

Consolidated Financial Statements of

# **BATCHEWANA FIRST NATION**

Year ended March 31, 2017

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Batchewana First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

Batchewana is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council reviewed Batchewana's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.



Chief



Finance Director



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## INDEPENDENT AUDITORS' REPORT

To the Council and Members of Batchewana First Nation

We have audited the accompanying consolidated financial statements of Batchewana First Nation which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of financial activities, changes in net financial debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Batchewana First Nation as at March 31, 2017 and its consolidated results of operations, consolidated changes in net financial debt 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

July 20, 2017  
Sault Ste. Marie, Canada

# **BATCHEWANA FIRST NATION**

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**Year ended March 31, 2017**

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# BATCHEWANA FIRST NATION

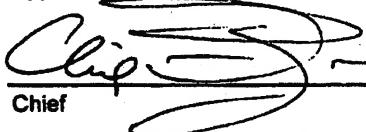
## Exhibit A - Consolidated Statement of Financial Position

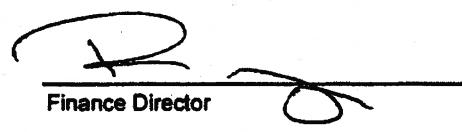
March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Cash (note 2)	\$ 2,584,665	\$ 2,537,254
Restricted cash (note 3)	1,902,682	2,025,248
Accounts receivable (note 4)	6,576,696	1,711,070
Band members' loans (note 5)		1,947
Investment in Batchewana Band Industries Limited (note 6)	1,446,846	1,439,584
Investment in Mukwaa 2 Inc. (note 7)	410,399	428,018
Investment in Nodin Kitagan Limited Partnerships (note 8)	10,373,601	21,079,675
Investment in Chi-Wikwedong Holdings Limited Partnership (Note 9)	8,516,151	9,904,396
Investment in GBG-BFN Limited Partnership (note 10)	453,420	489,028
Investment and advances in Zaagate Giziis Energy Inc. (note 11)	462,337	
Trust funds held by federal government	423,698	406,354
	<u>33,150,495</u>	<u>40,022,575</u>
<b>Financial liabilities</b>		
Operating line of credit (note 2)	2,046,298	647,765
Accounts payable	2,114,953	1,999,585
Deferred revenue (note 12)		69,537
Term demand loans (note 13)	10,165,007	10,902,565
Long-term debt (note 15)	39,023,015	44,326,293
	<u>53,349,273</u>	<u>57,945,745</u>
<b>Net debt</b>	<b>(20,198,778)</b>	<b>(17,923,170)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	26,532,493	25,784,159
Prepaid expenses and inventory of supplies	159,112	121,748
	<u>26,691,605</u>	<u>25,905,907</u>
<b>Contingent liabilities (note 17)</b>		
<b>Accumulated surplus (note 16)</b>	<b>\$ 6,492,827</b>	<b>\$ 7,982,737</b>

See accompanying notes to consolidated financial statements.

Approved:

  
Chief

  
Finance Director

# BATCHEWANA FIRST NATION

## Exhibit B - Consolidated Statement of Operations

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

	Budget	2017	2016
	(note 19)		
<b>Revenue:</b>			
Indigenous and Northern Affairs Canada (note 18)	\$ 8,898,400	\$ 9,490,305	\$ 8,089,276
Province of Ontario	1,328,965	1,410,367	1,134,131
Government of Canada	1,833,229	1,856,315	1,621,530
Ontario First Nations Limited Partnership	1,189,824	1,345,342	1,189,824
North Shore Tribal Council	453,280	1,627,314	1,590,573
Band operated enterprises	8,824,875	8,791,112	9,043,590
Other	4,361,047	4,039,378	3,302,382
Government of Canada Trust Funds	-	17,344	19,072
	26,889,620	28,577,477	25,990,378
<b>Expenses:</b>			
Niigaanin	1,529,587	1,497,562	1,465,416
Government	235,368	111,772	384,823
Lands, Memberships and Estates	62,608	35,188	64,638
Elections	20,000	18,500	-
Licensing	9,044	7,319	7,283
Community Services	780,949	1,061,824	999,782
Education	6,819,972	6,522,945	6,005,286
Child Day Care	1,018,590	833,451	816,246
Cultural Education Centre	1,573	1,573	1,573
Capital Projects	331,323	300,289	452,823
Other Subsidized Programs	1,410,350	1,452,119	1,114,455
Health	1,730,081	2,149,393	1,961,580
Employment and Training	445,579	505,083	459,825
Arena Operations	1,624,440	1,167,383	1,077,113
Band Operated Activities - Buildings	414,401	563,264	569,728
Band Operated Activities - CMHC	245,125	837,968	656,282
Bingo Operations	7,955,312	8,638,291	8,674,904
Other Band Activities	550,090	708,729	727,363
Renewable Energy Development	150,000	808,593	1,163,943
Other Band Activities - Natural Resources	621,800	479,262	619,903
Band Committees	22,400	29,711	32,552
Other Band Operated Enterprises	48,500	216,412	219,487
Rankin Reserve Community Services Incorporated	226,068	363,213	464,365
Batchewana Band Industries Ltd.	-	(7,262)	4,392
Renewable Energy Partnerships	75,000	1,764,805	6,379,717
	26,328,160	30,067,387	34,323,479
Excess (deficiency) of revenue over expenses	561,460	(1,489,910)	(8,333,101)
Accumulated surplus, beginning of year	7,982,737	7,982,737	16,315,838
Accumulated surplus, end of year	\$ 8,544,197	\$ 6,492,827	\$ 7,982,737

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

## Exhibit C - Consolidated Statement of Changes in Net Debt

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

	2017	2016
<b>Deficiency of revenue over expenses</b>	\$ (1,489,910)	\$ (8,333,101)
Acquisition of tangible capital assets	(1,961,182)	(322,629)
Amortization of tangible capital assets	1,212,848	1,175,097
Change in prepaid expenses and inventory of supplies	(37,364)	58,699
Change in net financial debt	(2,275,608)	(7,421,934)
Net debt, beginning of year	(17,923,170)	(10,501,236)
<b>Net debt, end of year</b>	<b>\$ (20,198,778)</b>	<b>\$ (17,923,170)</b>

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

## Exhibit D - Consolidated Statement of Cash Flows

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

	2017	2016
<b>Operating transactions:</b>		
Deficiency of revenue over expenses	\$ (1,489,910)	\$ (8,333,101)
Adjustment for:		
Amortization of tangible capital assets	1,212,848	1,175,097
Share of operating loss (profit) from Nodin Kitagan Limited Partnerships	(640,999)	2,986,997
Share of operating loss (profit) from Chi-Wiikwedong Holdings Limited Partnership	(464,510)	133,767
Share of operating loss (profit) from investment in Batchewana Band Industries Limited	(7,262)	4,392
Share of operating loss from investment in Mukwaa 2 Inc.	17,619	36,241
Share of operating loss (profit) from investment in GBG-BFN Limited Partnership	(19,727)	9,247
	<u>(1,391,941)</u>	<u>(3,987,360)</u>
<b>Changes in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	(4,865,626)	1,357,910
Decrease in band member loans	1,947	99
Decrease (increase) in prepaid expenses and inventory of supplies	(37,364)	58,699
Increase in accounts payable and accrued liabilities	115,368	1,209,821
Decrease in deferred revenue	(69,537)	(84,765)
Increase (decrease) in demand loans	(737,558)	2,295,497
	<u>(6,984,712)</u>	<u>849,901</u>
<b>Capital transactions:</b>		
Cash used to acquire tangible capital assets	(1,961,182)	(322,629)
<b>Financing transactions:</b>		
Increase in operating line of credit	1,398,533	647,765
Long-term debt advanced during year	904,213	16,137,797
Principal payments on long-term debt	(6,207,491)	(16,015,569)
	<u>(3,904,745)</u>	<u>769,993</u>
<b>Investing transactions:</b>		
Distributions from Chi-Wiikwedong Holdings Limited Partnership	1,852,755	1,461,838
Distributions from Nodin Kitagan Limited Partnerships	11,347,073	-
Distributions (withdrawals) in GBG-BFN Limited Partnership	55,335	(498,275)
Investment and advances in Zaagate Giizis Energy Inc.	(462,337)	-
Increase in trust funds held by federal government	(17,344)	(19,071)
	<u>12,775,482</u>	<u>944,492</u>
<b>Net increase (decrease) in cash</b>	<b>(75,156)</b>	<b>2,241,757</b>
<b>Cash, beginning of year</b>	<b>4,562,503</b>	<b>2,320,746</b>
<b>Cash, end of year</b>	<b>\$ 4,487,347</b>	<b>\$ 4,562,503</b>
<b>Represented by:</b>		
Cash	\$ 2,584,665	\$ 2,537,254
Restricted cash	1,902,682	2,025,248
	<u>\$ 4,487,347</u>	<u>\$ 4,562,503</u>

See accompanying notes to consolidated financial statements.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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The Batchewana First Nation (the "First Nation"), located in Sault Ste. Marie Ontario, administers programs and provides services to First Nation members.

### 1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representations 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) Basis of consolidation:

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

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

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

Organizations consolidated include:

Rankin Reserve Community Services Incorporated  
Mukwaa Inc. - a bare trustee corporation  
2419656 Ontario Inc. - a bare trustee corporation

Organizations accounted for on a modified equity basis include:

Batchewana Band Industries Limited  
Mukwaa 2 Inc.  
6597982 Manitoba Ltd. - a bare trustee corporation  
2425771 Ontario Inc.  
Zaagate Giizis Energy Inc.

Batchewana First Nation has invested in limited partnerships through Mukwaa Inc. and 2419656 Ontario Inc. The First Nation accounts for its investment in these business partnerships using the modified equity method.

#### (b) Inventories:

Inventories are stated at lower of cost and net realizable value. Cost is generally determined on the first-in, first-out basis.

#### (c) Cash and cash equivalents:

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

#### (d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### (i) Tangible capital assets:

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

Assets	Useful Life - Years
Land improvements	20 years
Buildings	40 years
Infrastructure	30 years
Machinery and equipment	10 years
Furniture, computers and fixtures	4 to 10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

##### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### (e) 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.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

#### (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 revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation 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.

In addition, the First Nation's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

#### (g) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### (h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

#### (i) Consolidated revenue funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 2. Cash and lines of credit:

#### *Cash*

Cash consists of cash on hand, bank balances and investments in money market instruments with maturities of one year or less.

#### *Lines of credit*

(a) The First Nation has an operating line of credit of \$1,500,000 with Scotiabank. At March 31, 2017, there is an outstanding balance of \$935,000 (2016 - \$Nil). The line of credit is due on demand and has an interest rate of prime plus 1.00%. The loan is secured by a guarantee from 2419656 Ontario Inc.

The outstanding balance has been used to finance First Nation operations in the amount of \$300,000 with the remaining \$635,000 designated to finance First Nations investment in Zaagate Giizis Energy Inc.

(b) The First Nation has an overdraft line of credit of \$50,000 with CIBC. At March 31, 2017, there is an outstanding balance of \$13,053 (2016 - \$4,519). The line of credit is due on demand and has an interest rate of prime plus 1.5%

(c) The First Nation has an overdraft line of credit of \$1,200,000 with the Bank of Montreal for the Renewable Energy Department. At March 31, 2017, there is an outstanding balance of \$1,111,298 (2016 - \$647,765). The line of credit is due on demand and has an interest rate of prime plus 1%.

(d) In accordance with the terms and conditions of the BMO Loan Agreement (see note 3) 2419656 Ontario Inc. (a bare trustee corporation) has established a revolving \$1,015,000 debt service reserve loan (the "DSR Loan") arrangement bearing interest at the prime rate. At March 31, 2017 there is an outstanding balance of \$Nil (2016 - \$Nil). The DSR Loan has been established to make principal, interest and fee payments to the extent there are insufficient funds in the Proceeds Account (see note 3(b)).

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 3. Restricted cash:

- a) As a condition of the Siemens Financial Ltd. Tranche A and B facilities, Mukwaa Inc. (a bare trustee corporation) is required to maintain a debt service reserve account equal to six months principal and interest of the outstanding loan balance (see note 15).
- b) Pursuant to a Bank of Montreal loan agreement (the "BMO Loan Agreement") (see note 15), between the Bank of Montreal ("BMO") and 2419656 Ontario Inc. and Batchewana First Nation ("the Project Parties") distributions to the Project Parties from the Chi-Wiikwedong Holdings Limited Partnership ("CWHL") are permitted via a Proceeds Account which are subject to the following conditions:
  - (i) debt service ratio for CWHL for the previous 12 consecutive months is not less than 1:05 to 1:00 and the projected debt service ratio on a rolling 12 month basis shall not be less than 1:05 to 1:00;
  - (ii) all amounts including accrued interest and principal and all other amounts due in respect of the BMO Loan Agreement have been paid in full;
  - (iii) no balance is outstanding on the DSR Loan (see note 2(d));
  - (iv) no event of default has occurred or would reasonably be expected to occur;
  - (v) No breach of the Province Guarantee has occurred.

Distributions must be applied in the following order of priority.

- (i) first, to pay taxes of the Project Parties to the extent such amounts are due and payable;
- (ii) second, to pay scheduled BMO loan interest due and payable. If sufficient funds are not available then to draw upon the DSR Loan to extent of any shortfall;
- (iii) third, to pay scheduled BMO loan principal due and payable. If sufficient funds are not available then to draw upon the DSR Loan to extent of any shortfall;
- (iv) fourth, to pay BMO an amount equal to the annual renewal fee, quarterly standby and processing fee and any account transaction fees;
- (v) fifth, to pay the Province guarantee and indemnification fees;
- (vi) sixth, to pay any interest due and payable on the DSR loan;
- (vii) seventh; to repay any balance outstanding on the DSR loan;
- (viii) eighth, only to the extent the account balance will be at least \$2,500.

If sufficient funds are not available to pay BMO principal, interest and related fees or the Province guarantee and indemnification fees then the DSR loan may be drawn upon to the extent of any shortfall.

Notwithstanding the above, BMO may block payments and retain such funds and apply such funds towards the reduction of the obligations, at any time after the occurrence of any event of default until such notice of default is revoked.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 4. Accounts receivable:

	2017	2016
Indigenous and Northern Affairs Canada	\$ 430,607	\$ 503,249
Province of Ontario	46,185	44,239
Government of Canada	100,481	86,641
North Shore Tribal Council	176,449	199,013
ALFDC	78,511	54,022
Due from members	6,909	19,762
Other First Nations (Education Boarding Homes)	194,437	263,797
Other	429,316	624,636
<b>Investment distributions (i)</b>	<b>5,214,755</b>	-
	6,677,650	1,792,359
<b>Less: allowance for doubtful accounts</b>	<b>(100,954)</b>	(81,289)
	\$ 6,576,696	\$ 1,711,070

(i) Included first quarter cash distributions from investments in Chi-Wiikwedong Holdings Limited Partnership (\$979,755) and Nodin Kitagan Limited Partnership (\$4,235,000). These amounts have been collected subsequent to March 31, 2017.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

### 5. Band members' loans:

	2017	2016
Housing:		
Revolving loan fund	\$ 144,943	\$ 146,023
New project	677,159	808,603
Renovations	388,792	394,658
CAEDS / MPFP	60,644	61,685
RRAP	2,426	2,426
Housing receivables	1,273,964	1,413,395
Less: allowance for doubtful accounts	(306,239)	(235,095)
Future rental payments	(967,725)	(1,176,353)
	\$ —	\$ 1,947

Revenue from rent to own arrangements are not recorded as revenue until payments are received from the band member.

### 6. Investment – Batchewana Band Industries Limited (BBI):

Batchewana Band Industries Limited operates an industrial park on lands owned by the First Nation. Its major assets include income producing properties and investments.

	December 31, 2017	December 31, 2016
Capital stock - one common share of no residual value was issued November 12, 1982 to the Batchewana First Nation Council acting as Trustee on behalf of all the members of the Batchewana First Nation	\$ —	\$ —
Retained earnings	1,431,246	1,423,984
Contributed surplus	15,600	15,600
	\$ 1,446,846	\$ 1,439,584

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 6. Investment – Batchewana Band Industries Limited (BBI) (continued):

Financial information for BBI for its non-coterminous fiscal periods reflected herein is as follows:

	December 31, 2017	December 31, 2016
Assets	\$ 2,424,233	\$ 2,481,799
Liabilities	988,284	1,053,110
Revenues	330,687	315,880
Net earnings (loss) for the year	7,262	(4,392)

#### *Commitments:*

BBI has entered into a lease agreement on certain lands known as Blue Heron Industrial Park with the First Nation and the Crown commencing May 1, 1972 and ending April 30, 2012. The agreement was originally extended to cover the periods May 1, 2012 to October 31, 2012 and most recently has been extended to April 30, 2017. Semi-annual rent is payable on October 1 and is to be a percentage as may be determined by Her Majesty for each five year period of the gross receipts of the lease. Such percentage will not be lower than 10% or more than 20% of gross receipts. Annual rent, which is currently calculated at 10%, is deposited by the Crown into the Fund Held in Trust Account on behalf of the First Nation.

### 7. Investment – Mukwaa 2 Inc.:

Mukwaa 2 Inc. is a wholly owned corporation of Batachewana First Nation. The corporation provides employment services to external parties utilizing local resources.

	2017	2016
Share capital	\$ 255,000	\$ 255,000
Retained earnings	155,399	173,018
	\$ 410,399	\$ 428,018
Assets	\$ 1,415,169	\$ 938,167
Liabilities	1,004,870	510,248
Revenues	4,230	1,229,430
Net earnings (loss) for the year	(17,619)	(36,241)

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 8. Investment – Nodin Kitagan Limited Partnerships:

The First Nation has invested through Mukwaa Inc., a bare trustee corporation, into Nodin Kitagan Limited Partnership (“NKLP”) and Nodin Kitagan 2 Limited Partnership (“NK2LP”) for the purposes of designing, developing, constructing, financing and operating a 60 megawatt wind-powered electricity generating facility known as the Bow Lake Wind Farm. Mukwaa Inc.’s share is 50% of both NKLP and NK2LP. In addition, Mukwaa Inc. has a .001% equity investment in the related general partners Shongwish Nodin Kitigan GP Corp. (“SNKGP”) and Shongwish Nodin Kitigan 2 GP Corp. (“SNK2GP”).

	2017	2016
Nodin Kitagan Limited Partnerships	\$ 10,373,599	\$ 21,079,673
Shongwish Nodin Kitigan General Partners	2	2
	<b>\$ 10,373,601</b>	<b>\$ 21,079,675</b>

#### Investments in Limited Partnerships

The investments at March 31, 2017 consist of the following:

	NKLP	NK2LP	2017	2016
Balance, beginning of year	\$ 7,155,722	\$ 13,923,951	\$ 21,079,673	\$ 24,066,670
Partner distributions	(3,499,088)	(7,847,985)	(11,347,073)	-
First Nation's share of earnings (loss)	(116,000)	756,999	640,999	(2,986,997)
Balance, end of year	<b>\$ 3,540,634</b>	<b>\$ 6,832,965</b>	<b>\$ 10,373,599</b>	<b>\$ 21,079,673</b>

Financial information for NKLP and NK2LP for their non-coterminous December 31 fiscal periods reflected herein is as follows:

	NKLP	NK2LP	2017	2016
<b>Financial position</b>				
Current assets	\$ 4,787,000	\$ 9,112,000	\$ 13,899,000	\$ 33,917,000
Non-current assets	85,451,000	146,148,000	231,559,000	239,764,000
<b>Total assets</b>	<b>\$ 90,238,000</b>	<b>155,260,000</b>	<b>245,498,000</b>	<b>273,681,000</b>
Current liabilities	\$ 4,596,000	8,212,000	12,808,000	21,066,000
Non-current liabilities	75,527,000	126,889,000	202,416,000	210,456,000
<b>Total liabilities</b>	<b>\$ 80,123,000</b>	<b>\$ 135,101,000</b>	<b>\$ 215,224,000</b>	<b>\$ 231,522,000</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 8. Investment – Nodin Kitagan Limited Partnerships (continued):

	NKLP	NK2LP	2017	2016
<b>Partner's equity</b>	<b>\$ 10,115,000</b>	<b>\$ 17,701,000</b>	<b>\$ 27,816,000</b>	<b>\$ 42,159,000</b>
<b>Results of operations</b>				
Revenue	\$ 8,042,000	\$ 17,701,000	\$ 25,743,000	\$ 8,743,000
Operating expenses	(1,593,000)	(3,038,000)	(4,631,000)	(1,644,000)
Other expenses	(7,289,000)	(13,621,000)	(20,910,000)	(4,361,000)
Net income (loss)	(840,000)	1,042,000	202,000	2,738,000
Items of other comprehensive loss	608,000	472,000	1,080,000	(8,712,000)
<b>Comprehensive income (loss)</b>	<b>\$ (232,000)</b>	<b>\$ 1,514,000</b>	<b>\$ 1,282,000</b>	<b>\$ (5,974,000)</b>

#### Investments in General Partnership

The investments at March 31, 2017 consists of the following:

	SNKGP	SNK2GP	2017	2016
Number of common shares Class A	\$ 1	\$ 1	\$ 2	\$ 2
Cost of investment	\$ 1	\$ 1	\$ 2	\$ 2

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 9. Investment – Chi-Wiikwedong Holdings Limited Partnership:

The First Nation has invested through 2419656 Ontario Inc., a bare trustee corporation has a 49% equity share of Chi-Wiikwedong Holdings Limited Partnership ("CWHP") for the purpose of designing, developing, constructing, financing, and operating a 25 megawatt wind-powered electricity generating facility known as the Goulais Wind Farm. In addition, 2419656 Ontario Inc. has a .001% equity interest in Chi-Wiikwedong GP Inc. ("CWGP") the related general partner.

	2017	2016
Chi-Wiikwedong Holdings Limited Partnerships	\$ 8,516,150	\$ 9,904,395
Chi-Wiikwedong GP Inc.	1	1
	<b>\$ 8,516,151</b>	<b>\$ 9,904,396</b>

#### Investment in Chi-Wiikwedong Holdings Limited Partnership

The investment at March 31, 2017 consists of the following:

	CWHP	CWLP	2017	2016
Balance, beginning of year	\$ 9,904,395	\$ 1	\$ 9,904,396	\$ 11,500,001
Partner distributions	(1,852,755)	–	(1,852,755)	(1,461,838)
First Nation's share of earnings (loss)	464,510	–	464,510	(133,767)
Balance, end of year	<b>\$ 8,516,150</b>	<b>\$ 1</b>	<b>\$ 8,516,151</b>	<b>\$ 9,904,396</b>

Financial information for Chi-Wiikwedong Holdings Limited Partnership is for its non-coterminous December 31 fiscal years reflected herein is as follows:

#### Financial Position:

	2017	2016
<b>Financial position</b>		
Total assets	\$ 89,092,000	\$ 97,248,000
Total liabilities	73,656,000	77,035,000
Partner's equity	<b>\$ 15,436,000</b>	<b>\$ 20,213,000</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 9. Investment – Chi-Wiikwedong Holdings Limited Partnership (continued):

#### Investment in Chi-Wiikwedong GP Inc. General Partnership

The investment at March 31, 2017 consists of the following:

	2017	2016
Number of common shares Class A	\$ 1	\$ 1
Cost of investment	\$ 1	\$ 1

Commercial operation was achieved in June 2015.

### 10. Investment – GBG-BFN Limited Partnership:

The First Nation has invested through 6597982 Manitoba Ltd., a bare trustee corporation, has a 50.999% equity share of GBG-BFN Limited Partnership, for the purpose of designing, developing, constructing, financing, owning, maintaining and operating solar electricity generating projects in Ontario, including the Solar Projects, to be developed for commercial operation under the FIT Program and all related or ancillary activities. The Partnership is currently invested in a rooftop Solar Project in Markham, Ontario.

	2017	2016
GBG-BFN Limited Partnership	\$ 453,420	\$ 489,028

#### GBG-BFN Limited Partnership

The investment at March 31, 2017 consists of the following:

	2017	2016
Balance, beginning of year	\$ 489,028	\$ –
Capital contributions	–	498,275
Partner distributions	(55,335)	–
First Nation's share of earnings (loss)	19,727	(9,247)
Balance, end of year	\$ 453,420	\$ 489,028

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 10. Investment – GBG-BFN Limited Partnership (continued)

Financial information for GBG-BFN Limited Partnership is for its March 31 fiscal year reflected herein is as follows:

	2017	2016
<b>Financial position</b>		
Total assets	\$ 889,018	\$ 958,838
Total liabilities	-	-
Partner's equity	\$ 889,018	\$ 958,838

	2017	2016
<b>Results of operations</b>		
Revenue	\$ 113,890	\$ 13,804
Expenses	(75,210)	(31,935)
Comprehensive income (loss)	\$ 38,680	\$ (18,131)

### 11. Investment and advances – Zaagate Giizis Energy Inc.

The investment in Zaagate Giizis Energy Inc. ("ZGEI") is comprised of a 51% equity interest. ZGEI constructed, operates and manages on reserve rooftop solar electrical generating projects.

	2017	2016
Zaagate Giizis Energy Inc. (51 common shares)	\$ 51	\$ -
Advances to Zaagate Giizis Energy Inc.	462,286	-
	<hr/>	<hr/>
	\$ 462,337	\$ -

Financial information for Zaagate is for its March 31 fiscal year reflected herein is as follows:

	2017	2016
<b>Financial position</b>		
Total assets	\$ 924,674	\$ -
Total liabilities	924,574	-
Revenue	-	-
Net income	-	-

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

### 12. Deferred revenue:

Deferred revenue is broken down by program as follows:

	2017	2016
Ministry of Culture and Tourism	\$ -	\$ 18,624
RBC Housing	-	28,290
Other	-	22,623
	<b>\$ -</b>	<b>\$ 69,537</b>

### 13. Term demand loans:

	Operating	Investing	2017	2016
Loan 1 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in Mukwaa Inc., repayable at \$61,454 monthly including interest at prime plus 1%, renewable annually	\$ 264,187	6,597,804	6,861,991	7,303,666
Loan 2 – Bank of Montreal, non-revolving term demand loan, related to the construction of the Convention Centre, repayable \$7,246 monthly plus interest at prime plus 2%, due August 2022	586,944	-	586,944	673,899
Loan 3 – Bank of Montreal, non-revolving term demand loan, related to the First Nation's equity investment in 2419656 Ontario Inc., used to repay amounts owing to Capstone Power Corp., h& repayable \$52,232 quarterly plus interest at prime plus 1%, renewable annually	-	2,716,072	2,719,072	2,925,000
	<b>\$ 851,131</b>	<b>9,313,877</b>	<b>10,168,007</b>	<b>10,902,565</b>

These loans are secured by a first ranking security interest over all Ontario First Nation Limited Partnership distributions.

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2018	\$ 117,320	728,526	845,846
2019	122,645	754,681	877,326
2020	128,216	781,773	909,989
2021	134,003	808,880	942,883
2022	140,135	838,916	979,051
Thereafter	208,812	5,404,100	5,612,912
	<b>\$ 851,131</b>	<b>9,316,876</b>	<b>10,168,007</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

### 14. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 35,001	-	-	35,001
Land improvements	372,235	-	-	372,235
Buildings	17,444,022	444,351	-	17,888,373
Housing	11,831,190	29,365	-	11,860,555
Infrastructure	8,827,910	263,599	-	9,091,509
Machinery and equipment	444,041	191,713	-	635,754
Vehicles	216,026	71,424	-	287,450
Furniture and equipment	646,425	-	-	646,425
Construction in progress	-	960,730	-	960,730
<b>Total</b>	<b>\$ 39,816,850</b>	<b>1,961,182</b>	<b>-</b>	<b>41,778,032</b>

Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$ -	-	-	-
Land improvements	101,811	-	18,612	120,423
Buildings	5,384,252	-	447,209	5,831,461
Housing	3,006,743	-	382,446	3,389,189
Infrastructure	4,513,945	-	255,009	4,768,954
Machinery and equipment	345,912	-	39,890	385,802
Vehicles	141,495	-	23,736	165,231
Furniture and equipment	538,533	-	45,946	584,479
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 14,032,691</b>	<b>-</b>	<b>1,212,848</b>	<b>15,245,539</b>

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 35,001	35,001
Land improvements	270,424	251,812
Buildings	12,059,770	12,056,912
Housing	8,824,447	8,471,366
Infrastructure	4,313,965	4,322,555
Machinery and equipment	98,129	249,952
Vehicles	74,531	122,219
Furniture and equipment	107,892	61,946
Construction in progress	-	960,730
<b>Total</b>	<b>\$ 25,784,159</b>	<b>26,532,493</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land	\$ 35,001	-	-	35,001
Land improvements	372,235	-	-	372,235
Buildings	17,444,022	-	-	17,444,022
Housing	10,779,148	1,052,042	-	11,831,190
Infrastructure	8,737,478	90,432	-	8,827,910
Machinery and equipment	444,041	-	-	444,041
Vehicles	216,026	-	-	216,026
Furniture and equipment	646,425	-	-	646,425
Construction in progress	819,845	-	(819,845)	-
<b>Total</b>	<b>\$ 39,494,221</b>	<b>1,142,474</b>	<b>(819,845)</b>	<b>39,816,850</b>
Accumulated Amortization	Balance at March 31, 2015	Disposals	Amortization	Balance at March 31, 2016
Land	\$ -	-	-	-
Land improvements	83,199	-	18,612	101,811
Buildings	4,948,151	-	436,101	5,384,252
Housing	2,625,276	-	381,467	3,006,743
Infrastructure	4,267,722	-	246,223	4,513,945
Machinery and equipment	325,194	-	20,718	345,912
Vehicles	123,801	-	17,694	141,495
Furniture and equipment	484,251	-	54,282	538,533
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 12,857,594</b>	<b>-</b>	<b>1,175,097</b>	<b>14,032,691</b>
	Net book value, March 31, 2015		Net book value, March 31, 2016	
Land	\$ 35,001		35,001	
Land improvements	289,036		270,424	
Buildings	12,495,871		12,059,770	
Housing	8,153,872		8,824,447	
Infrastructure	4,469,756		4,313,965	
Machinery and equipment	118,847		98,129	
Vehicles	92,225		74,531	
Furniture and equipment	162,174		107,892	
Construction in progress	819,845		-	
<b>Total</b>	<b>\$ 26,636,627</b>		<b>25,784,159</b>	

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

### 15. Long-term debt:

CMHC Project	Renewal Date	Monthly Payment	Interest Rate	2017	2016
08-509-622	July 1, 2016	\$ 4,998	5.39%	\$ -	\$ 17,573
10-449-270	April 1, 2017	458	3.14%	431	5,867
Senior's complex	April 1, 2022	3,760	1.43%	609,790	645,413
16-135-543-002	March 1, 2019	4,039	2.04%	510,358	550,377
16-135-543-003	Sept. 1, 2020	3,335	0.94%	501,818	536,996
16-135-543-004	Sept. 1, 2020	5,241	0.94%	788,542	843,819
16-135-543-005	April 1, 2019	4,881	1.92%	632,496	678,773
16-135-543-006	May 1, 2017	9,526	1.80%	1,519,161	1,605,899
16-135-543-007	May 1, 2017	5,656	1.80%	901,899	953,402
16-135-543-008	May 1, 2018	3,117	1.52%	536,598	565,772
16-135-543-009	Sept. 1, 2018	6,735	2.35%	1,107,228	1,162,006
16-135-543-010	Dec. 1, 2019	1,271	1.83%	173,628	185,340
16-135-543-011	May 1, 2021	3,997	1.21%	821,271	-
CHMC advances				904,212	704,552
CMHC subtotal				9,007,432	8,455,789
All CMHC loans and advances are secured by Ministerial guarantees.					
Royal Bank, term loan, repayable \$11,755 monthly including interest at 3.75%, maturing November 2018				1,041,890	1,141,488
Royal Bank, term loan, repayable \$15,858 monthly including interest at 3.96%, maturing November 2021				1,526,806	1,650,520
Bank of Nova Scotia, term loan, repayable \$2,187 monthly including interest at 4.65% repaid November 2016				-	17,496
Operating loans subtotal				2,568,696	2,809,504
Bank of Montreal, term loan, repayable at \$237,912 quarterly including interest at 3.95% maturing February 2031 (b)				9,062,539	9,611,000
Siemens Financial Ltd, Tranche A, term loan, bears interest at 8.5%, requires interest only payments until April 30, 2016 and is repayable quarterly thereafter, at specified amounts maturing January 2022				17,550,500	18,000,000
Siemens Financial Ltd, Tranche B, term loan, bears interest at 10%, requires interest only payments until the commencement of commercial operation at which time a long-term repayment schedule will be established as noted below (a)				833,848	5,450,000
Investing loans subtotal				27,446,887	33,061,000
				\$ 39,023,015	\$ 44,326,293

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 15. Long-term debt (continued):

Payments assuming annual renewals with similar amortization periods are as follows:

	Operating	Investing	Total
2018	\$ 725,088	1,902,007	2,627,095
2019	742,060	691,184	1,433,244
2020	759,949	1,245,788	2,005,737
2021	778,362	1,327,491	2,105,853
2022	797,315	1,391,706	2,189,021
Thereafter	7,773,354	20,888,711	28,664,065
	<hr/>	<hr/>	<hr/>
	\$ 11,576,128	27,446,887	39,023,015

(a) The Siemens Financial Ltd., Tranche B loan facility has a borrowing limit of \$5,450,000.

Under terms of the Tranche B loan facility agreement Batchewana First Nation shall apply 100% of the operating income from the Bow Lake wind farm project, less the aggregate of (i) debt service during the repayment period and (ii) contributions of the debt service reserve account during the repayment period to the repayment of principal outstanding on the Tranche B Loans. On each Term Loan Payment Date following the date on which the outstanding principal amount of the Tranche B Loan is reduced to \$3,500,000 or less, Batchewana First Nation shall apply 90% of the operating income from the wind farm project to the repayment of principal outstanding on the Tranche B Loans. Batchewana First Nation shall apply 100% of any Special Distributions to the repayment of principal outstanding on the Tranche B Loans.

Subsequent to year end a principal payment in the amount of \$833,848 was applied to the Tranche B loan facility.

(b) The Bank of Montreal loan (the "BMO Loan Agreement") borrowed through 2419656 Ontario Inc. (the "Borrower") is secured by a security pledge agreement for the shares of Borrower held by the First Nation, a general security agreement in respect of the Borrower's interest in CWHL and CWGP, an assignment of the Proceeds Account (see note 3) and payments made by CWHL, and a loan guarantee by the Province of Ontario for the sum of the principal amount of the loan to a maximum of \$9,611,000 and all accrued but unpaid interest.

# BATCHEWANA FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 16. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2017	2016
Reserves	\$ 11,438,869	\$ 10,882,188
Equity in tangible capital assets	14,956,365	13,844,967
Renewable Energy Partnerships deficit	(12,695,534)	(10,930,729)
Members' deficit	(7,630,571)	(6,220,043)
Funds held in trust	423,698	406,354
	<b>\$ 6,492,827</b>	<b>\$ 7,982,737</b>

Allocation of annual surplus (deficit):

	2017	2016
Reserves	\$ 748,334	\$ (523,134)
Equity in tangible capital assets	556,681	(65,226)
Operations	(1,037,107)	(1,088,462)
Renewable Energy Partnerships	(1,764,805)	(6,379,717)
Batchewana Band Industries Limited	7,262	(4,392)
Mukwaa 2 Inc.	(17,619)	(291,241)
Funds held in trust	17,344	19,071
	<b>\$ (1,489,910)</b>	<b>\$ (8,333,101)</b>

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 17. Contingent liabilities:

- (i) The First Nation has an agreement with the Royal Bank under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$2,500,000 for qualified members of the First Nation. As of March 31, 2017, the First Nation has guaranteed loans with remaining principal balances of \$1,325,921.
- (ii) The First Nation has an agreement with the Bank of Montreal providing for an aggregate credit facility in the amount of \$2,500,000 under the First Nation on Reserve Loan Program and \$250,000 under the First Nation on Reserve Loan Program for qualified members of Batchewana First Nation. As of March 31, 2017, the First Nation has guaranteed loans with remaining principal balances of \$615,668.
- (iii) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$507,500. As of March 31, 2017, its proportional outstanding loan balance as part of the Trust is \$227,527 (2016 – \$227,527).  
The loan guarantee is secured by an assignment of the First Nation's distributions from the Ontario First Nation Limited Partnership.
- (iv) The First Nation has provided a guarantee and postponement of claim in the amount of \$940,595 in favour of the Royal Bank on behalf of Batchewana Band Industries Limited (BBI). As of March 31, 2017, BBI had not drawn on this loan with the Royal Bank.
- (v) The First Nation has been named as defendant in various legal actions. The outcome of these actions are not determinable at this time and accordingly, no amounts have been reflected in the accounts of the First Nation for this matter.

### 18. Indigenous and Northern Affairs Canada revenue:

	2017	2016
Revenue per confirmation	\$ 9,621,431	\$ 8,315,025
Approval – Funerals and Burials	(11,308)	11,500
Prior year revenue repayable	(119,818)	(237,249)
	<hr/> \$ 9,490,305	<hr/> \$ 8,089,276

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 19. Budget:

The operating budget approved by the First Nation for 2017 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed principal payments of debt.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Council approved budget and the consolidated budget presented in these consolidated financial statements is presented below:

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Budgeted surplus for the year:	\$ 772,280
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Adjustments to adopted budget:	
Principal portion of loan payments	1,002,369
Transfers to reserves	(1,213,189)
<hr/>	
Budgeted surplus per statements of operations	\$ 561,460

### 20. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

### 21. Segmented information:

Batchewana First Nation is a diversified governmental institution that provides a wide range of services to its band members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by program. Programs 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 functional areas and their activities are reported in these programs. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Social assistance**

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

#### **Government**

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 council.

#### **Infrastructure maintenance**

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

#### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

#### **Capital**

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations.

#### **Medical and other health services**

The community wellness department provides a diverse bundle of service directed towards the well-being of members including such activities as long-term care, medical transportation, prenatal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

#### **Enterprises**

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income and other projects from time to time.

# BATCHEWANA FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 21. Segmented information (continued):

#### **Other services**

The First Nation provides a wide array of other services, including youth employment projects, library, economic development, housing activities, forestry and others.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

## BATCHEWANA FIRST NATION

Note 21 - Segmented Information (continued)

Year ended March 31, 2017

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2017 Total
Revenue	\$ 1,497,562	607,219	476,582	6,306,219	993,762	2,033,000	10,729,413	5,933,720	\$ 28,577,477
<b>Expenses:</b>									
Salaries and benefits	223,234	909,911	164,802	621,062	60,347	1,030,918	1,658,028	1,926,086	6,594,388
Materials, supplies and capital	14,808	55,606	128,609	398,947	157,030	281,070	1,232,085	676,678	2,964,833
Contracted services	-	63,462	286,098	12,866	12,883	41,569	436,350	63,105	916,333
Rents and financial expenses	46,767	18,000	121,344	-	425	71,320	123,958	217,578	599,392
External transfers and other	1,211,401	(937,767)	58,776	5,472,044	69,604	602,120	10,128,351	1,175,064	17,779,593
Amortization of tangible capital assets	1,352	2,560	302,195	18,026	-	122,396	203,203	563,116	1,212,848
	1,497,562	111,772	1,061,824	6,522,945	300,289	2,149,393	13,801,975	4,621,627	30,067,387
Excess (deficiency) of revenue over expenses	\$ -	495,447	(585,242)	(216,726)	693,473	(116,393)	(3,072,562)	1,312,093	\$ (1,489,910)

## BATCHEWANA FIRST NATION

### Note 21 - Segmented Information (continued)

Year ended March 31, 2017

	Social Assistance	Government	Infrastructure Maintenance	Education	Capital	Medical and Other Health Services	Enterprises	Other Services	2016 Total
<b>Revenue</b>	\$ 1,457,123	613,680	457,694	5,853,264	686,042	1,822,027	10,118,471	4,982,077	\$ 25,990,378
<b>Expenses:</b>									
Salaries and benefits	216,346	928,694	221,603	350,339	60,082	1,040,791	1,638,871	1,950,475	6,407,201
Materials, supplies and capital	21,766	82,516	115,943	306,260	478,896	298,118	1,690,660	536,288	3,530,447
Contracted services	-	172,716	271,454	11,502	142,959	47,848	1,312,881	53,712	2,013,072
Rents and financial expenses	15,000	18,000	54,287	-	774	62,404	3,129,046	199,977	3,479,488
External transfers and other	1,210,952	(819,663)	43,087	5,315,530	92,741	390,023	10,863,707	621,797	17,718,174
Amortization of tangible capital assets	1,352	2,560	293,408	21,655	-	122,396	174,426	559,300	1,175,097
	1,465,416	384,823	999,762	6,005,286	775,452	1,961,580	18,809,591	3,921,549	34,323,479
<b>Excess (deficiency) of revenue over expenses</b>	\$ (8,293)	228,857	(542,088)	(152,022)	(89,410)	(139,553)	(8,691,120)	1,060,528	\$ (8,333,101)