

Consolidated Financial Statements of

M'CHIGEENG FIRST NATION

Year ended March 31, 2018

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.

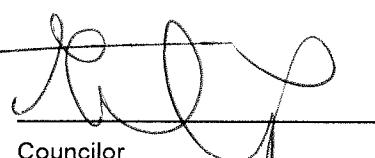
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the consolidated financial statements.

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



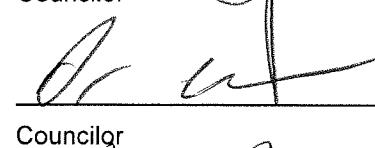
Councilor



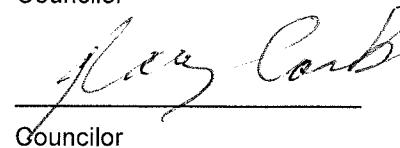
Councilor



W. Mignans



Brant



Greg Corbeau



Denny Parhamuk

Councilor



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 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, 2018, 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, 2018 and its consolidated results of operations, 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

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 31, 2018

M'CHIGEENG FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2018

Consolidated Financial Statements

Exhibit A	Consolidated Statement of Financial Position	1
Exhibit B	Consolidated Statement of Operations	2
Exhibit C	Consolidated Statement of Changes in Net Financial Assets	3
Exhibit D	Consolidated Statement of Cash Flows	4
	Notes to Consolidated Financial Statements	5 - 19

M'CHIGEENG FIRST NATION

Exhibit A - Consolidated Statement of Financial Position

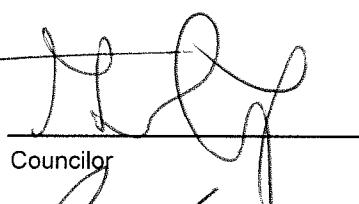
March 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash (note 2)	\$ 2,088,989	4,950,082
Accounts receivable	2,650,680	1,832,138
Investments (note 3)	676,573	654,843
Investment in HIAH entities (note 7)	2,410,920	2,154,605
Investment in MERE General Partner Inc. (note 4)	703,130	600,208
Advances to MERE General Partner Inc. (note 5)	3,820,764	3,898,690
Loan receivable from MERE General Partner Inc. (note 6)	724,685	780,799
<u>Consolidated revenue fund (note 12)</u>	<u>256,770</u>	<u>236,639</u>
	13,332,511	15,108,004
Financial liabilities:		
Accounts payable and accrued liabilities	993,584	1,153,146
Deferred revenue (note 8)	591,451	822,451
<u>Long-term debt (note 9)</u>	<u>5,904,022</u>	<u>5,891,350</u>
	7,489,057	7,866,947
Net financial assets	5,843,454	7,241,057
Non-financial assets:		
Tangible capital assets (note 10)	33,353,189	29,884,638
<u>Prepaid expenses</u>	<u>210,996</u>	<u>192,603</u>
	33,564,185	30,077,241
Contingent liabilities (note 11)		
Accumulated surplus (note 13)	\$ 39,407,639	37,318,298

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

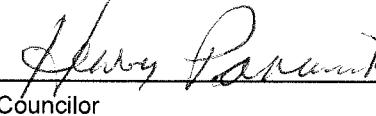

 Chief


 Councilor


 Councilor


 Councilor


 Councilor


 Councilor

M'CHIGEENG FIRST NATION

Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

		2018	2018	2017
		Budget	Actual	Actual
(note 14)				
Revenue:				
Government transfers	- Provincial	\$ 3,183,973	3,988,953	3,137,869
	- Federal	8,749,688	11,947,211	10,989,597
Investment income		-	117,566	122,705
Rental income		1,044,693	987,697	844,035
Business enterprises		-	527,889	561,505
Business operation		1,274,600	1,661,099	1,521,661
Other		2,240,042	4,714,204	4,099,021
		16,492,996	23,944,619	21,276,393
Expenses:				
Education		6,796,617	7,602,179	6,850,839
Public Works and Facilities		1,661,446	2,146,109	2,004,181
Community Services		341,900	573,000	456,442
Economic Advancement		548,631	181,918	237,575
Health Services		393,605	1,192,998	1,130,598
Health Agreement		1,976,240	1,544,626	2,084,700
Health Other		-	543,133	563,364
Administration		1,357,031	1,124,439	1,406,586
Rentals		191,582	188,916	210,464
Employment and Training		2,364,416	2,471,551	2,347,519
Community Property		686,627	917,004	1,000,159
Subsidized Housing		939,638	882,185	757,836
Business Operation		1,274,600	1,611,485	1,456,771
Write-down of Investment		-	875,735	1,901,712
Total expenses		18,532,333	21,855,278	22,408,746
Excess (deficiency) of revenue over expenses		(2,039,337)	2,089,341	(1,132,353)
Accumulated surplus, beginning of year		37,318,298	37,318,298	38,450,651
Accumulated surplus, end of year		\$ 35,278,961	39,407,639	37,318,298

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, 2018, with comparative information for 2017

	2018 Budget	2018 Actual	2017 Actual
	(note 14)		
Excess (deficiency) of revenue over expenses	\$ (2,039,337)	2,089,341	(1,132,353)
Acquisition of tangible capital assets	(170,703)	(4,803,655)	(2,001,789)
Amortization of tangible capital assets	1,297,191	1,335,104	1,297,191
	(912,849)	(1,379,210)	(1,836,951)
Acquisition of prepaid expenses	-	(210,996)	(192,603)
Use of prepaid expenses	-	192,603	317,482
Change in net financial assets	(912,849)	(1,397,603)	(1,712,072)
Net financial assets, beginning of year	7,241,057	7,241,057	8,953,129
Net financial assets, end of year	\$ 6,328,208	5,843,454	7,241,057

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Deficiency of revenue over expenses	\$ 2,089,341	(1,132,353)
Adjustment for:		
Amortization of tangible capital assets	1,335,104	1,297,191
Write-down of investment	875,735	1,901,712
Share of earnings business enterprises	(380,967)	(60,334)
	3,919,213	2,006,216
Change in non-cash working capital:		
Increase in accounts receivable	(818,542)	(286,214)
Increase (decrease) in accounts payable and accrued liabilities	(159,560)	470,528
Increase (decrease) in deferred revenue	(231,000)	688,397
Decrease (increase) in prepaid expenses	(18,395)	124,879
	2,691,716	3,003,806
Capital transactions:		
Purchase of tangible capital assets	(4,803,655)	(2,001,789)
Financing transactions:		
Issuance of long-term debt	410,337	-
Principal payments on long-term debt	(397,665)	(390,277)
	12,672	(390,277)
Investing transactions:		
Decrease in loan receivable from MERÉ General Partner Inc.	56,114	52,939
Contribution to Great Lakes Hospitality Group Partnership	(875,735)	(244,895)
Decrease in advances to MERÉ General Partner Inc.	77,926	56,753
Increase in advances to HIAH entities	-	-
Increase in consolidated revenue fund	(20,131)	(19,159)
	(761,826)	(154,362)
Net increase (decrease) in cash	(2,861,093)	457,378
Cash, beginning of year	4,950,082	4,492,704
Cash, end of year	\$ 2,088,989	4,950,082

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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.

(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.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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, 2018

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:

In accordance with various operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$950,802 (2017 - \$1,027,348) is restricted for this purpose.

3. Investments:

	2018	2017
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 530,578	508,848
Investment in M'Nidoo M'Nising Limited Partnership	1	1
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	1
	<hr/>	<hr/>
	\$ 676,573	654,843

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 M'Nidoo M'Nising Limited Partnership represents a 16.55% ownership interest and is accounted for using the equity method.

The investment in Robinson Huron Forestry Inc. represents a 12.5% ownership interest and is accounted for using the equity method.

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, 2018 is \$351,111 (2017 - \$322,244).

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, 2018

6. Loans receivable from MERE General Partner Inc.:

	2018	2017
Loan receivable, 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.	\$ 724,685	780,799

7. Investment in HIAH entities:

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 HIAH Corp. (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 \$331,787 (2017 - \$311,475). These transactions were entered into during the normal course of operations and were recorded at their exchange amount.

	2018	2017
Financial Position:		
Current assets	\$ 2,122,538	544,279
Non-current assets	1,567,132	3,060,326
	3,689,670	3,604,605
Long-term debt	1,278,750	1,450,000
Net assets	\$ 2,410,920	2,154,605

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

7. Investment in HIAH entities (continued):

Results of operations:	2018	2017
Revenue	\$ 660,389	300,479
Expenses	404,074	391,969
Share of operations	\$ 256,315	(91,490)

The investment at March 31, 2018 consists of the following:

	2018	2017
Balance, beginning of year	\$ 2,154,605	2,246,095
Share of operating income (loss) for the year	256,315	(91,490)
Capital contribution	—	—
Balance, end of year	\$ 2,410,920	2,154,605
	2018	2017
Investment in business enterprises:		
100% interest in HIAH Corp.	\$ 10	10
99% interest in HIAH Economic Dev LP	2,410,910	2,154,595
	\$ 2,410,920	2,154,605

8. Deferred revenue:

	2018	2017
Indigenous and Northern Affairs Canada	\$ 460,545	304,607
Union of Ontario Indians	—	415,864
Kenjgewin Teg Educational Institute	81,335	101,980
Ontario Trillium Foundation	36,871	—
Northern Ontario Heritage Fund Corporation	12,700	—
	\$ 591,451	822,451

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

9. Long-term debt:

	2018	2017
1.65% Mortgage payable in monthly payments of \$3,482, including interest maturing April 2022	\$ 161,389	200,425
2.51% Mortgage payable in monthly payments of \$3,251 including interest maturing November 2024	231,422	265,289
1.71% Mortgage payable in monthly payments of \$5,104 including interest maturing July 2027	523,943	575,564
1.64% Mortgage payable in monthly payments of \$3,193 including interest maturing February 2032	473,479	504,203
1.65% Mortgage payable in monthly payments of \$3,991 including interest maturing June 2032	603,873	642,388
1.62% Mortgage payable in monthly payments of \$4,998 including interest maturing January 2033	786,734	833,594
3.41% Mortgage payable in monthly payments of \$4,599 including interest maturing August 2033	642,721	677,175
2.23% Mortgage payable in monthly payments of \$3,338 including interest maturing June 2034	535,458	563,633
2.78% Mortgage payable in monthly payments of \$3,752 including interest maturing July 2035	603,871	635,555
1.05% Mortgage payable in monthly payments of \$3,866 including interest maturing April 2040	911,227	947,865
Loan payable to Bank of Montreal in monthly installments of \$2,175 including interest of 3.05% due December 2018	19,569	45,659
Mortgage payable to CMHC, terms and conditions not yet determined	410,335	-
	<hr/> \$ 5,904,022	<hr/> 5,891,350

The interest on the long-term debt is subsidized by CMHC in the amount of \$375,992 (2017 - \$377,518).

The loan payable is secured by specified equipment having a carrying value of \$130,648.

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

2019	\$ 397,269
2020	385,874
2021	388,488
2022	391,262
2023	358,574

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

10. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 1,346,968	-	-	1,346,968
Land improvements	602,364	-	-	602,364
Buildings	25,495,292	1,988,421	-	27,483,713
Infrastructure	17,627,737	215,918	-	17,843,655
Machinery and equipment	3,218,473	401,826	-	3,620,299
Furniture, computers and fixtures	899,887	146,457	-	1,046,344
Assets under construction	1,683,221	2,051,033	-	3,734,254
Total	\$ 50,873,942	4,803,655	-	55,677,597

Accumulated amortization	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ -	-	-	-
Land improvements	218,999	21,062	-	240,061
Buildings	10,377,086	642,961	-	11,020,047
Infrastructure	7,704,060	413,766	-	8,117,826
Machinery and equipment	2,129,493	186,872	-	2,316,365
Furniture, computers and fixtures	559,666	70,443	-	630,109
Assets under construction	-	-	-	-
Total	\$ 20,989,304	\$ 1,335,104	-	22,324,408

	Net book value, March 31, 2017	Net book value, March 31, 2018
Land	\$ 1,346,968	1,346,968
Land improvements	383,365	362,303
Buildings	15,118,206	16,463,666
Infrastructure	9,923,677	9,725,829
Machinery and equipment	1,088,980	1,303,934
Furniture, computers and fixtures	340,221	416,235
Assets under construction	1,683,221	3,734,254
Total	\$ 29,884,638	33,353,189

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

10. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 1,346,968	-	-	1,346,968
Land improvements	602,364	-	-	602,364
Buildings	25,483,602	11,690	-	25,495,292
Infrastructure	17,218,336	409,401	-	17,627,737
Machinery and equipment	3,113,898	104,575	-	3,218,473
Furniture, computers and fixtures	853,750	46,137	-	899,887
Assets under construction	253,235	1,429,986	-	1,683,221
Total	\$ 48,872,153	2,001,789	-	50,873,942

Accumulated amortization	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ -	-	-	-
Land improvements	197,936	21,063	-	218,999
Buildings	9,751,219	625,867	-	10,377,086
Infrastructure	7,307,034	397,026	-	7,704,060
Machinery and equipment	1,950,624	178,869	-	2,129,493
Furniture, computers and fixtures	485,300	74,366	-	559,666
Assets under construction	-	-	-	-
Total	\$ 19,692,113	\$ 1,297,191	-	20,989,304

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 1,346,968	1,346,968
Land improvements	404,428	383,365
Buildings	15,732,383	15,118,206
Infrastructure	9,911,302	9,923,677
Machinery and equipment	1,163,274	1,088,980
Furniture, computers and fixtures	368,450	340,221
Assets under construction	253,235	1,683,221
Total	\$ 29,180,040	29,884,638

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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) Indigenous and Northern Affairs Canada ("INAC") has guaranteed certain CMHC Section 9 loans to various First Nation members, the balance of which is \$286,179 (2017 - \$347,104). If any of the loans are in default and require payment by INAC, 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 \$487,919 (2017 - \$606,571).
- (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 \$4,309,552. 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.
- (v) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowing in proportion to its beneficial interest in the Trust in the amount of \$478,500. As at March 31, 2018, its proportional outstanding loan balance as part of the Trust is \$434,525.

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

- (vi) Under terms of a loan facility agreement between the Bank of Montreal and HIAH Economic Dev LP the First Nation has guaranteed loans in the amount of \$1,450,000. The outstanding balance of the loan as of March 31, 2018 is \$1,278,750.

12. Consolidated revenue fund:

The following schedule details the receipt and expenditure for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 164,124	72,515	236,639
Interest	20,131	-	20,131
Balance, end of year	\$ 184,255	72,515	256,770

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

13. Accumulated surplus:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 26,866,412	23,410,533
Business enterprises	8,190,077	7,943,150
Unfinanced capital housing	(1,312,858)	(1,293,812)
Unfinanced capital lagoon	(441,476)	(441,476)
Unfinanced grocery store	(1,057,252)	-
Other	970,151	543,269
	33,215,054	30,161,664
Reserves	2,158,252	2,295,353
Reserve Funds	2,312,480	3,236,832
Committed Reserves	1,721,853	1,624,449
	\$ 39,407,639	37,318,298

14. Budget information:

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:

Approved expense budget:

Total expenses per budget	\$ 18,695,370
Less:	
Capital acquisition	(1,100,476)
Principal payments on long-term debt	(397,665)
	(1,498,141)
Add:	
Amortization of tangible capital assets	1,335,104
Expense budget per financial statements	\$ 18,532,333

15. Comparative information:

Certain 2017 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, 2018

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, 2018

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, 2018

		Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2018 Total
Revenue	\$ 7,806,193	1,400,220	666,568	181,918	3,255,269	3,124,655	1,109,657	2,510,944	2,228,096	1,661,099	23,944,619	
Expenses:												
Salaries, benefits and honorarium	3,579,023	518,039	263,419	193,841	1,863,421	791,041	427,266	232,035	87,702	7,955,787		
Materials, supplies and rentals	647,661	802,819	158,673	10,638	369,374	362,548	342,610	397,341	217,409	1,481,557		
Contractual and professional	717,486	161,991	8,026	110,685	383,429	186,146	30,750	18,587	4,212,136	4,790,630		
Travel and training	192,315	38,197	26,895	12,490	297,708	41,006	—	236,359	4,444	5,833,680		
Other	2,729,297	450,503	112,043	(145,736)	337,331	540,069	271,276	1,394,546	5,063	6,219	856,252	
Interest on long-term debt	—	—	—	—	—	85,435	—	—	—	31,563	5,802,042	
Amortization	118,933	639,928	3,944	—	129,078	93,524	341,030	8,670	—	—	85,435	
Investment in tangible capital assets	(382,536)	(465,388)	—	—	(99,584)	(14,160)	—	(11,218)	(3,830,789)	—	1,335,107	
	7,602,179	2,146,109	573,000	181,918	3,280,757	2,000,174	1,071,101	2,471,551	917,004	1,611,485	(4,803,635)	
Excess (deficiency) of revenue over expenses	\$ 204,014	(745,899)	93,568	—	(25,488)	1,124,481	38,556	39,393	1,311,092	49,614	2,089,341	

M'CHIGEENG FIRST NATION

Note 16 - Segmented Information (continued)

Year ended March 31, 2017

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2017 Total
Revenue	\$ 6,401,141	1,077,365	412,420	199,054	3,704,139	3,178,946	982,559	2,450,415	1,348,693	1,521,661	21,276,393
Expenses:											
Salaries, benefits and honorarium	3,434,710	490,729	269,894	175,336	1,726,159	894,814	521,686	166,535	51,056	7,730,919	
Materials, supplies and rentals	514,267	343,411	94,383	8,025	406,287	401,746	232,162	304,683	1,495,969	1,379,398	5,180,331
Contractual and professional	120,204	135,591	11,184	116,836	938,664	270,730	30,000	9,338	1,210,962	-	2,843,509
Travel and training	141,794	34,139	21,124	23,876	268,144	58,751	-	173,678	20,335	1,304	743,145
Other	2,553,316	374,794	55,913	(86,498)	343,713	1,591,860	294,733	1,329,172	39,397	25,013	6,521,413
Interest on long-term debt	-	-	-	-	-	94,027	-	-	-	-	94,027
Amortization	125,095	625,517	3,944	-	125,158	91,137	317,378	8,962	-	-	1,297,191
Investment in tangible capital assets	(38,547)	-	-	-	(29,463)	-	-	-	(1,933,779)	-	(2,001,789)
	6,850,839	2,004,181	456,442	237,575	3,778,662	3,309,038	968,300	2,347,519	999,419	1,456,771	22,408,746
Excess (deficiency) of revenue over expenses	\$ (449,698)	(926,816)	(44,022)	(38,521)	(74,523)	(130,092)	14,259	102,896	349,274	64,890	(1,132,353)