

Garden River First Nation
Consolidated Financial Statements
For the year ended March 31, 2016

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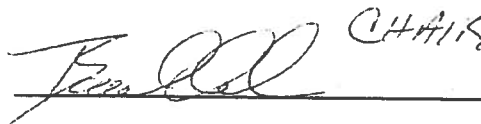
Garden River First Nation
Management's Responsibility for Financial Reporting
March 31, 2016

The accompanying consolidated financial statements and supplementary financial information schedules of the Garden River 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 prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have access to financial management of Garden River First Nation and meet when required.

 CHAIR

Chief

Chief Executive Officer



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Independent Auditor's Report

To the Chief and Council of Garden River First Nation

We have audited the accompanying consolidated financial statements of the Garden River First Nation, which comprise the statement of financial position as at March 31, 2016 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Garden River First Nation as at March 31, 2016 and the results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
August 31, 2016

Garden River First Nation

Consolidated Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash and short term securities	\$ 2,487,641	\$ 2,025,560
Accounts receivable	1,901,376	1,522,118
Due from the Community Trust (Note 5)	-	67,825
Inventories held for sale	74,143	76,971
Investments in subsidiaries (Note 2)	1,827,663	1,830,087
Trust Funds held by Federal Government (Note 8)	3,128,603	3,531,536
	<u>9,419,426</u>	<u>9,054,097</u>
Liabilities		
Bank operating line of credit (Note 9)	348,964	341,311
Accounts payable	1,992,922	1,264,849
Due to Indigenous and Northern Affairs Canada (Note 11)	170,074	148,914
Due to Province	2,841	-
Deferred revenue (Note 3)	578,849	596,453
Post employment retirement benefits (Note 4)	344,294	341,463
Long term debt (Note 6)	11,914,787	12,262,221
	<u>15,352,731</u>	<u>14,955,211</u>
Net financial assets (debt)	<u>(5,933,305)</u>	<u>(5,901,114)</u>
Non-financial assets		
Tangible capital assets (Schedule 1)	26,525,711	27,456,096
Prepaid expenses and inventory of supplies	287,644	337,608
	<u>26,813,355</u>	<u>27,793,704</u>
Accumulated surplus (Note 7)	<u>\$ 20,880,050</u>	<u>\$ 21,892,590</u>

On behalf of Council

 CHAIR

Chief

Chief Executive Officer

Garden River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	\$ 8,952,046	\$ 9,388,537	\$ 9,206,888
Canada	2,768,944	2,389,944	2,455,011
Ontario	1,554,516	1,989,204	1,483,743
Other Aboriginal organizations	3,231,191	2,879,575	3,119,587
Garden River First Nation trusts	143,460	249,516	(30,358)
OFNLP	1,323,848	1,195,748	1,183,164
Interest and other revenue	604,416	1,038,692	764,043
User fees, rental income, sales, fund raising and gravel royalties	15,433,169	16,230,799	15,505,918
FHIT (Note 8)	-	90,910	225,451
	34,011,590	35,452,925	33,913,447
Due (to) from Indigenous & Northern Affairs Canada	-	(109,007)	(54,854)
Due (to) from Other Funders	-	(2,841)	-
Deferred revenue, beginning of year	61,937	596,453	466,035
Deferred revenue, end of year	-	(578,849)	(596,453)
	34,073,527	35,358,681	33,728,175
Expenses			
Social and family services	3,618,520	3,715,764	3,486,408
Administration, lands and economic development	1,671,490	1,835,324	1,469,732
Education	7,229,824	7,426,786	7,396,915
Operations and maintenance	2,057,183	2,092,160	2,008,638
Housing development	1,596,539	1,737,888	1,544,264
Medical and other health services	2,408,132	2,484,023	2,541,291
Enterprises	14,975,333	15,383,199	14,933,253
Other	1,717,657	1,726,455	1,321,444
	35,274,678	36,401,599	34,701,945
	(1,201,151)	(1,042,918)	(973,770)
Annual surplus (deficit) and dividends from enterprises			
Garden River Development Corporation	-	115,111	346,503
Garden River Opportunities Program	-	-	-
Construction Equipment Co. (Sault) Inc.	-	(71,545)	340,449
2104298 Ontario Inc	-	21,295	32,811
Annual deficit	(1,201,151)	(978,057)	(254,007)
Accumulated surplus, beginning of year	21,892,590	21,892,590	22,146,597
Accumulated surplus, end of year	\$ 20,691,439	\$ 20,914,533	\$ 21,892,590

Garden River First Nation
Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended March 31	Budget	2016	2015
Annual deficit	\$ (1,201,151)	\$ (978,057)	\$ (254,007)
Acquisition of tangible capital assets	(152,672)	(685,066)	(456,211)
Amortization of tangible capital assets	1,615,451	1,615,451	1,620,112
Prepaid expenses and inventory of supplies	-	49,964	10,762
Net change in net financial assets	261,628	2,292	920,656
Net financial debt, beginning of year	(5,901,114)	(5,901,114)	(6,821,770)
Net financial debt, end of year	\$ (5,639,486)	\$ (5,898,822)	\$ (5,901,114)

Garden River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from operating activities		
Annual deficit	\$ (978,057)	\$ (254,007)
Items not involving cash		
Net income - Garden River Development Corporation	(115,111)	(346,503)
Net income - Construction Equipment Co. (Sault) Inc.	71,545	(340,449)
Net income - 2104298 Ontario Inc.	(21,295)	(32,811)
Amortization	1,615,451	1,620,112
	<u>572,533</u>	646,342
Changes in non-cash working capital balances		
Accounts receivable	(379,258)	1,219,248
Due to/from Indigenous and Northern Affairs Canada	21,160	54,854
Advances to Garden River Development Corporation	67,285	6,029
Inventory for resale	2,828	(147)
Due to/from Community Trust	67,825	95,296
Accounts payable	730,915	(776,322)
Deferred revenue	(17,604)	130,417
Prepaid expenses and inventory of supplies	49,963	10,761
Post retirement benefits	2,831	21,900
Trust Funds held by Federal Government	402,933	(225,451)
	<u>1,521,411</u>	1,182,927
Cash flows from capital transactions		
Acquisition of tangible capital assets	(685,066)	(456,211)
Cash flows from financing activities		
Bank operating line of credit	7,653	(60,000)
Long term debt issued	-	228,967
Long term debt repaid	(347,434)	(906,482)
	<u>(339,781)</u>	(737,515)
Increase (decrease) in cash	496,564	(10,799)
Cash, beginning of year	<u>2,025,560</u>	2,036,359
Cash, end of year	<u>\$ 2,522,124</u>	<u>\$ 2,025,560</u>

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of significant accounting policies

- a) **Basis of accounting** These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.
- b) **Reporting entity** The Garden River First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.
- c) **Principles of consolidation** 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 transactions are eliminated upon consolidation.
- Under the modified equity method of accounting, only Garden River First Nation's portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are not eliminated.
- Organizations accounted for on a modified equity basis include:
- Garden River Development Corporation
 - Garden River Opportunities Program
 - 2104298 Ontario Inc.
 - Construction Equipment Co. (Sault) Inc.
- d) **Cash and short term securities** The First Nation's bank accounts and short term deposit receipts are maintained at two financial institutions.
- e) **Inventories for resale** Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.
- f) **Tangible capital assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:
- | | |
|-------------------------|----------------|
| Land improvements | 15 years |
| Buildings | 20 to 40 years |
| Infrastructure | 15 to 45 years |
| Vehicles | 7 years |
| Machinery and equipment | 10 to 20 years |
- In the year of acquisition tangible capital assets are amortized at one-half the above rates.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2016

1. Summary of significant accounting policies (continued)

- g) Pension plan** Garden River First Nation provides a defined contribution plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.
- h) 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.
- i) Use of estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments in subsidiaries

Garden River First Nation accounts for its investments in Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received. This equity method is modified only to the extent that the accounting policies of Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. are not adjusted to conform to the Garden River First Nation accounting policies as recommended by Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

	2016	2015
Garden River Development Corporation:		
Issued common shares - 1,000	\$ 100	\$ 100
Capital contributions	3,956,174	3,956,175
Accumulated deficit	(4,194,534)	(4,309,547)
	(238,260)	(353,272)
Advances receivable, interest free	-	67,285
	(238,260)	(285,987)

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

2. Investments in subsidiaries (continued)

	2016	2015
Garden River Opportunities Program:		
Incorporated without share capital	\$ -	\$ -
Accumulated deficit	<u>(130,961)</u>	<u>(130,961)</u>
	<u>(130,961)</u>	<u>(130,961)</u>
Construction Equipment Co. (Sault) Inc.:		
Issued common shares - 100	502	502
Capital contributions	117,942	117,942
Accumulated surplus	<u>1,755,736</u>	<u>1,792,331</u>
	<u>1,874,180</u>	<u>1,910,775</u>
Advances receivable, interest free	<u>198,052</u>	<u>198,052</u>
	<u>2,072,232</u>	<u>2,108,827</u>
2104298 Ontario Inc.:		
Issued common shares - 1	1	1
Accumulated deficit	<u>107,077</u>	<u>120,633</u>
	<u>107,078</u>	<u>120,634</u>
Advances receivable, interest free	<u>17,574</u>	<u>17,574</u>
	<u>124,652</u>	<u>138,208</u>
	<u>\$ 1,827,663</u>	<u>\$ 1,830,087</u>

All the issued shares of the Garden River Development Corporation are held by Garden River First Nation. The Garden River Opportunities Program Board of Directors are appointed by Garden River First Nation Chief and Council.

Financial information for the year ended March 31, 2016 is as follows:

	Garden River Development Corporation		Garden River Opportunities Program	
	2016	2015	2016	2015
Liabilities and non-controlling interest	238,260	353,272	130,961	130,961
Revenue	115,111	352,702	-	-
Net income (loss)	115,111	346,503	-	-
	Construction Equipment Co. (Sault) Inc		2104298 Ontario Inc.	
	2016	2015	2016	2015
Assets	\$ 8,239,273	\$ 8,057,487	\$ 944,430	\$ 878,878
Liabilities and non-controlling interest	4,491,112	4,166,236	730,274	707,311
Revenue	7,125,429	7,983,242	104,140	138,420
Net income (loss)	(83,090)	340,449	42,589	65,621

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

3. Deferred revenue

Social and family support:	
Niigaaniin - administration	\$ 43,690
NECE Conference	4,225
Education:	
Special Education	-
New path proposals	24,549
Health Services:	
Health transfer programs	327,302
Other:	
NSTC job training	17,099
NSTC CRF & Job Fund	153,159
Golf Resorts:	
Golf Memberships	8,825
	<u>\$ 578,849</u>

4. Post employment and retirement benefits

Employees are eligible to participate in a defined contribution pension plan. Employer contributions totaled \$211,645 (2015 - \$190,209) and were fully expensed.

On February 28, 2012 Garden River First Nation approved a retirement policy in recognition of employees hired prior to 1997. The policy allows employees hired before 1997 and who have had no break in employment, may upon meeting specific retirement criteria, become entitled to two week's pay at their current rate, for every continuous year of service prior and up to 1997.

The liability for these accumulated weeks, to the extent that they have vested and could be taken in cash by an employee on retirement amounted to \$344,294 (2015 - \$341,463) at the end of the year.

5. Garden River First Nation Community Trust

The funds are advanced to the First Nation as a beneficiary of the Trust and are subject to the Trust provisions governing the disbursement of such funds.

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

6. Long term debt

	<u>2016</u>	<u>2015</u>
CMHC rental housing mortgages		
Royal Bank, repaid in full during the year	\$ -	\$ 136,886
Canada Mortgage and Housing Mortgages, payable in blended monthly payments ranging from \$1,225 to \$5,736, including interest at various rates from 1.05% to 2.69%, renewals on various dates from 2016 to 2020, secured by Ministerial guarantees by the Indigenous and Northern Affairs Canada (INAC)	8,548,111	8,972,834
Canada Mortgage and Housing, loan advances	463,000	-
Bank loans		
Royal Bank term loan, repayable \$12,625 monthly including interest at 5.1%, due September 11, 2017	836,434	942,183
Royal Bank term loan, repayable \$16,663 monthly including interest at 3.25%, due September 17, 2016	2,051,843	2,182,599
Equipment loans		
Lien note, repayable in 60 monthly payments \$1,027, interest free, secured by equipment	15,399	27,719
	<u>\$ 11,914,787</u>	<u>\$ 12,262,221</u>

Interest paid on long term debt during the year amounted to \$316,023 (2015 - \$355,808).

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are due as follows:

Year	Amount
2017	\$ 832,268
2018	842,261
2019	858,018
2020	879,477
2021	900,594
Thereafter	<u>7,602,169</u>
	<u>\$ 11,914,787</u>

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

7. Accumulated surplus	2016	2015
Reserves set aside for specific purposes by Chief and Council:		
Working capital	\$ 5,353,641	\$ 5,353,646
Cemetery	6,326	2,808
Education - feathers fund	83,671	77,980
GRFN initiatives	7,273	7,273
Post secondary employment	9,712	9,712
Private school - AIM curriculum	120,737	66,963
Union Gas Brushing	-	(33,936)
Housing demonstration	136,378	136,378
Firefighter trainee	5,062	6,062
NSTC - MOU	26,091	-
ED Dev	-	22,649
Fire and ambulance	11,929	27,202
Road capital	15,079	28,174
Community Building Capital	27,035	48,765
Union Gas Brushing	48,884	43,926
Housing - non-social	183,429	217,694
Food bank / Christmas Cheer	16,829	-
Fundraising committee	2,849	753
Fire department fundraising	-	4,877
OFNLP	751,171	804,259
OFNLP - future generations	281,012	281,012
OFNLP - 2008 Limited partnership agreement	223,062	223,062
MTO hwy contract	38,883	88,883
Grader operations	10,000	10,000
Community Trust - Addition AIM	12,780	12,780
Annual Golf Classic	4,510	-
Western boundary	94,761	(207,976)
Education vans	55,556	29,039
Lands and trust	12,245	22,245
Library	6,551	6,551
Public works fleet	20,000	20,000
Membership	7,286	13,616
United Church of Canada	-	11,175
Forestry preservation	62,302	13,624
School of medicine	9,942	6,133
Niigaaniin Van	1,715	-
Reserve Funds:		
Health Canada - moveable asset reserve	285,551	269,464
Canada Mortgage and Housing Corporation	280,604	439,800
Squirrel Island	95,034	113,211
Funds Held in Trust	1,639,156	1,405,731
	9,947,046	9,583,535
Equity in tangible capital assets	14,431,961	14,972,565
General surplus (deficit)	(7,875,190)	(7,395,640)
Equity in enterprises (excludes advances receivable)	1,612,036	1,547,175
Unfunded expenditures to be recovered in future	(364,406)	(414,406)
Community Trust	-	67,825
Funds held in trust by Federal Government	3,128,603	3,531,536
	\$ 20,880,050	\$ 21,892,590

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

7. Accumulated surplus (continued)

	2016	2015
Allocation of annual surplus (deficit):		
Reserves	\$ 363,514	\$ (56,266)
Equity in tangible capital assets	(540,604)	(486,387)
General surplus (deficit)	(479,553)	(611,271)
Equity in enterprises	64,861	719,762
Unfunded expenditures to be recovered in future	50,000	50,000
Community trust reserve	(67,825)	(95,296)
Funds held in trust	(402,933)	225,451
	\$ (1,012,540)	\$ (254,007)

Unfunded liabilities to be recovered in future years are as follows:

Public works automotive equipment	\$ 364,406	\$ 414,406
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The Public works automotive equipment amounts are to be recovered from future Public Works contracts and other revenues.

8. Trust Funds held by Federal Government

	March 31, 2015	Additions 2016	Withdrawals 2016	March 31, 2016
Revenue	\$ 1,996,890	\$ 90,910	\$ (493,843)	\$ 1,593,957
Capital	1,534,646	-	-	1,534,646
	\$ 3,531,536	\$ 90,910	\$ (493,843)	\$ 3,128,603

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

9. Credit facilities

The First Nation has a \$500,000 operating line of credit bearing interest at prime plus 1%. As at March 31, 2016, a balance of \$NIL was outstanding on this credit facility.

The First Nation has a \$200,000 operating line of credit for Bingo Hall operations bearing interest at prime plus 1%. As at March 31, 2016, a balance of \$170,000 was outstanding on this credit facility.

The First Nation has a \$500,000 revolving lease line of credit by way of leases bearing interest at 4%. As at March 31, 2016, a balance of \$178,964 was outstanding on this credit facility.

The above credit facilities and the demand instalment loan are secured by Band Council Resolution, \$300,000 guaranteed investment certificate and a general security agreement constituting a first security interest in all assets of the Borrower except real property.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2016

10. Commitments

The First Nation has entered into agreements to lease office and golf course equipment and solar panels for various periods until 2020. Minimum lease payments for each of the next five years are as follows:

2017	\$	250,816
2018		52,674
2019		18,234
2020		16,372
2021		8,186

11. Indigenous and Northern Affairs Canada funding

The Garden River First Nation has a contribution arrangement with Indigenous and Northern Affairs Canada (INAC). The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

The following is a reconciliation of funding provided:

INAC revenue per consolidated statement of operations	<u>\$ 9,388,537</u>
Indigenous and Northern Affairs Canada funding per confirmation report	<u>\$ 9,388,537</u>
Amounts due (to) / from INAC:	
- Tuition - 2014/15 and prior	\$ (59,577)
- Tuition - 2015/16	(109,007)
- Homemakers (adult care)	<u>(1,490)</u>
	<u>\$ (170,074)</u>

12. Contingencies

Loan guarantees

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 \$10,000,000 for qualified members of Garden River First Nation. The First Nation must guarantee the full amount of the loan, however in the event the First Nation transfers for fair market value the building or improvement in respect of which the loan was made and the fair market value is less than the amount paid by the First Nation to the Bank under the guarantee, the Bank shall reimburse to the First Nation 20% of the shortfall as subject to the provisions in the loan agreement. As of March 31, 2016 the First Nation has guaranteed loans in the amount of \$6,842,573.

The First Nation has an agreement with the Bank of Montreal under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$3,900,000 and \$250,000 under the First Nation on Reserve Renovation Loan Program for qualified members of Garden River First Nation. As of March 31, 2016 the First Nation has guaranteed loans in the amount of \$2,747,657.

The Garden River First Nation also has guaranteed housing program loans on behalf of various band members and is contingently liable the Deposit Insurance Corporation of Ontario. As at March 31, 2016 the balance of loans outstanding is \$410,398.

Litigation

The Garden River First Nation is defending a \$450,000 claim for wrongful dismissal, breach of contract and damages. The First Nation is also defending a \$120,000 Canadian Human Rights complaint in respect to land issues. The outcomes of these matters are not presently determinable. The outcome of this matter is not presently determinable. Accordingly, the cost, if any, of settlement will be recognized as an expense in the year of resolution.

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2016

13. Segmented information

The Garden River First Nation is a diversified government institution that provides a wide range of services to its 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 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:

Social and family services

This department is responsible for administering programs focusing on improving the lives of members and families of the First Nation, including social assistance, funeral and adult care policies, and as well, providing services directed towards members including day care and employment support initiatives.

Administration, lands & trusts and economic development

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. This department also oversees economic development programs within the community.

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.

Operations and 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.

Housing development

This department oversees construction and renovation of housing in the community and as well, operates the CMHC projects and other band-owned homes.

Medical and other health services

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as long term care, medical transportation, pre-natal 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.

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2016

13. Segmented information (continued)

Other services

The First Nation provides a wide array of other services, including youth employment projects, forestry, library, spiritual, cultural and recreation activities.

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.

Expenses are grouped based on object. Contracted services include items such as professional fees, telephone, utilities, insurance, repairs and maintenance, advertising and subcontracts. Rentals and financial expenses includes items such as rent, equipment rental and interest and bank charges.

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. For additional information see Schedule 2 - Consolidated Segment Disclosure.

14. Budget

The budget adopted by the First Nation was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the budget adopted by the First Nation with adjustments as follows:

Budget surplus for the year	\$ 24,014
Add:	
Capital expenditures	152,672
Principal portion of loan payments	199,960
Transfers to (from) reserves	37,654
Less:	
Amortization	<u>(1,615,451)</u>
Budget deficit per statement of operations	<u>\$ (1,201,151)</u>

Garden River First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2016

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,753,744	\$ 26,153,618	\$ 4,683,667	\$ 1,119,413	\$ 11,576,392	\$ -	\$ 48,953,827
Additions	-	-	-	124,655	82,304	-	478,107	685,066
Cost, end of year	2,666,993	2,753,744	26,153,618	4,808,322	1,201,717	11,576,392	478,107	49,638,893
Accumulated amortization, beginning of year	-	424,860	9,659,735	3,086,158	468,548	7,848,430	-	21,497,731
Amortization	-	82,547	810,959	377,048	144,464	200,433	-	1,615,451
Accumulated amortization, end of year	-	507,407	10,480,694	3,463,206	613,012	8,048,863	-	23,113,182
Net carrying amount, end of year	\$ 2,666,993	\$ 2,246,337	\$ 15,672,924	\$ 1,345,116	\$ 588,705	\$ 3,527,529	\$ 478,107	\$ 26,525,711

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$478,107 (2015 - \$NIL).

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Garden River First Nation
Schedule 1 - Consolidated Tangible Capital Assets (continued)

For the year ended March 31, 2015 (comparative figures)

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,639,960	\$ 26,153,618	\$ 4,600,853	\$ 859,800	\$ 11,576,392	\$ -	\$ 48,497,616
Additions	-	113,784	-	82,814	259,613	-	-	456,211
Cost, end of year	2,666,993	2,753,744	26,153,618	4,683,667	1,119,413	11,576,392	-	48,953,827
Accumulated amortization, beginning of year	-	345,894	8,857,785	2,719,419	347,159	7,607,362	-	19,877,619
Amortization	-	78,966	811,950	366,739	121,389	241,068	-	1,620,112
Accumulated amortization, end of year	-	424,860	9,669,735	3,086,158	468,548	7,848,430	-	21,497,731
Net carrying amount, end of year	\$ 2,666,993	\$ 2,328,884	\$ 16,483,883	\$ 1,597,509	\$ 650,865	\$ 3,727,962	\$ -	\$ 27,456,096

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Garden River First Nation

Schedule 2 - Consolidated Schedule of Segment Disclosure

For the year ended March 31, 2016

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous and Northern Affairs Canada	\$ 171,461	\$ 1,013,495	\$ 7,308,165	\$ 738,416	\$ 157,000	\$ -	\$ -	\$ -	\$ 9,388,537
Canada	-	32,911	-	-	329,608	1,991,505	-	35,920	2,389,944
Ontario	1,141,068	276,742	-	106,896	-	108,573	-	355,925	1,989,204
Other aboriginal organizations	2,190,162	-	-	5,000	-	244,514	-	439,899	2,879,575
Trust income	-	-	-	-	-	-	-	340,426	340,426
OFNLP	-	-	-	-	-	-	-	-	-
Interest and other revenue	7,519	124,532	37,000	43,298	103,951	146,190	1,195,748	-	1,195,748
User fees, rental income, sales and fund raising	157,989	4,610	99,778	241,865	773,167	-	71,029	505,173	1,038,692
Transfer between segments	-	50,000	115,883	389,721	-	-	14,764,991	188,399	16,230,799
							(907,697)	352,093	-
Due from (to) Indigenous and Northern Affairs Canada	3,668,199	1,502,290	7,560,826	1,525,196	1,363,726	2,490,782	15,124,071	2,217,835	35,452,925
Due from (to) Other Funders	-	-	(109,007)	-	-	-	-	-	(109,007)
Deferred revenue, beginning of year	88,512	8,500	14,014	-	-	-	-	(2,841)	(2,841)
Deferred revenue, end of year	(47,915)	-	(24,549)	-	-	360,187	15,035	110,205	596,453
						(327,302)	(8,825)	(170,258)	(578,849)
	3,708,796	1,510,790	7,441,284	1,525,196	1,363,726	2,523,667	15,130,281	2,154,941	35,358,681
Expenses									
Salaries, wages and benefits	1,823,955	1,326,872	858,358	745,304	218,568	1,909,756	2,447,396	723,392	10,053,701
Materials and supplies	185,129	135,408	33,577	150,772	234,728	147,173	1,324,103	704,051	2,914,941
Contracted services	33,515	759,219	550,560	576,473	403,322	278,470	978,407	78,898	3,658,864
Rents and financial expenses	89,451	24,313	69,092	201,809	343,053	2,400	389,605	74,999	1,194,722
External transfers and other	1,427,913	-	5,826,696	-	-	-	9,624,006	85,305	16,963,920
Amortization	51,465	-	13,947	412,541	482,333	75,709	547,730	31,726	1,615,451
Transfers between segments	104,336	(410,488)	74,556	5,261	55,784	70,515	71,952	28,084	-
	3,715,764	1,835,324	7,426,786	2,092,160	1,737,888	2,484,023	15,383,199	1,726,455	36,401,599
Net surplus (deficit)	\$ (6,968)	\$ (324,534)	\$ 14,498	\$ (566,964)	\$ (374,162)	\$ 39,644	\$ (252,918)	\$ 428,486	\$ (1,042,918)

The accompanying notes are an integral part of these financial statements.

Garden River First Nation

Schedule 2 - Consolidated Schedule of Segment Disclosure (continued)

For the year ended March 31, 2015

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous and Northern Affairs Canada	\$ 175,395	\$ 873,680	\$ 7,191,916	\$ 808,897	\$ 157,000	\$ -	\$ -	\$ -	\$ 9,206,888
Canada	-	134,923	-	-	380,775	1,931,587	-	7,726	2,455,011
Ontario	1,015,351	213,140	-	106,896	-	125,923	-	22,433	1,483,743
Other aboriginal organizations	2,154,297	-	-	-	-	345,254	-	620,036	3,119,587
Trust income	-	-	-	-	-	-	-	193,155	195,093
OFNLP	-	-	-	-	-	-	1,938	-	1,183,164
Interest and other revenue	2,620	168,085	30,000	50,630	186,875	155,978	6,285	163,568	764,043
User fees, rental income, sales and fund raising	159,791	3,810	78,000	222,759	771,785	-	14,074,555	195,218	15,505,918
Transfers between segments	-	160,201	236,485	338,439	-	-	(1,010,254)	275,129	-
	3,507,454	1,553,839	7,536,401	1,527,621	1,496,435	2,558,742	14,255,688	1,477,265	33,913,447
Due from (to) Indigenous and Northern Affairs Canada	-	-	(54,854)	-	-	-	-	-	(54,854)
Deferred revenue, beginning of year	53,960	-	5,012	-	-	317,152	41,126	48,786	466,035
Deferred revenue, end of year	(88,512)	(8,500)	(14,014)	-	-	(360,187)	(15,035)	(110,205)	(596,453)
	3,472,902	1,545,339	7,472,545	1,527,621	1,496,435	2,515,707	14,281,779	1,415,846	33,728,175
Expenses									
Salaries, wages and benefits	1,617,943	1,255,590	884,307	691,653	196,309	2,015,524	2,342,050	598,257	9,601,634
Materials and supplies	183,593	141,770	29,350	158,245	177,502	104,491	1,332,026	413,767	2,540,742
Contracted services	47,549	447,153	541,266	496,075	410,653	291,162	828,321	159,935	3,222,116
Rents and financial expenses	63,991	12,944	35,709	209,524	235,717	2,677	414,687	14,051	989,299
External transfers and other	1,410,228	-	5,825,258	-	-	-	9,416,286	76,269	16,728,041
Amortization	45,822	-	13,966	453,522	482,333	66,781	529,352	28,337	1,620,113
Transfers between segments	117,282	(387,725)	67,059	(381)	41,750	60,656	70,531	30,828	-
	3,486,408	1,469,732	7,396,915	2,008,638	1,544,264	2,541,291	14,933,253	1,321,444	34,701,945
Excess (deficiency) of revenue over expenses	\$ (13,506)	\$ 75,607	\$ 75,630	\$ (481,017)	\$ (47,829)	\$ (25,584)	\$ (651,474)	\$ 94,402	\$ (973,770)

The accompanying notes are an integral part of these financial statements