

Consolidated Financial Statements of

# **MATACHEWAN FIRST NATION**

Year ended March 31, 2018

## **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.





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## 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, 2018, 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, 2018 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*  
\_\_\_\_\_  
Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
August 7, 2018

# **MATACHEWAN FIRST NATION**

## **Index to Consolidated Financial Statements**

**Year ended March 31, 2018**

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# MATACHEWAN FIRST NATION

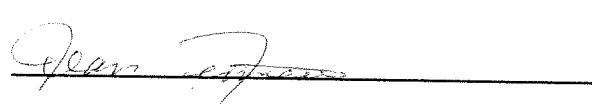
## Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 13,135,872	\$ 6,957,058
Investments (note 2)	5,404,500	9,069,698
Consolidated revenue trust	300,242	294,003
Accounts receivable	1,573,325	1,493,571
Investment in government business enterprises (note 3)	10,539,908	6,506,150
	30,953,847	24,320,480
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	273,721	510,985
Deferred revenue (note 7)	387,919	57,335
Long-term debt (note 8)	497,591	467,297
	1,159,231	1,035,617
Net financial assets	29,794,616	23,284,863
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	6,349,912	6,276,976
Prepaid expenses	55,191	37,397
	6,405,103	6,314,373
Contingent liabilities (note 10)		
Accumulated surplus (note 11)	\$ 36,199,719	\$ 29,599,236

See accompanying notes to consolidated financial statements.

On behalf of Council:






# MATACHEWAN FIRST NATION

## Consolidated Statement of Financial Activities

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

	2018	2017
<b>Revenue:</b>		
Indigenous and Northern Affairs Canada (note 12)	\$ 1,188,347	\$ 1,374,865
Ontario First Nations Limited Partnership	674,936	664,930
Provincial Funding	307,443	178,955
Wabun Tribal Council	283,009	259,607
Health Canada	205,465	77,565
Interest	52,156	16,355
Other	3,087,369	9,809,183
Gain on disposal of investments	3,521,644	-
Share of earnings from investment in government business enterprises	536,418	114,151
	<hr/> 9,856,787	<hr/> 12,495,611
<b>Expenses:</b>		
Band Support	623,756	538,724
Community Operations	363,549	279,643
Economic Development - Core	24,871	29,011
Economic Development - Other Programs	804,150	421,775
Health	474,548	273,447
Education	733,642	687,201
Community Property	71,822	51,510
Business Operations	150,245	164,452
Ontario First Nations Limited Partnership	9,721	10,082
	<hr/> 3,256,304	<hr/> 2,455,845
<b>Excess of revenue over expenses</b>	<b>6,600,483</b>	<b>10,039,766</b>
<b>Accumulated surplus, beginning of year</b>	<b>29,599,236</b>	<b>19,559,470</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 36,199,719</b>	<b>\$ 29,599,236</b>

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

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

	2018	2017
Excess of revenue over expenses	\$ 6,600,483	\$ 10,039,766
Acquisition of tangible capital assets	(361,568)	(139,803)
Amortization of tangible capital assets	288,632	241,946
Loss on sale of tangible capital assets	-	7,639
Proceeds on disposition of tangible capital assets	-	130,000
	6,527,547	10,279,548
Acquisition of prepaid expenses	(55,191)	(37,397)
Use of prepaid expenses	37,397	54,014
Change in net financial assets	6,509,753	10,296,165
Net financial assets, beginning of year	23,284,863	12,988,698
Net financial assets, end of year	\$ 29,794,616	\$ 23,284,863

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

## Consolidated Statement of Cash Flows

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

	2018	2017
<b>Cash flows from operating activities:</b>		
Excess of revenue over expenses	\$ 6,600,483	\$ 10,039,766
Adjustment for:		
Share of earnings from investment in business enterprises	(536,418)	(114,151)
Gain on sale of investments	(3,521,644)	-
Amortization of tangible capital assets	288,632	241,946
Loss on sale of tangible capital assets	-	7,639
	<u>2,831,053</u>	<u>10,175,200</u>
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	(79,754)	(400,052)
Decrease (increase) in prepaid expenses	(17,794)	16,617
Decrease in accounts payable and accrued liabilities	(237,264)	(48,907)
Increase in deferred revenue	330,584	32,335
	<u>2,826,825</u>	<u>9,775,193</u>
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(361,568)	(139,803)
Proceeds on disposal of tangible capital assets	-	130,000
	<u>(361,568)</u>	<u>(9,803)</u>
<b>Cash flow from financing activities:</b>		
Repayment of long-term debt	-	(61,099)
Issuance of long-term debt	30,294	121,643
	<u>30,294</u>	<u>60,544</u>
<b>Cash flow from investing activities:</b>		
Increase in consolidated revenue fund	(6,239)	(5,351)
Investment in government business enterprises	(3,497,340)	(2,000,000)
Proceeds on sale of investments	7,200,802	-
Acquisition of investments	(13,960)	(7,546,618)
	<u>3,683,263</u>	<u>(9,551,969)</u>
<b>Net increase in cash</b>	<b>6,178,814</b>	<b>273,965</b>
<b>Cash, beginning of year</b>	<b>6,957,058</b>	<b>6,683,093</b>
<b>Cash, end of year</b>	<b>\$ 13,135,872</b>	<b>\$ 6,957,058</b>

See accompanying notes to consolidated financial statements.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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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 ("MFNLP")

Niiwin Limited Partnership ("NLP")

Mashkiki Investment Limited Partnership ("MILP")

### **(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, 2018

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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, 2018

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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:

	2018		2017	
	Cost	Market	Cost	Market
Mining investments	\$ 3,931,123	7,807,331	\$ 7,609,187	7,746,168
Mutual funds	1,473,378	1,473,378	1,460,511	1,460,511
	\$ 5,404,500	9,280,709	\$ 9,069,698	9,206,679

### 3. Investment in government business enterprises:

The investment in government business enterprises is comprised of the following:

	Ownership	2018	2017
MFNLP (note 4)	99%	\$ 7,979,091	4,179,332
2242185 Ontario Inc. ("MFNGP") (note 4)	100%	45,270	42,215
NLP (note 5)	24.75%	467,794	284,158
Niwin General Partner Inc. ("NGP") (note 5)	25%	467	445
MILP (note 6)	49.995%	2,047,285	1,999,999
Mashkiki Investment Inc. ("MII") (note 6)	50%	1	1
		\$ 10,539,908	6,506,150

# MATACHEWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

The First Nation has a direct 99% interest in Matachewan First Nation Limited Partnership and a further 1% interest by virtue of its 100% investment in 2242185 Ontario Inc., the general partner of MFNLP. MFNLP is engaged primarily in community and mining operations. The First Nation's interest in MFNLP's results of operations for the year ended March 31, 2018 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, 2018:

	2018	2017
<b>Financial position:</b>		
<hr/>		
Current assets	\$ 5,035,664	\$ 5,705,412
Non-current assets	4,740,560	560,664
<b>Total assets</b>	<b>9,776,224</b>	<b>6,266,076</b>
Current liabilities	1,948,531	2,038,190
Due to Matachewan First Nation	640,936	169,118
<b>Total liabilities</b>	<b>1,948,531</b>	<b>2,207,308</b>
<b>Net assets</b>	<b>\$ 7,827,693</b>	<b>\$ 4,058,768</b>
<hr/>		
Total equity attributable to equity holders of the Partnership	\$ 8,024,361	\$ 4,221,547
Non-controlling interest	(196,668)	(162,779)
<b>Net assets</b>	<b>\$ 7,827,693</b>	<b>\$ 4,058,768</b>
<hr/>		
<b>Results of operations:</b>		
<hr/>		
Revenues	\$ 9,408,674	\$ 4,831,729
Expenses	(9,135,160)	(4,917,201)
Non-controlling interest	31,960	165,020
<b>Net income</b>	<b>\$ 305,474</b>	<b>\$ 79,548</b>

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

	MFNLP	MFNGP	2018	2017
Balance, beginning of year	\$ 4,179,332	42,215	4,221,547	4,141,999
Contribution	3,497,340	—	3,497,340	—
Share of income for the year	302,419	3,055	305,474	79,548
<b>Balance, end of year</b>	<b>\$ 7,979,091</b>	<b>45,270</b>	<b>8,024,361</b>	<b>4,221,547</b>

# MATACHEWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 5. Investment in Niiwin Limited Partnership:

The First Nation has a direct 24.75% interest in Niiwin Limited Partnership and a further 0.25% interest by virtue of its 25% investment in Niiwin General Partner Inc., the general partner of NLP. NLP is primarily engaged in developing business opportunities. The First Nation's interest in NLP's results of operations for the year ended March 31, 2018 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, 2018:

	2018	2017
Financial position:		
Current assets	\$ 2,420,166	\$ 1,641,620
Non-current assets	1,753,287	1,249,727
Total assets	4,173,453	2,891,347
Current liabilities	1,394,507	1,113,557
Capital lease obligations	905,901	639,677
Total liabilities	\$ 2,300,408	\$ 1,753,234
Net assets	\$ 1,873,045	\$ 1,138,113
Total equity attributable to equity holders of the Partnership		
Non-controlling interest	\$ 468,261	\$ 284,603
Net assets	1,404,784	853,510
Net assets	\$ 1,873,045	\$ 1,138,113
Results of operations:		
Revenues	\$ 8,066,540	\$ 2,649,052
Expenses	(7,331,908)	(2,486,034)
Non-controlling interest	(550,974)	(128,415)
Net income	\$ 183,658	\$ 34,603

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

	NLP	NGP	2018	2017
Balance, beginning of year	\$ 284,158	445	284,603	250,000
Share of income for the year	183,636	22	183,658	34,603
Balance, end of year	\$ 467,794	467	468,261	284,603

# MATACHEWAN FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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### 6. Investment in Mashkiki Investments Limited Partnership:

The First Nation has a direct 49.995% interest in Mashkiki Investments Limited Partnership and a further 0.005% interest by virtue of its 50% investment in Mashkiki Investment Inc., the general partner of MILP. MILP is primarily engaged in developing business opportunities. The First Nation's interest in MILP's results of operations for the year ended March 31, 2018 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, 2018:

	2018	2017
<b>Financial position:</b>		
Current assets	\$ 95,302	\$ —
Non-current assets	4,000,000	4,000,000
Total assets	4,095,302	4,000,000
Current liabilities	6,235	—
<b>Net assets</b>	<b>\$ 4,089,067</b>	<b>\$ 4,000,000</b>
Total equity attributable to equity holders of the Partnership	\$ 2,047,286	\$ 2,000,000
Non-controlling interest	2,041,781	2,000,000
<b>Net assets</b>	<b>\$ 4,089,067</b>	<b>\$ 4,000,000</b>
<b>Results of operations:</b>		
Revenues	\$ 111,369	\$ —
Expenses	(16,797)	—
Non-controlling interest	(47,286)	—
<b>Net income</b>	<b>\$ 47,286</b>	<b>\$ —</b>

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

	MILP	MII	2018	2017
Balance, beginning of year	\$ 1,999,999	1	2,000,000	2,000,000
Share of income for the year	47,286	—	47,286	—
Balance, end of year	\$ 2,047,285	1	2,047,286	2,000,000

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

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 7. Deferred revenue:

	2018	2017
Indigenous and Northern Affairs Canada	\$ 376,531	\$ —
Goldcorp Inc.	11,388	32,250
Ministry of Northern Development and Mines	—	25,085
	<b>\$ 387,919</b>	<b>\$ 57,335</b>

## 8. Long-term debt:

	2018	2017
Interest-free promissory note, due March 2021	\$ 154,424	\$ 154,424
Interest-free promissory note, due March 2021	121,643	121,643
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 2022	30,294	—
	<b>\$ 497,591</b>	<b>\$ 467,297</b>

No principal payments are due on the promissory notes until the due date of the notes.

# MATCHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 9. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 1	-	-	1
Buildings	2,113,103	23,500	-	2,136,603
Furniture, computers and fixtures	231,936	35,720	-	267,656
Vehicles and equipment	1,423,649	192,993	-	1,616,642
Road infrastructure	1,050,455	-	-	1,050,455
Water systems	4,017,351	89,528	-	4,106,879
Housing	820,250	-	-	820,250
Assets under construction	21,432	19,827	-	41,259
<b>Total</b>	<b>\$ 9,678,177</b>	<b>361,568</b>	<b>-</b>	<b>10,039,745</b>

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$ -	-	-	-
Buildings	488,207	-	48,323	536,530
Furniture, computers and fixtures	231,936	-	(2,415)	229,521
Vehicles and equipment	787,770	-	91,622	879,392
Road infrastructure	399,891	-	12,876	412,767
Water systems	1,211,244	-	92,340	1,303,584
Housing	282,153	-	45,886	328,039
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 3,401,201</b>	<b>-</b>	<b>288,632</b>	<b>3,689,833</b>

	Net book value, March 2017	Net book value, March 31, 2018
Land	\$ 1	1
Buildings	1,624,896	1,600,073
Furniture, computers and fixtures	-	38,135
Vehicles and equipment	635,879	737,250
Road infrastructure	650,564	637,688
Water systems	2,806,107	2,803,295
Housing	538,097	492,211
Assets under construction	21,432	41,259
<b>Total</b>	<b>\$ 6,276,976</b>	<b>6,349,912</b>

# MATCHewan FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 9. Tangible capital assets (continued):

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 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 Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 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, March 2016		Net book value, March 31, 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>	

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## 10. Contingent liabilities:

- (a) The First Nation has guaranteed loans on behalf of First Nation members in the amount of \$208,270.
- (b) The First Nation is involved in certain legal matters and litigation, the outcome of which is not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

## 11. Accumulated surplus:

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

	2018	2017
Invested in tangible capital assets	\$ 6,349,912	\$ 6,276,976
Consolidated revenue trust	300,242	294,003
Ontario First Nations Limited Partnership	4,425,755	3,747,673
Investment in government business enterprises	10,539,908	6,506,150
Operations	5,860,498	9,060,892
Reserves	8,723,404	3,713,542
	<hr/> \$ 36,199,719	<hr/> \$ 29,599,236

### Reserves:

Band Support	\$ 337,120	\$ 337,120
Community Operations	178,430	236,537
Economic Development -Core	20,483	20,483
Economic Development – Other Programs	3,954,277	2,141,497
Health	419,734	378,459
Education	184,752	184,752
Transportation	117,730	107,550
Community Property	117,330	117,330
Social Services	7,947	29,211
Youth and Special Services	30,164	30,164
Rental	62,704	44,457
Business Operations	92,339	85,982
Trust	3,200,394	–
	<hr/> \$ 8,723,404	<hr/> \$ 3,713,542

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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## **12. Reconciliation of Indigenous and Northern Affairs Canada Funding ("INAC"):**

The revenue from INAC is comprised of the following:

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Funding per confirmation	\$ 1,564,878
Less: ending deferred revenue	(376,531)
<b>Revenue per financial statements</b>	<b>\$ 1,188,347</b>

## **13. Comparative information:**

Certain 2017 comparative information have been reclassified where necessary to conform with the presentation adopted in 2018.

## **14. 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.

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

### **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.

### **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**

Other captures the First Nation's activities related to its participation with the Ontario First Nations Limited Partnership and its investments in government business enterprises.

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 14 - Segmented Information (continued)

Year ended March 31, 2018

	Band Support	Community Operations	Economic Development	Health	Education	Community Property	Business Operations	Other	2018 Total
Revenue	\$ 352,487	323,316	6,500,063	570,232	706,990	26,290	146,949	1,230,460	9,856,787
<b>Expenses:</b>									
Salaries and benefits	253,195	14,395	212,683	167,228	47,083	-	50,055	-	744,639
Materials and supplies	48,923	23,845	71,105	278,642	41,458	26,290	57	9,721	500,041
Contractual services	175,335	100,244	44,223	12,392	-	-	26	-	332,220
Tuition	-	-	-	-	369,673	-	-	-	369,673
Travel	59,180	-	54,162	28,680	33,569	-	1,000	-	176,591
Other	127,567	241,657	529,305	63,279	224,457	-	81,282	-	1,267,547
Administration recovery	(61,471)	-	-	-	-	-	-	-	(61,471)
Amortization of tangible capital assets	32,055	122,777	8,416	27,375	25,531	45,532	26,946	-	288,632
Investment in tangible capital assets	(11,028)	(139,369)	(90,873)	(103,048)	(8,129)	-	(9,121)	-	(361,568)
	623,756	363,549	829,021	474,548	733,642	71,822	150,245	9,721	3,256,304
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (271,269)</b>	<b>(40,233)</b>	<b>5,671,042</b>	<b>95,684</b>	<b>(26,652)</b>	<b>(45,532)</b>	<b>(3,296)</b>	<b>1,220,739</b>	<b>6,600,483</b>

# MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Note 14 - Segmented Information (continued)

Year ended March 31, 2018

	Band Support	Community Operations	Economic Development	Health	Education	Community Property	Business Operations	Other	2017 Total
Revenue	\$ 378,367	229,496	9,700,632	370,232	835,121	42,528	143,919	795,316	12,495,611
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	—	—	—	—
Other	102,518	132,283	90,933	37,106	200,687	22,646	760	—	145,662
Administration recovery	(40,600)	—	—	—	—	—	65,459	—	651,632
Amortization of tangible capital assets	38,683	95,672	—	13,931	19,068	48,557	26,035	—	(40,600)
Investment in tangible capital assets	—	(32,471)	—	(29,400)	(56,500)	(21,432)	—	—	241,946
	538,724	279,643	443,147	273,447	687,201	51,510	164,452	17,721	(139,803)
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (160,357)</b>	<b>(50,147)</b>	<b>9,257,485</b>	<b>96,785</b>	<b>147,920</b>	<b>(8,982)</b>	<b>(20,533)</b>	<b>777,595</b>	<b>10,039,766</b>