,487,719	-
Investment in MERE General Partner Inc. (note 4)	309,106	177,255
Advances to MERE General Partner Inc. (note 5)	3,993,435	4,066,280
Loan receivable from MERE General Partner Inc. (note 6)	883,680	969,855
Consolidated revenue fund (note 13)	198,119	177,917
	17,151,063	17,654,175
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	666,671	656,765
Deferred revenue (note 8)	441,211	956,822
Long-term debt (note 9)	6,665,002	6,614,804
	7,772,884	8,228,391
Net financial assets	9,378,179	9,425,784
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	29,961,524	30,010,315
Prepaid expenses	300,952	452,616
	30,262,476	30,462,931
Contingent liabilities (note 11)		
Accumulated surplus (note 12)	\$ 39,640,655	39,888,715

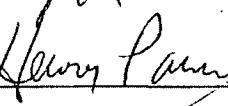
See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

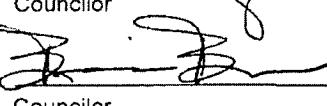
  
 Chief

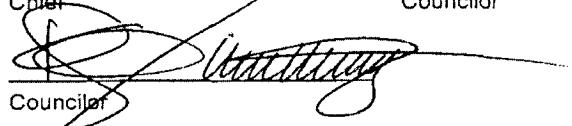
  
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# M'CHIGEENG FIRST NATION

## Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
(note 14)			
<b>Revenue:</b>			
Government transfers - Provincial	\$ 2,607,413	2,680,554	2,600,921
- Federal	11,903,560	10,106,374	10,553,833
Investment income	48,000	153,931	155,198
Rental income	1,109,359	821,678	852,961
Business enterprises	71,956	203,807	56,548
Business operation	1,274,600	1,347,223	1,409,674
Other	3,265,669	4,317,094	3,651,763
	20,280,557	19,630,661	19,280,898
<b>Expenses:</b>			
Education	6,613,693	6,797,849	6,485,690
Public Works and Facilities	1,814,668	1,935,310	1,778,888
Community Services	448,786	379,793	430,076
Economic Advancement	642,665	196,770	302,769
Health Services	960,076	1,085,843	1,128,979
Health Agreement	1,277,495	1,361,004	1,319,722
Health Other	1,841,763	1,061,967	911,941
Administration	1,426,695	1,472,570	1,397,221
Rentals	203,561	254,546	204,176
Employment and training	2,520,461	2,234,275	2,267,051
Community Property	1,106,804	992,606	728,501
Subsidized Housing	673,946	704,255	689,973
Business Operation	1,274,600	1,401,933	1,365,471
Total expenses	20,805,213	19,878,721	19,010,458
<b>Excess (deficiency) of revenue over expenses</b>	(524,656)	(248,060)	270,440
Accumulated surplus, beginning of year	39,888,715	39,888,715	39,618,275
<b>Accumulated surplus, end of year</b>	\$ 39,364,059	39,640,655	39,888,715

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

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

Year ended March 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Excess (deficiency) of revenue over expenses	\$ (524,656)	(248,060)	270,440
Acquisition of tangible capital assets	(1,169,167)	(1,169,167)	(1,949,224)
Amortization of tangible capital assets	1,217,958	1,217,958	1,179,344
	(475,865)	(199,269)	(499,440)
Acquisition of prepaid expenses	-	(300,952)	(452,616)
Use of prepaid expenses	-	452,616	290,975
<b>Change in net financial assets</b>	<b>(475,865)</b>	<b>(47,605)</b>	<b>(661,081)</b>
Net financial assets, beginning of year	9,425,784	9,425,784	10,086,865
<b>Net financial assets, end of year</b>	<b>\$ 8,949,919</b>	<b>9,378,179</b>	<b>9,425,784</b>

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
<b>Operating transactions:</b>		
Excess (deficiency) of revenue over expenses	\$ (248,060)	270,440
Adjustment for:		
<u>Amortization of tangible capital assets</u>	1,217,958	1,179,344
	969,898	1,449,784
<b>Change in non-cash working capital:</b>		
Decrease in accounts receivable	505,846	977,685
Increase (decrease) in accounts payable and accrued liabilities	9,905	320,286
Increase (decrease) in deferred revenue	(515,611)	956,822
Decrease (increase) in prepaid expenses	151,663	(161,641)
	1,121,701	3,542,936
<b>Capital transactions:</b>		
Cash used to acquire tangible capital assets	(1,169,167)	(1,949,224)
<b>Financing transactions:</b>		
Issuance of long-term debt	366,863	757,503
<u>Principal payments on long-term debt</u>	(316,665)	(300,663)
	50,198	456,840
<b>Investing transactions:</b>		
Loan receivable from MERE General Partner Inc.	86,175	157,843
Investments	(206,231)	10,775
Increase in advances to MERE General Partner Inc.	72,845	233,592
Investment in HIAH Economic Dev LP	(1,487,719)	-
Investment in MERE General Partner Inc.	(131,851)	(56,548)
Consolidated revenue fund	(20,202)	(19,221)
	(1,686,983)	326,441
<b>Net increase (decrease) in cash and short-term investments</b>	<b>(1,684,251)</b>	<b>2,376,993</b>
Cash and short-term investments, beginning of year	7,643,616	5,266,623
<b>Cash and short-term investments, end of year</b>	<b>\$ 5,959,365</b>	<b>7,643,616</b>

See accompanying notes to consolidated financial statements.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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The M'Chigeeng First Nation (the "First Nation"), located on Manitoulin Island, administers programs and provides services to First Nation members.

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

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for 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:

- i) The reporting entity includes the activities of all committees of Council and related entities under the control of the First Nation.
- ii) Investment in MERE General Partner Inc. ("MERE") and HIAH Economic Dev LP ("HIAH"):

The investments in MERE and HIAH are accounted for by the modified equity method. Under the modified equity method, the accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated.

#### (b) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

#### (c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue.

#### (e) 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.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

#### (e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

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

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.

#### (f) Use of estimates:

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

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

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

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government.

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

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

The short-term investments consisting of cash and term deposits are recorded at cost and earn rates of return ranging from 1% to 2% per annum.

### 3. Investments:

	2015	2014
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 518,275	533,862
Investment in Robinson Huron Forestry Inc.	1	1
Investment in Sun Life Financial Inc.	145,992	145,992
Investment - Great Lakes Hospitality Group Partnership	1,656,818	1,435,000
	<hr/>	<hr/>
	\$ 2,321,086	2,114,855

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

The investment in Robinson Huron Forestry Inc. is reflected at adjusted cost and represents 140 voting common shares of a total issued of 1,120.

The investment in Sun Life Financial Inc. represents 6,636 shares and is reflected as the value assigned to the shares upon demutualization of the enterprise. The fair market value of the shares as at March 31, 2015 is \$268,161 (2014 - \$254,026).

The investment in the Great Lakes Hospitality Group Partnership represents a 28.67% ownership interest and is accounted for using the equity method.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 4. Investment in MERE General Partner Inc.:

The MERE General Partner Inc. is owned and controlled by the First Nation and is accounted for on a modified equity basis.

(a) The following table provides condensed supplementary financial information for the period ended March 31, 2015:

	2015	2014
<b>Financial Position:</b>		
Current assets	\$ 888,778	900,599
Non-current assets	11,479,404	12,135,370
	12,368,182	13,035,969
Current Liabilities	605,769	636,459
Advances from M'Chigeeng First Nation	3,993,435	4,066,280
Long-term debt	7,459,872	8,155,975
	12,059,076	12,858,714
<b>Net assets</b>	<b>\$ 309,106</b>	<b>177,255</b>
<b>Results of operations:</b>		
Revenue	\$ 1,448,009	1,434,945
Expenses	1,316,158	1,378,397
<b>Net earnings</b>	<b>\$ 131,851</b>	<b>56,548</b>

(b) The investment at March 31, 2015 consists of the following:

	2015	2014
Balance, beginning of year	\$ 177,255	120,707
First Nation's share of operating income for the year	131,851	56,548
<b>Balance, end of year</b>	<b>\$ 309,106</b>	<b>177,255</b>

### 5. Advances to MERE General Partner Inc.:

The advances to MERE General Partner Inc. are unsecured non-interest bearing and have no specified terms of repayment.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 6. Loans receivable from MERE General Partner Inc.:

	2015	2014
Loan payable, bearing interest at 6.0% per annum and is repayable in 180 monthly blended payments of \$8,399 commencing on the date of commercial operation.		
No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	\$ 883,680	930,795
Loan payable, bearing interest at 5.0% per annum and is repaid in 24 monthly blended payments of \$9,866 commencing on the date of commercial operation.		
No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	- 39,060	
	<hr/> \$ 883,680	<hr/> 969,855

### 7. Investment in HIAH Economic Dev LP:

The First Nation has a 99% interest in HIAH Economic Dev LP ("HIAH") and a further 1% interest by virtue of its 100% investment in 2352921 Ontario Inc.(the general partner for HIAH). HIAH is engaged in business ventures, partnerships or enterprises which the Partners pursue in Canada for the general welfare or development of M'Chigeeng First Nation.

During the year, the First Nation provided HIAH with labour, contract support, accounting services and other operating expenses totaling \$149,388. These transactions were entered into during the normal course of operations and these transactions were recorded at their exchange amount.

	2015
Financial Position:	
Non-current assets	\$ 1,553,471
	<hr/> 1,553,471
Current Liabilities	137,907
Advances from M'Chigeeng First Nation	<hr/> 1,343,608
	<hr/> 1,481,515
Net assets	\$ 71,956

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 7. Investment in HIAH Economic Dev LP (continued):

Results of operations:	2015
Revenue	\$ 215,338
Expenses	143,382
Share in operations	\$ 71,956

The investment at March 31, 2015 consists of the following:

	2015
Balance, beginning of year	\$ -
Share of operating income for the year	71,956
Balance, end of year	\$ 71,956
<hr/>	
Investment in business enterprises:	
100% interest in 2294669 Ontario Ltd.	\$ 1
99% interest in HIAH Economic Dev LP	71,955
	\$ 71,956

### 8. Deferred revenue:

	2015	2014
Health Canada	\$ 441,211	956,822

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 9. Long-term debt:

	2015	2014
1.65% Mortgage payable in monthly payments of \$3,482, including interest maturing June 2017	\$ 276,098	313,012
2.51% Mortgage payable in monthly payments of \$3,251 including interest maturing March 2020	331,810	362,548
1.71% Mortgage payable in monthly payments of \$5,104 including interest maturing September 2017	676,629	725,886
1.64% Mortgage payable in monthly payments of \$3,193 including interest maturing February 2017	563,397	592,243
1.65% Mortgage payable in monthly payments of \$3,991 including interest maturing June 2017	715,769	751,566
1.62% Mortgage payable in monthly payments of \$4,998 including interest maturing March 2018	925,074	969,719
3.41% Mortgage payable in monthly payments of \$4,599 including interest maturing September 2018	743,713	775,834
2.23% Mortgage payable in monthly payments of \$3,338 including interest maturing August 2019	618,449	644,879
2.78% Mortgage payable in monthly payments of \$3,752 including interest maturing August 2015	696,221	721,614
Mortgage payable to CMHC, terms and conditions not yet determined	1,020,000	757,503
Loan payable to Bank of Montreal in monthly installments of \$2,175 including interest of 3.05% due December 2016	97,842	-
	<hr/> \$ 6,665,002	6,614,804

The interest on the long-term debt is subsidized by CMHC in the amount of \$339,059 (2014 - \$342,488).

Principal repayments over the next five years are estimated as follows:

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2016	\$ 341,497
2017	398,038
2018	329,423
2019	335,286
2020	341,257

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# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

### 10. Tangible capital assets:

Cost	Balance			Disposals	Balance at March 31, 2015
	March 31, 2014	Additions			
Land	\$ 1,312,968	\$ 34,000	\$ -	\$ -	\$ 1,346,968
Land improvements	602,364	-	-	-	602,364
Buildings	22,732,930	2,562,595	-	-	25,295,525
Infrastructure	17,067,113	-	-	-	17,067,113
Machinery and equipment	2,750,242	355,968	(69,723)	-	3,036,487
Furniture, computers and fixtures	497,457	275,263	-	-	772,720
Assets under construction	2,299,363	29,320	(2,087,978)	-	240,705
<b>Total</b>	<b>\$ 47,262,437</b>	<b>\$ 3,257,146</b>	<b>\$ (2,157,701)</b>		<b>\$ 48,361,882</b>

Accumulated amortization	Balance			Amortization expense	Balance at March 31, 2015
	March 31, 2014	Disposals			
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	155,812	-	-	21,062	176,874
Buildings	8,519,082	-	-	592,288	9,111,370
Infrastructure	6,532,059	-	-	382,687	6,914,746
Machinery and equipment	1,680,889	(69,723)	-	167,577	1,778,743
Furniture, computers and fixtures	364,281	-	-	54,344	418,625
Assets under construction	-	-	-	-	-
<b>Total</b>	<b>\$ 17,252,123</b>	<b>\$ (69,723)</b>		<b>\$ 1,217,958</b>	<b>\$ 18,400,358</b>

	Net book value		Net book value March 31, 2015
	March 31, 2014		
Land	\$ 1,312,968		\$ 1,346,968
Land improvements	446,552		425,490
Buildings	14,213,848		16,184,155
Infrastructure	10,535,054		10,152,367
Machinery and equipment	1,069,353		1,257,744
Furniture, computers and fixtures	133,176		354,095
Assets under construction	2,299,363		240,705
<b>Total</b>	<b>\$ 30,010,314</b>		<b>\$ 29,961,524</b>

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

Cost	Balance			Balance at March 31, 2014
	March 31, 2013	Additions	Disposals	
Land	\$ 1,262,718	\$ 50,250	\$ -	\$ 1,312,968
Land improvements	602,365	-	-	602,365
Buildings	22,346,268	386,662	-	22,732,930
Infrastructure	17,067,113	-	-	17,067,113
Machinery and equipment	2,681,335	68,907	-	2,750,242
Furniture, computers and fixtures	478,496	18,961	-	497,457
Assets under construction	874,920	1,432,340	(7,897)	2,299,363
<b>Total</b>	<b>\$ 45,313,215</b>	<b>\$ 1,957,120</b>	<b>\$ (7,897)</b>	<b>\$ 47,262,438</b>

Accumulated amortization	Balance			Balance at March 31, 2014
	March 31, 2013	Disposals	Amortization expense	
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	134,764	-	21,048	155,812
Buildings	7,938,740	-	580,342	8,519,082
Infrastructure	6,149,352	-	382,707	6,532,059
Machinery and equipment	1,536,389	-	144,500	1,680,889
Furniture, computers and fixtures	313,535	-	50,746	364,281
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 16,072,780</b>	<b>\$ -</b>	<b>\$ 1,179,343</b>	<b>\$ 17,252,123</b>

	Net book value March 31, 2013	Net book value March 31, 2014
Land	\$ 1,262,718	\$ 1,312,968
Land improvements	467,601	446,553
Buildings	14,407,528	14,213,848
Infrastructure	10,917,761	10,535,054
Machinery and equipment	1,144,946	1,069,353
Furniture, computers and fixtures	164,961	133,176
Assets under construction	874,920	2,299,363
<b>Total</b>	<b>\$ 29,240,435</b>	<b>\$ 30,010,315</b>

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 11. Contingent liabilities:

#### Loan guarantees and commitments:

- (i) The First Nation has endorsed CMHC loans made to various Band members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (ii) Aboriginal Affairs and Northern Development Canada ("AANDC") has guaranteed certain CMHC Section 10 loans to various First Nation members, the balance of which is \$293,159 (2014 - \$361,097). If any of the loans are in default and require payment by AANDC, the amount will be charged back to the First Nation.
- (iii) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans in the amount of \$834,030 (2014 - \$900,492).
- (iv) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 28.67% equity interest in the partnership. The principal amount of the loan was for \$4,700,000. In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by the GLHLP under terms of the loan facility.

### 12. Accumulated surplus:

	2015	2014
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 22,713,767	22,812,756
Business enterprises	8,849,031	7,182,250
Other	702,114	707,555
	32,264,912	30,702,561
 <b>Reserves</b>		
Reserves	2,831,712	3,463,038
Reserve Funds	3,274,425	4,566,584
Committed Reserves	1,269,606	1,156,532
	 \$ 39,640,655	 39,888,715

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### 13. Consolidated revenue fund:

The following schedule details the receipt and expenditure of Aboriginal moneys:

	Revenue	Capital	Total
Balance, beginning of year	\$ 105,402	72,515	177,917
Interest	20,202	-	20,202
Balance, end of year	\$ 125,604	72,515	198,119

### 14. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below.

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#### Approved expense budget:

Total expenses per budget	\$ 21,073,087
Less:	
Capital acquisition	(1,169,167)
Principal payments on long-term debt	(316,665)
	(1,485,832)
Add:	
Amortization of tangible capital assets	1,217,958
Expense budget per financial statements	\$ 20,805,213

### 15. Comparative information:

Certain 2014 comparative information have been reclassified where necessary to conform to the current year presentation.

# M'CHIGEENG FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2015

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### **16. Segmented information:**

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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:

#### **Education**

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

#### **Public Works**

The public works department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

#### **Community Services**

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

#### **Economic Advancement**

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members such as the MERE project. The department also secures and delivers employment training funding for the First Nation.

#### **Health Services**

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programming such as long-term care, diabetes, mental health, healthy babies, home and community care and many other smaller programs designed to enhance the health of members. The health department also manages the operations of the Health Centre and Wellness Centre.

# M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2015

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

### **Administration**

The administration 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 manages the operations of the Post Office

### **Subsidized Housing**

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

### **Employment and Training**

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

### **Community Property**

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

### **Business Operations**

Business Operations commission is responsible for the implementation and delivery of all gaming related activities on the First Nation.

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

## M'CHIGEENG FIRST NATION

Note 16 - Segmented Information (continued)

Year ended March 31, 2015

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2015 Total
Revenue	\$ 5,960,698	1,082,112	269,510	186,513	3,437,534	2,931,832	935,603	2,211,302	1,268,334	1,347,223	19,630,661
Expenses:											
Salaries, benefits and honorarium	3,047,289	487,139	268,708	112,011	1,637,407	912,434	3,985	423,935	116,498	77,332	7,086,738
Materials, supplies and rentals	536,944	558,505	41,074	10,297	796,366	601,567	276,202	204,857	(49,509)	1,280,038	4,256,341
Contractual and professional	292,181	131,644	1,808	39,981	330,286	126,185	36,641	89,116	1,335,492	-	2,383,344
Travel and training	161,891	77,016	13,530	7,770	247,999	66,957	-	283,885	9,783	5,153	873,984
Other	2,770,196	373,016	50,729	26,701	478,121	(275,257)	407,306	1,244,574	103,122	39,410	5,217,908
Interest on long-term debt	-	-	-	-	-	11,615	-	-	-	-	11,615
Amortization	136,969	595,317	3,944	-	109,779	96,803	223,053	9,918	-	-	1,115,783
Investment in tangible capital assets	(147,621)	(287,327)	-	-	(91,144)	(56,110)	-	(22,010)	(522,780)	-	(1,126,992)
Excess (deficiency) of revenue over expenses	\$ (837,151)	(853,198)	(110,283)	(10,257)	(71,280)	1,459,263	(23,199)	(22,973)	275,728	(54,710)	(248,060)

## M'CHIGEENG FIRST NATION

Note 16 Segmented Information (continued)

Year ended March 31, 2015

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Social Services	Community Property	Business Operations	2014 Total
Revenue	\$ 5,728,807	1,054,147	224,513	225,199	3,175,836	2,640,245	958,126	2,289,438	1,574,913	1,409,674	19,280,898
Expenses:											
Salaries, benefits and honorarium	3,122,700	484,095	268,821	58,838	1,565,695	1,015,220	7,553	485,619	119,210	65,199	7,192,950
Materials, supplies and rentals	1,066,595	228,006	83,781	8,949	800,984	648,121	171,151	163,486	4,995	1,275,008	4,451,076
Contractual and professional	128,124	136,470	4,118	210,017	219,151	123,636	18,563	48,995	2,451,395	-	3,340,469
Travel and training	115,830	58,188	11,378	2,439	310,076	33,424	-	344,118	9,441	1,292	886,186
Other	1,926,403	297,200	58,034	22,526	374,632	(491,375)	441,659	1,215,552	41,155	23,972	3,909,658
Amortization	138,440	574,929	3,944	-	109,313	88,113	255,223	9,381	-	-	1,179,343
Investment in tangible capital assets	(12,402)	-	-	-	(19,209)	(19,918)	-	(1,897,695)	-	-	(1,949,224)
	6,485,690	1,778,888	430,076	302,769	3,360,642	1,397,221	894,149	2,267,051	728,501	1,365,471	19,010,458
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (756,893)</b>	<b>(724,741)</b>	<b>(205,563)</b>	<b>(77,570)</b>	<b>(184,806)</b>	<b>1,243,024</b>	<b>63,977</b>	<b>22,387</b>	<b>846,412</b>	<b>44,203</b>	<b>270,440</b>