

Consolidated Financial Statements of

# **MATACHEWAN FIRST NATION**

Year ended March 31, 2017

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

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

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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.

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

The Chief and Council 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 review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet to discuss and to review the annual report, 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 First Nation.

Al. Bal  
Chief

Shirley Jibow  
Finance Manager



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Council and Members of Matachewan First Nation

We have audited the accompanying consolidated financial statements of Matachewan 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 assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

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

*Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Matachewan First Nation as at March 31, 2017 and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*  
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Chartered Professional Accountants, Licensed Public Accountants

July 18, 2017  
Sudbury, Canada

# MATACHEWAN FIRST NATION

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Year ended March 31, 2017

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# MATACHEWAN FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

|  | 2017          | 2016          |
|--|---------------|---------------|
| <b>Financial Assets</b>  |               |               |
| Cash   | \$ 6,957,058  | \$ 6,683,093  |
| Investments (note 2)   | 9,069,698     | 1,523,080     |
| Consolidated revenue trust   | 294,003       | 288,652       |
| Accounts receivable  | 1,493,571     | 1,093,519     |
| Investment in Matachewan First Nation Limited Partnership (note 3) | 4,221,547     | 4,141,999     |
| Investment in Niiwin Limited Partnership (note 4)                  | 284,603       | 250,000       |
| Investment in Mashkiki Limited Partnership (note 5)                | 2,000,000     | -             |
|  | 24,320,480    | 13,980,343    |
| <b>Financial Liabilities</b>                                       |               |               |
| Accounts payable and accrued liabilities                           | 510,985       | 559,892       |
| Deferred revenue (note 6)  | 57,335        | 25,000        |
| Long-term debt (note 7)  | 467,297       | 406,753       |
|  | 1,035,617     | 991,645       |
| Net financial assets   | 23,284,863    | 12,988,698    |
| <b>Non-Financial Assets</b>  |               |               |
| Tangible capital assets (note 8)                                   | 6,276,976     | 6,516,758     |
| Prepaid expenses   | 37,397        | 54,014        |
|  | 6,314,373     | 6,570,772     |
| Contingent liability (note 9)                                      |               |               |
| Accumulated surplus (note 10)                                      | \$ 29,599,236 | \$ 19,559,470 |

See accompanying notes to consolidated financial statements.

On behalf of Council:

Alie Bell  
Chief

# MATACHEWAN FIRST NATION

## Consolidated Statement of Financial Activities

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

|   | 2017                 | 2016                 |
|---|----------------------|----------------------|
| <b>Revenue:</b>   |                      |                      |
| Indigenous and Northern Affairs Canada                                      | \$ 1,374,865         | \$ 1,238,546         |
| Ontario First Nations Limited Partnership                                   | 664,930              | 583,159              |
| Wabun Tribal Council  | 259,607              | 324,276              |
| Ministry of Aboriginal Affairs  | 90,000               | 91,764               |
| Health Canada   | 77,565               | 76,292               |
| Interest revenue  | 16,355               | 28,777               |
| Other   | 9,898,138            | 2,067,610            |
| Share of earnings (loss) from Matachewan First Limited Partnership (note 4) | 79,548               | (157,258)            |
| Share of earnings from Niiwin Limited Partnership (note 5)                  | 34,603               | -                    |
|   | <b>12,495,611</b>    | <b>4,253,166</b>     |
| <b>Expenses:</b>  |                      |                      |
| Band Support  | 538,724              | 652,890              |
| Community Operations  | 279,643              | 409,887              |
| Economic Development - Core   | 29,011               | 43,984               |
| Economic Development - Other Programs                                       | 421,775              | 710,332              |
| Health  | 273,447              | 251,653              |
| Education   | 687,201              | 778,978              |
| Community Property  | 51,510               | 84,865               |
| Business Operations   | 164,452              | 135,274              |
| Ontario First Nations Limited Partnership                                   | 10,082               | 4,334                |
|   | <b>2,455,845</b>     | <b>3,072,197</b>     |
| <b>Excess of revenue over expenses</b>                                      | <b>10,039,766</b>    | <b>1,180,969</b>     |
| <b>Accumulated surplus, beginning of year</b>                               | <b>19,559,470</b>    | <b>18,378,501</b>    |
| <b>Accumulated surplus, end of year</b>                                     | <b>\$ 29,599,236</b> | <b>\$ 19,559,470</b> |

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

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

|  | 2017          | 2016          |
|--|---------------|---------------|
| Excess of revenue over expenses                    | \$ 10,039,766 | \$ 1,180,969  |
| Acquisition of tangible capital assets             | (139,803)     | (426,124)     |
| Amortization of tangible capital assets            | 241,946       | 267,031       |
| Loss on sale of tangible capital assets            | 7,639         | -             |
| Proceeds on disposition of tangible capital assets | 130,000       | -             |
|  | 10,279,548    | 1,021,876     |
| Acquisition of prepaid expenses                    | (37,397)      | (54,014)      |
| Use of prepaid expenses                            | 54,014        | 56,006        |
| Change in net financial assets                     | 10,296,165    | 1,023,868     |
| Net financial assets, beginning of year            | 12,988,698    | 11,964,830    |
| Net financial assets, end of year                  | \$ 23,284,863 | \$ 12,988,698 |

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

## Consolidated Statement of Cash Flows

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

|   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>                              |                     |                     |
| Excess of revenue over expenses   | \$ 10,039,766       | \$ 1,180,969        |
| <b>Adjustment for:</b>  |                     |                     |
| Share of (earnings) loss from Matachewan First Nation Limited Partnership | (79,548)            | (92,742)            |
| Share of (earnings) loss from Niiwin Limited Partnership                  | (34,603)            | -                   |
| Amortization of tangible capital assets                                   | 241,946             | 267,031             |
| Loss on sale of tangible capital assets                                   | 7,639               | -                   |
|   | <u>10,175,200</u>   | <u>1,355,258</u>    |
| <b>Change in non-cash working capital:</b>                                |                     |                     |
| Increase in accounts receivable   | (400,052)           | (300,245)           |
| Increase (decrease) in accounts payable and accrued liabilities           | (48,907)            | 4,082               |
| Increase (decrease) in deferred revenue                                   | 32,335              | (105,569)           |
| Increase in prepaid expenses  | 16,617              | 1,992               |
|   | <u>9,775,193</u>    | <u>955,518</u>      |
| <b>Capital transactions:</b>  |                     |                     |
| Cash used to acquire tangible capital assets                              | (139,803)           | (426,124)           |
| Proceeds on disposal of tangible capital assets                           | 130,000             | -                   |
|   | <u>(9,803)</u>      | <u>(426,124)</u>    |
| <b>Cash flow from financing activities:</b>                               |                     |                     |
| Repayment of long-term debt   | (61,099)            | (63,603)            |
| Issuance of long-term debt  | 121,643             | 83,448              |
|   | <u>60,544</u>       | <u>19,845</u>       |
| <b>Cash flow from investing activities:</b>                               |                     |                     |
| Increase in consolidated revenue fund                                     | (5,351)             | (5,997)             |
| Investment in Mashkiki Limited Partnership                                | (2,000,000)         | -                   |
| Increase in investments   | (7,546,618)         | (12,935)            |
|   | <u>(9,551,969)</u>  | <u>(18,932)</u>     |
| <b>Net increase in cash</b>   | <b>273,965</b>      | <b>530,307</b>      |
| <b>Cash, beginning of year</b>  | <b>6,683,093</b>    | <b>6,152,786</b>    |
| <b>Cash, end of year</b>  | <b>\$ 6,957,058</b> | <b>\$ 6,683,093</b> |

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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Matachewan First Nation, located in Northern Ontario, administers programs and provides services on behalf of its members.

## 1. Significant accounting policies:

These consolidated financial statements of Matachewan First Nation (the "First Nation") are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Handbook. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

### (a) Reporting entity:

- (i) The reporting entity includes all of the committees of council under the control of the First Nation.
- (ii) Investment in government business enterprises:

The investment in the First Nation's government business enterprise are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, the government business enterprises' accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual income or loss of the government business enterprises in its consolidated statement of financial activities with corresponding increase or decrease in its investment account. These business enterprises include

Matachewan First Nation Limited Partnership

Niiwin Limited Partnership

Mashkiki Investment Limited Partnership

### (b) Basis of accounting

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) 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.

# MATACHEWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

#### (c) Non-Financial assets (continued):

##### (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 and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

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|                                   |                 |
|-----------------------------------|-----------------|
| Buildings                         | 50 years        |
| Furniture, computers and fixtures | 3 to 5 years    |
| Vehicles and equipment            | 3 to 20 years   |
| Roads infrastructure              | 80 years        |
| Water systems                     | 20 and 50 years |
| Housing                           | 25 years        |

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

#### (d) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

#### (e) 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (f) 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.

### (g) Prior year funding adjustments:

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

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

### (h) Investments:

Investments in non-controlled entities are recorded at cost. Temporary declines in the market value of the investments are not adjusted.

## 2. Investments:

|                    | 2017         | 2016      |           |           |
|--------------------|--------------|-----------|-----------|-----------|
|                    | Cost         | Market    | Cost      | Market    |
| Mining investments | \$ 7,609,187 | 7,746,168 | 73,455    | 37,950    |
| Mutual funds       | 1,460,511    | 1,460,511 | 1,449,625 | 1,449,625 |
|                    | \$ 9,069,698 | 9,206,679 | 1,523,080 | 1,487,575 |

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 3. Investment in Matachewan First Nation Limited Partnership:

The First Nation has a direct 99% interest in Matachewan First Nation Limited Partnership ("MFNLP") and a further 1% interest by virtue of its 100% investment in 2242185 Ontario Inc. (the general partner for MFNLP). MFNLP is engaged primarily in community and mining operations. The First Nation's interest in MFNLP results of operations for the year ended March 31, 2017 is included in the First Nation's consolidated statement of financial activities.

The following table presents condensed supplementary financial information of MFNLP for the year ended March 31, 2017:

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <b>Financial position:</b>                                     |                     |                     |
| <hr/>  |                     |                     |
| Current assets   | \$ 5,705,412        | \$ 4,574,507        |
| Non-current assets   | 560,664             | 884,377             |
| <b>Total assets</b>  | <b>6,266,076</b>    | <b>5,458,884</b>    |
| Current liabilities  | 2,038,190           | 1,181,045           |
| Due to Matachewan First Nation                                 | 169,118             | 135,840             |
| <b>Total liabilities</b>                                       | <b>2,207,308</b>    | <b>1,316,885</b>    |
| <b>Total assets and liabilities</b>                            | <b>\$ 4,058,768</b> | <b>\$ 4,141,999</b> |
| <hr/>  |                     |                     |
| Total equity attributable to equity holders of the Partnership | \$ 4,221,547        | \$ 4,134,344        |
| Non-controlling interest                                       | (162,779)           | 7,655               |
| <b>Net assets</b>  | <b>\$ 4,058,768</b> | <b>\$ 4,141,999</b> |
| <hr/>  |                     |                     |
| <b>Results of operations:</b>                                  |                     |                     |
| <hr/>  |                     |                     |
| Revenues   | \$ 4,831,729        | \$ 3,555,078        |
| Expenses   | (4,917,201)         | (3,716,106)         |
| Non-controlling interest                                       | 165,020             | 3,770               |
| <b>Net income (loss)</b>                                       | <b>\$ 79,548</b>    | <b>\$ (157,258)</b> |
| <hr/>  |                     |                     |
| <b>Investment in business enterprises:</b>                     |                     |                     |
| <hr/>  |                     |                     |
| 100% interest in 2242185 Ontario Inc.                          | \$ 42,215           | \$ 41,420           |
| 99% interest in MFNLP  | 4,179,332           | 4,100,579           |
|  | <b>\$ 4,221,547</b> | <b>\$ 4,141,999</b> |

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 4. Investment in Niiwin Limited Partnership:

The First Nation has a direct 24.75% interest in Niiwin Limited Partnership ("NLP") and a further 0.25% interest by virtue of its 25% investment in Niiwin General Partner Inc. (the general partner for NLP). NLP is primarily engaged in developing business opportunities. The First Nation's interest in NLP results of operations for the year ended March 31, 2017 is included in the First Nation's consolidated statement of financial activities.

The following table presents condensed supplementary financial information of NLP for the year ended March 31, 2017:

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### Financial position:

|  |                     |
|--|---------------------|
| Current assets   | \$ 1,641,620        |
| Non-current assets   | 1,249,727           |
| <b>Total assets</b>  | <b>2,891,347</b>    |
|  |                     |
| Current liabilities  | 1,113,557           |
| Capital lease obligation                                       | 639,677             |
| <b>Total liabilities</b>                                       | <b>1,753,234</b>    |
|  |                     |
| <b>Total assets and liabilities</b>                            | <b>\$ 1,138,113</b> |
|  |                     |
| Total equity attributable to equity holders of the Partnership | \$ 284,603          |
| Non-controlling interest                                       | 853,510             |
| <b>Net assets</b>  | <b>\$ 1,138,113</b> |

### Results of operations:

|                          |                  |
|--------------------------|------------------|
| Revenues                 | \$ 2,649,052     |
| Expenses                 | (2,477,832)      |
| Non-controlling interest | (128,415)        |
| <b>Net income</b>        | <b>\$ 42,805</b> |

### Investment in business enterprises:

|   |                   |
|---|-------------------|
| 25% interest in Niiwin General Partner Inc.   | \$ 445            |
| 24.75% interest in Niiwin Limited Partnership | 284,158           |
| <b></b>                                       | <b>\$ 284,603</b> |

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 5. Investment in Mashkiki Investments Limited Partnership:

The First Nation has a 50% equity interest in Mashkiki Investments Limited Partnership ("MILP"). The First Nation's interest in MILP results of operations for the year ended March 31, 2017 is included in the First Nation's consolidated statement of financial activities.

The following table presents condensed supplementary financial information of MILP for the year ended March 31, 2017:

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Financial position :

|                   |                     |
|-------------------|---------------------|
| Investments       | \$ 4,000,000        |
| Liabilities       | -                   |
| <b>Net Assets</b> | <b>\$ 4,000,000</b> |

|  |              |
|--|--------------|
| Total equity attributable to equity holders of the Partnership | \$ 4,000,000 |
| Non-controlling interest                                       | (2,000,000)  |

|   |                     |
|---|---------------------|
| <b>Equity attributable to Matachewan First Nation</b> | <b>\$ 2,000,000</b> |
|---|---------------------|

MILP has acquired a 4% convertible debenture with Delshen Therapeutics Corp. ("DTC") which is secured by assets of DTC.

## 6. Deferred revenue:

|  | 2017             | 2016             |
|--|------------------|------------------|
| Goldcorp Inc.                              | \$ 32,250        | \$ 25,000        |
| Ministry of Northern Development and Mines | 25,085           | -                |
|  | <b>\$ 57,335</b> | <b>\$ 25,000</b> |

## 7. Long-term debt:

|   | 2017              | 2016              |
|---|-------------------|-------------------|
| 4.90% Equipment loan payable in blended monthly interest and principal payments of \$5,691, secured by equipment, with a net book value of \$296,458, repaid September 2016 | \$ -              | \$ 61,099         |
| Interest-free promissory note, due March 2021   | 154,424           | 154,424           |
| Interest-free promissory note, due March 2021   | 107,782           | 107,782           |
| Interest-free promissory note, due March 2021   | 83,448            | 83,448            |
| Interest-free promissory note, due March 2021   | 121,643           | -                 |
|   | <b>\$ 467,297</b> | <b>\$ 406,753</b> |

No principal payments due on interest-free promissory note until due date in March 2021.

# MATCHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 8. Tangible capital assets:

| Cost                              | Balance at<br>March 31,<br>2016 | Additions      | Disposals        | Balance at<br>March 31,<br>2017 |
|-----------------------------------|---------------------------------|----------------|------------------|---------------------------------|
| Land                              | \$ 1                            | -              | -                | 1                               |
| Buildings                         | 2,095,564                       | 17,539         | -                | 2,113,103                       |
| Furniture, computers and fixtures | 228,076                         | 3,860          | -                | 231,936                         |
| Vehicles and equipment            | 1,326,677                       | 96,972         | -                | 1,423,649                       |
| Road infrastructure               | 1,050,455                       | -              | -                | 1,050,455                       |
| Water systems                     | 4,017,351                       | -              | -                | 4,017,351                       |
| Housing                           | 1,010,484                       | -              | (190,234)        | 820,250                         |
| Assets under construction         | -                               | 21,432         | -                | 21,432                          |
| <b>Total</b>                      | <b>\$ 9,728,608</b>             | <b>139,803</b> | <b>(190,234)</b> | <b>9,678,177</b>                |

  

| Accumulated<br>Amortization       | Balance at<br>March 31,<br>2016 | Disposals       | Amortization   | Balance at<br>March 31,<br>2017 |
|-----------------------------------|---------------------------------|-----------------|----------------|---------------------------------|
| Land                              | \$ -                            | -               | -              | -                               |
| Buildings                         | 440,531                         | -               | 47,676         | 488,207                         |
| Furniture, computers and fixtures | 222,715                         | -               | 9,221          | 231,936                         |
| Vehicles and equipment            | 713,260                         | -               | 74,510         | 787,770                         |
| Road infrastructure               | 394,624                         | -               | 5,267          | 399,891                         |
| Water systems                     | 1,123,380                       | -               | 87,864         | 1,211,244                       |
| Housing                           | 317,340                         | (52,595)        | 17,408         | 282,153                         |
| Assets under construction         | -                               | -               | -              | -                               |
| <b>Total</b>                      | <b>\$ 3,211,850</b>             | <b>(52,595)</b> | <b>241,946</b> | <b>3,401,201</b>                |

  

|                                   | Net book value,<br>March<br>2016 | Net book value,<br>March 31,<br>2017 |
|-----------------------------------|----------------------------------|--------------------------------------|
| Land                              | \$ 1                             | 1                                    |
| Buildings                         | 1,655,033                        | 1,624,896                            |
| Furniture, computers and fixtures | 5,361                            | -                                    |
| Vehicles and equipment            | 613,417                          | 635,879                              |
| Road infrastructure               | 655,831                          | 650,564                              |
| Water systems                     | 2,893,971                        | 2,806,107                            |
| Housing                           | 693,144                          | 538,097                              |
| Assets under construction         | -                                | 21,432                               |
| <b>Total</b>                      | <b>\$ 6,516,758</b>              | <b>6,276,976</b>                     |

# MATCHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 8. Tangible capital assets:

| Cost                              | Balance at<br>March 31,<br>2015  | Additions       | Disposals                            | Balance at<br>March 31,<br>2016 |
|-----------------------------------|----------------------------------|-----------------|--------------------------------------|---------------------------------|
| Land                              | \$ 1                             | -               | -                                    | 1                               |
| Buildings                         | 1,742,509                        | 353,055         | -                                    | 2,095,564                       |
| Furniture, computers and fixtures | 220,599                          | 7,477           | -                                    | 228,076                         |
| Vehicles and equipment            | 1,373,629                        | 9,600           | (56,552)                             | 1,326,677                       |
| Road infrastructure               | 1,050,455                        | -               | -                                    | 1,050,455                       |
| Water systems                     | 4,017,351                        | -               | -                                    | 4,017,351                       |
| Housing                           | 954,492                          | 55,992          | -                                    | 1,010,484                       |
| Assets under construction         | -                                | -               | -                                    | -                               |
| <b>Total</b>                      | <b>\$ 9,359,036</b>              | <b>426,124</b>  | <b>(56,552)</b>                      | <b>9,728,608</b>                |
| Accumulated<br>Amortization       | Balance at<br>March 31,<br>2015  | Disposals       | Amortization                         | Balance at<br>March 31,<br>2016 |
| Land                              | \$ -                             | -               | -                                    | -                               |
| Buildings                         | 396,560                          | -               | 43,971                               | 440,531                         |
| Furniture, computers and fixtures | 204,780                          | -               | 17,935                               | 222,715                         |
| Vehicles and equipment            | 720,026                          | (56,552)        | 49,786                               | 713,260                         |
| Road infrastructure               | 363,985                          | -               | 30,639                               | 394,624                         |
| Water systems                     | 1,035,516                        | -               | 87,864                               | 1,123,380                       |
| Housing                           | 280,504                          | -               | 36,836                               | 317,340                         |
| Assets under construction         | -                                | -               | -                                    | -                               |
| <b>Total</b>                      | <b>\$ 3,001,371</b>              | <b>(56,552)</b> | <b>267,031</b>                       | <b>3,211,850</b>                |
|                                   | Net book value,<br>March<br>2015 |                 | Net book value,<br>March 31,<br>2016 |                                 |
| Land                              | \$ 1                             |                 | 1                                    |                                 |
| Buildings                         | 1,345,949                        |                 | 1,655,033                            |                                 |
| Furniture, computers and fixtures | 15,819                           |                 | 5,361                                |                                 |
| Vehicles and equipment            | 653,603                          |                 | 613,417                              |                                 |
| Road infrastructure               | 686,470                          |                 | 655,831                              |                                 |
| Water systems                     | 2,981,835                        |                 | 2,893,971                            |                                 |
| Housing                           | 673,988                          |                 | 693,144                              |                                 |
| Assets under construction         | -                                |                 | -                                    |                                 |
| <b>Total</b>                      | <b>\$ 6,357,665</b>              |                 | <b>6,516,758</b>                     |                                 |

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 9. Contingent liability:

As at March 31, 2017, the First Nation is subject to the following contingency:

- The First Nation has guaranteed loans on behalf of First Nation members in the amount of \$208,270

## 10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

|   | 2017                   | 2016                   |
|---|------------------------|------------------------|
| Invested in tangible capital assets                       | \$ 6,276,976           | \$ 6,171,104           |
| Consolidated revenue trust                                | 294,003                | 288,652                |
| Ontario First Nations Limited Partnership                 | 3,747,673              | 3,081,941              |
| Investment in Matachewan First Nation Limited Partnership | 4,221,547              | 4,141,999              |
| Investment in Niiwin Limited Partnership                  | 284,603                | 250,000                |
| Investment in Mashkiki Limited Partnership                | 2,000,000              | —                      |
| Reserves  | 3,713,542              | 3,547,308              |
| Operations  | 9,060,892              | 2,078,466              |
|   | <hr/><br>\$ 29,599,236 | <hr/><br>\$ 19,559,470 |

### Reserves:

|                                       |                       |                       |
|---------------------------------------|-----------------------|-----------------------|
| Band Support                          | \$ 292,809            | \$ 292,809            |
| Community Operations                  | 236,537               | 242,446               |
| Economic Development -Core            | 20,483                | 20,483                |
| Economic Development – Other Programs | 2,141,497             | 2,141,497             |
| Health                                | 378,459               | 316,651               |
| Education                             | 184,752               | 144,499               |
| Community Property                    | 117,330               | 93,285                |
| Social Services                       | 29,211                | —                     |
| Transportation                        | 107,550               | 107,550               |
| Administration                        | 44,311                | 44,311                |
| Youth and Special Services            | 30,164                | 30,164                |
| Rental                                | 44,457                | 44,457                |
| Business Operations                   | 85,982                | 69,156                |
|                                       | <hr/><br>\$ 3,713,542 | <hr/><br>\$ 3,547,308 |

## 11. Comparative information:

Certain 2016 comparative information have been reclassified where necessary to conform with the presentation adopted in 2017.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## **12. Segmented information:**

Matachewan First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band support, health services, education, social assistance, capital projects and business operations in addition to also managing specific funds from others. 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 functional areas and their activities are reported in these funds. Certain functional areas that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### **Band Support**

The band support 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 consolidated financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for the related departments within the First Nation.

### **Community Operations**

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

### **Economic Development**

The economic development functional area develops employment and training opportunities, along with identification of economic development initiatives for the First Nation and its members.

### **Health**

The health services functional area provides a diverse bundle of services directed toward the well-being of the Members including such activities as patient transportation, early childhood development and various other health related activities.

### **Education**

The education functional area administers tuition agreements with various school boards, manages the post-secondary program for its members and provides local transportation for the students.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

### **Community Property**

The community property department provides services for the longevity of the First Nation by the acquisition or construction of equipment, roads and housing. Revenue and expenses included in the community property department are generally of long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

### **Business Operations**

Various business activities of the First Nation like vehicle and equipment rental are managed through this department. Its primary focus is to generate profit on behalf of the First Nation.

### **Other**

The First Nation's activities related to its participation with the Ontario First Nations Limited Partnership are identified and managed by this department.

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 allocations 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.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Note 12 - Segmented Information (continued)

Year ended March 31, 2017

|  |  | Band<br>Support | Community<br>Operations | Economic<br>Development | Health   | Education | Community<br>Property | Business<br>Operations | Business<br>Other | 2017<br>Total |
|--|--|-----------------|-------------------------|-------------------------|----------|-----------|-----------------------|------------------------|-------------------|---------------|
| Revenue                                      |  | \$ 407,578      | 229,496                 | 9,708,271               | 341,021  | 835,121   | 42,528                | 143,919                | 795,316           | 12,503,250    |
| Expenses:                                    |  |                 |                         |                         |          |           |                       |                        |                   |               |
| Salaries and benefits                        |  | 220,579         | 2,288                   | 199,232                 | 135,478  | 61,837    | 1,739                 | 60,341                 | -                 | 681,494       |
| Materials and supplies                       |  | 44,530          | 23,012                  | 33,911                  | 104,876  | 76,066    | -                     | 11,857                 | 17,721            | 311,973       |
| Contractual services                         |  | 139,373         | 58,619                  | 60,710                  | 1,948    | 290       | -                     | -                      | -                 | 260,940       |
| Tuition                                      |  | -               | -                       | -                       | -        | 342,601   | -                     | -                      | -                 | 342,601       |
| Travel                                       |  | 33,641          | 240                     | 58,361                  | 9,508    | 43,152    | -                     | 760                    | -                 | 145,662       |
| Other  |  | 102,518         | 132,283                 | 98,572                  | 37,106   | 200,687   | 22,646                | 65,459                 | -                 | 659,271       |
| Administration recovery                      |  | (40,600)        | -                       | -                       | -        | -         | -                     | -                      | -                 | (40,600)      |
| Amortization of tangible capital assets      |  | 38,683          | 95,672                  | -                       | 13,931   | 19,068    | 48,557                | 26,035                 | -                 | 241,946       |
| Investment in tangible capital assets        |  | -               | (32,471)                | -                       | (29,400) | (56,500)  | (21,432)              | -                      | -                 | (139,803)     |
|  |  | 538,724         | 279,643                 | 450,786                 | 273,447  | 687,201   | 51,510                | 164,452                | 17,721            | 2,463,484     |
| Excess (deficiency) of revenue over expenses |  | \$ (131,146)    | (50,147)                | 9,257,485               | 67,574   | 147,920   | (8,982)               | (20,533)               | 777,595           | 10,039,766    |

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Note 12 - Segmented Information (continued)

Year ended March 31, 2017

|  | Band<br>Support | Community<br>Operations | Economic<br>Development | Health  | Education | Community<br>Property | Business<br>Operations | Other   | 2017<br>Total |
|--|-----------------|-------------------------|-------------------------|---------|-----------|-----------------------|------------------------|---------|---------------|
| Revenue                                      | \$ 458,127      | 202,271                 | 1,913,339               | 327,676 | 674,031   | 24,934                | 208,689                | 444,099 | 4,253,166     |
| Expenses:                                    |                 |                         |                         |         |           |                       |                        |         |               |
| Salaries and benefits                        | 274,064         | 65,517                  | 252,146                 | 123,139 | 71,743    | 645                   | 166                    | -       | 787,420       |
| Materials and supplies                       | 48,863          | 29,617                  | 17,536                  | 71,129  | 39,407    | 72,139                | 133                    | 4,334   | 283,158       |
| Contractual services                         | 156,805         | 404,165                 | 33,456                  | -       | 1,900     | 150                   | -                      | -       | 596,476       |
| Tuition                                      | -               | -                       | -                       | -       | 333,284   | -                     | -                      | -       | 333,284       |
| Travel                                       | 59,875          | 50                      | 47,348                  | 14,845  | 51,266    | -                     | 1,490                  | -       | 174,874       |
| Other  | 131,290         | 130,085                 | 406,889                 | 39,581  | 272,603   | 15,477                | 112,646                | -       | 1,108,571     |
| Administration recovery                      | (52,493)        | -                       | -                       | -       | -         | -                     | -                      | -       | (52,493)      |
| Amortization of tangible capital assets      | 39,286          | 138,308                 | 4,418                   | 2,959   | 8,775     | 52,446                | 20,839                 | -       | 267,031       |
| Investment in tangible capital assets        | (4,800)         | (357,855)               | (7,477)                 | -       | (55,992)  | -                     | -                      | -       | (426,124)     |
|  | 652,890         | 409,887                 | 754,316                 | 251,653 | 778,978   | 84,865                | 135,274                | 4,334   | 3,072,197     |
| Excess (deficiency) of revenue over expenses | \$ (194,763)    | (207,616)               | 1,159,023               | 76,023  | (104,947) | (59,931)              | 73,415                 | 439,765 | 1,180,969     |