

Consolidated Financial Statements of

MATACHEWAN FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

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

Opinion

We have audited the consolidated financial statements of Matachewan First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

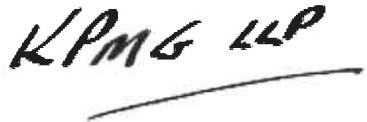
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads "KPMG LLP". The "KPMG" is in a bold, italicized font, and "LLP" is in a smaller, regular font. A thin black line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

September 5, 2019

MATACHEWAN FIRST NATION

Index to Consolidated Financial Statements

Year ended March 31, 2019

Consolidated Financial Statements:

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Changes in Cash Flows	4
Notes to Consolidated Financial Statements	5 – 18

MATACHEWAN FIRST NATION

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial Assets		
Cash	\$ 13,512,149	\$ 13,135,872
Investments (note 2)	4,155,378	5,404,500
Consolidated revenue funds	307,215	300,242
Restricted assets - Matachewan First Nation Trust (note 3)	3,500,000	-
Accounts receivable	1,960,515	1,573,325
Investment in government business enterprises (note 4)	9,308,470	10,539,908
	32,743,727	30,953,847
Financial Liabilities		
Accounts payable and accrued liabilities	317,307	273,721
Deferred revenue (note 8)	853,953	387,919
Long-term debt (note 9)	616,136	497,591
	1,787,396	1,159,231
Net financial assets	30,956,331	29,794,616
Non-Financial Assets		
Tangible capital assets (note 10)	6,122,619	6,349,912
Prepaid expenses	51,202	55,191
	6,173,821	6,405,103
Contingent liabilities (note 11)		
Accumulated surplus (note 12)	\$ 37,130,152	\$ 36,199,719

See accompanying notes to consolidated financial statements.

On behalf of Council:

Adrian Boucher Janet K. Johnson
Cynthia Giguere Lorraine Johnson

MATACHEWAN FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Indigenous Services Canada (note 13)	\$ 1,261,382	\$ 1,188,347
Ontario First Nations Limited Partnership	853,903	674,936
Provincial Funding	256,470	307,443
Wabun Tribal Council	338,038	283,009
Health Canada	235,821	205,465
Interest	226,422	52,156
Other	3,021,502	3,087,369
Gain on sale of investments	4,738,299	3,521,644
Share of earnings from investment in government business enterprises	815,846	536,418
	11,747,683	9,856,787
Expenses:		
Band Support	650,586	633,477
Community Operations	438,065	363,549
Economic Development - Core	35,679	24,871
Economic Development - Other Programs	8,052,628	804,150
Health	634,298	474,548
Education	757,154	733,642
Community Property	70,546	71,822
Business Operations	178,294	150,245
	10,817,250	3,256,304
Excess of revenue over expenses	930,433	6,600,483
Accumulated surplus, beginning of year	36,199,719	29,599,236
Accumulated surplus, end of year	\$ 37,130,152	\$ 36,199,719

See accompanying notes to consolidated financial statements.

MATACHEWAN FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Excess of revenue over expenses	\$ 930,433	\$ 6,600,483
Acquisition of tangible capital assets	(126,603)	(361,568)
Amortization of tangible capital assets	318,901	288,632
Loss on disposition of tangible capital assets	25,943	-
Proceeds on disposition of tangible capital assets	9,052	-
	1,157,726	6,527,547
Acquisition of prepaid expenses	(51,202)	(55,191)
Use of prepaid expenses	55,191	37,397
Change in net financial assets	1,161,715	6,509,753
Net financial assets, beginning of year	29,794,616	23,284,863
Net financial assets, end of year	\$ 30,956,331	\$ 29,794,616

See accompanying notes to consolidated financial statements.

MATACHEWAN FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 930,433	\$ 6,600,483
Adjustment for:		
Share of earnings from investment in government business enterprises	(815,846)	(536,418)
Gain on sale of investments	(4,738,299)	(3,521,644)
Amortization of tangible capital assets	318,901	288,632
Loss on disposition of tangible capital assets	25,943	-
	<u>(4,278,868)</u>	<u>2,831,053</u>
Change in non-cash working capital:		
Increase in accounts receivable	(387,190)	(79,754)
Decrease (increase) in prepaid expenses	3,989	(17,794)
Increase (decrease) in accounts payable and accrued liabilities	43,586	(237,264)
Increase in deferred revenue	466,034	330,584
	<u>(4,152,449)</u>	<u>2,826,825</u>
Capital transactions:		
Acquisition of tangible capital assets	(126,603)	(361,568)
Proceeds on disposition of tangible capital assets	9,052	-
	<u>(117,551)</u>	<u>(361,568)</u>
Cash flow from financing activities:		
Issuance of long-term debt	118,545	30,294
Cash flow from investing activities:		
Increase in consolidated revenue funds	(6,973)	(6,239)
Increase in restricted assets - Matachewan First Nation Trust	(3,500,000)	-
Proceeds on sale of investments	8,024,649	7,200,802
Acquisition of investments	(2,037,228)	(13,960)
Investment in government business enterprises	-	(3,497,340)
Distribution from investment in government business enterprise	2,047,284	-
	<u>4,527,732</u>	<u>3,683,263</u>
Net increase in cash	376,277	6,178,814
Cash, beginning of year	13,135,872	6,957,058
Cash, end of year	\$ 13,512,149	\$ 13,135,872

See accompanying notes to consolidated financial statements.

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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:

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

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

Organizations consolidated include:

- Matachewan First Nation Trust

Organizations accounted for on a modified equity basis include:

- Matachewan First Nation Limited Partnership ("MFNLP")
- Niiwin Limited Partnership ("NLP")
- Mashkiki Investment Limited Partnership ("MILP")

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 operations and accumulated surplus with corresponding increase or decrease in its investment account.

(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.

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(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.

(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:

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

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, 2019

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:

	2019		2018	
	Cost	Market	Cost	Market
48North Cannabis Corp.	\$ 2,017,284	4,276,923	\$ —	—
Mining investments	644,773	1,932,233	3,931,122	7,807,331
Mutual funds	1,493,321	1,493,321	1,473,378	1,473,378
	\$ 4,155,378	7,702,477	\$ 5,404,500	9,280,709

3. Restricted assets – Matachewan First Nation Trust:

Under the terms of an agreement with the trustees of the Matachewan First Nation Trust, the restricted assets are to be used for the benefit of the members of the First Nation for specified purposes outlined in the agreement. Disbursements are not to be made for the normal operating activities of the First Nation.

The restricted assets of Matachewan First Nation Trust consist of the following:

2019	Cost	Fair Market Value
Cash	\$ 878,716	\$ 878,716
Marketable securities	2,621,284	2,629,071
	\$ 3,500,000	\$ 3,507,787

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

4. Investment in government business enterprises:

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

	Ownership	2019	2018
MFNLP (note 5)	99%	\$ 8,584,642	7,979,091
2242185 Ontario Inc. ("MFNGP") (note 5)	100%	51,386	45,270
NLP (note 6)	24.75%	671,768	467,794
Niwin General Partner Inc. ("NGP") (note 6)	25%	672	467
MILP (note 7)	49.995%	1	2,047,285
Mashkiki Investment Inc. ("MII") (note 7)	50%	1	1
		\$ 9,308,470	10,539,908

5. 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, 2019 is included in the First Nation's consolidated statement of operations and accumulated surplus.

The following table presents condensed supplementary financial information of MFNLP for the year ended March 31, 2019:

	2019	2018
Financial position:		
Total assets	\$ 10,252,318	\$ 9,776,224
Total liabilities	1,803,536	1,948,531
<u>Net assets</u>	<u>\$ 8,448,782</u>	<u>\$ 7,827,693</u>
Total equity attributable to equity holders of the Partnership	\$ 8,636,028	\$ 8,023,904
Non-controlling interest	(187,246)	(196,211)
<u>Net assets</u>	<u>\$ 8,448,782</u>	<u>\$ 7,827,693</u>
Results of operations:		
Revenues	\$ 8,180,182	\$ 9,408,674
Expenses	(7,559,550)	(9,135,160)
Non-controlling interest	(8,965)	32,488
<u>Net income</u>	<u>\$ 611,667</u>	<u>\$ 306,002</u>

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

5. Investment in Matachewan First Nation Limited Partnership (continued):

The investments at March 31, 2019 consists of the following:

	MFNLP	MFNGP	2019	2018
Balance, beginning of year	\$ 7,979,091	45,270	8,024,361	4,221,547
Contribution	—	—	—	3,497,340
Share of income for the year	605,551	6,116	611,667	305,474
Balance, end of year	\$ 8,584,642	51,386	8,636,028	8,024,361

6. 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, 2019 is included in the First Nation's consolidated statement of operations and accumulated surplus.

The following table presents condensed supplementary financial information of NLP for the year ended March 31, 2019:

	2019	2018
Financial position:		
Total assets	\$ 5,997,175	\$ 4,173,453
Total liabilities	3,307,414	2,300,408
Net assets	\$ 2,689,761	\$ 1,873,045
Total equity attributable to equity holders of the Partnership		
Non-controlling interest	\$ 672,440	\$ 468,261
Net assets	\$ 2,017,321	\$ 1,404,784
Net assets		
Revenues	\$ 11,576,530	\$ 8,066,540
Expenses	(10,759,814)	(7,331,908)
Non-controlling interest	(612,537)	(550,974)
Net income	\$ 204,179	\$ 183,658

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. Investment in Niiwin Limited Partnership (continued):

The investments at March 31, 2019 consists of the following:

	NLP	NGP	2019	2018
Balance, beginning of year	\$ 467,794	467	468,261	284,603
Share of income for the year	203,974	205	204,179	183,658
Balance, end of year	\$ 671,768	672	672,440	468,261

7. Investment in Mashkiki Investments Limited Partnership:

The First Nation has a direct 49.995% interest 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, 2019 is included in the First Nation's consolidated statement of operations and accumulated surplus.

The following table presents condensed supplementary financial information of MILP for the year ended March 31, 2019:

	2019	2018
Financial position:		
Total assets	\$ 1	\$ 4,095,302
Total liabilities	—	6,235
Net assets	\$ 1	\$ 4,089,067
Total equity attributable to equity holders of the Partnership	\$ 1	\$ 2,047,286
Non-controlling interest	—	2,041,781
Net assets	\$ 1	\$ 4,089,067
Results of operations:		
Revenues	\$ —	\$ 111,369
Expenses	—	(16,797)
Non-controlling interest	—	(47,286)
Net income	\$ —	\$ 47,286

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

7. Investment in Mashkiki Investments Limited Partnership:

The investments at March 31, 2019 consists of the following:

	MILP	MII	2019	2018
Balance, beginning of year	\$ 2,047,285	1	2,047,286	2,000,000
Share of income for the year	—	—	—	47,286
Partner distribution	(2,047,284)	—	(2,047,284)	—
Balance, end of year	\$ 1	1	2	2,047,286

On April 4, 2019, MII filed corporate articles of dissolution, thereby dissolving MILP.

8. Deferred revenue:

	2019	2018
Indigenous Services Canada	\$ 823,383	\$ 376,531
Goldcorp Inc.	30,570	11,388
	\$ 853,953	\$ 387,919

9. Long-term debt:

	2019	2018
Indigenous Services Canada:		
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	30,294
Interest-free promissory note, due March 2023	96,195	—
Interest-free promissory note, due March 2024	22,350	—
	\$ 616,136	\$ 497,591

No principal payments are due on the promissory notes until the due date of the notes. Principal payments due over the next five years are as follows:

2020	\$ —
2021	467,297
2022	30,294
2023	96,195
2024	22,350

MATCHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions	Disposals	Transfers	Balance at March 31, 2019
Land	\$ 1	-	-	-	1
Buildings	2,136,603	20,822	-	-	2,157,425
Furniture, computers, fixtures	267,656	-	-	-	267,656
Vehicles and equipment	1,616,642	105,781	(55,000)	41,259	1,708,682
Road infrastructure	1,050,455	-	-	-	1,050,455
Water systems	4,106,879	-	-	-	4,106,879
Housing	820,250	-	-	-	820,250
Assets under construction	41,259	-	-	(41,259)	-
Total	\$ 10,039,745	126,603	(55,000)	-	10,111,348
Accumulated Amortization	Balance at March 31, 2018	Disposals	Amortization		Balance at March 31, 2019
Buildings	\$ 536,530	-	49,001		585,531
Furniture, computers, fixtures	229,521	-	11,551		241,072
Vehicles and equipment	879,392	(20,005)	118,307		977,694
Road infrastructure	412,767	-	12,878		425,645
Water systems	1,303,584	-	96,817		1,400,401
Housing	328,039	-	30,347		358,386
Total	\$ 3,689,833	(20,005)	318,901		3,988,729
	Net book value, March 2018			Net book value, March 31, 2019	
Land	\$ 1			1	
Buildings	1,600,073			1,571,894	
Furniture, computers, fixtures	38,135			26,584	
Vehicles and equipment	737,250			730,988	
Road infrastructure	637,688			624,810	
Water systems	2,803,295			2,706,478	
Housing	492,211			461,864	
Assets under construction	41,259			-	
Total	\$ 6,349,912			6,122,619	

MATCHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. Tangible capital assets (continued):

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, 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
Total	\$ 9,678,177	361,568	-	10,039,745
Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Buildings	\$ 488,207	-	48,323	536,530
Furniture, computers, 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
Total	\$ 3,401,201	-	288,632	3,689,833
	Net book value, March 2017		Net book value, March 31, 2018	
Land	\$ 1		1	
Buildings	1,624,896		1,600,073	
Furniture, computers, 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	
Total	\$ 6,276,976		6,349,912	

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

11. Contingent liabilities:

- (a) The First Nation is contingently liable for loan guarantees to a chartered bank in favour of individual Band members, totaling \$191,746 (2018 - \$200,003).
- (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.
- (c) 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.

12. Accumulated surplus:

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

	2019	2018
Invested in tangible capital assets	\$ 6,122,619	\$ 6,349,912
Consolidated revenue trust	307,215	300,242
Ontario First Nations Limited Partnership	5,238,890	4,425,755
Investment in government business enterprises	9,308,470	10,539,908
Operations	7,608,175	5,860,498
Matachewan First Nation Trust	3,500,000	—
Reserves	5,044,783	8,723,404
	<hr/> \$ 37,130,152	<hr/> \$ 36,199,719
 Reserves:		
Band Support	\$ 307,725	\$ 337,120
Community Operations	172,854	178,430
Economic Development – Core	20,483	20,483
Economic Development – Other Programs	3,463,038	3,954,277
Health	504,360	419,734
Education	184,752	184,752
Transportation	117,730	117,730
Community Property	117,330	117,330
Social Services	7,947	7,947
Youth and Special Services	30,164	30,164
Rental	62,704	62,704
Business Operations	55,696	92,339
Trust	—	3,200,394
	<hr/> \$ 5,044,783	<hr/> \$ 8,723,404

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

13. Indigenous Services Canada Funding ("ISC") revenue:

The revenue from ISC is comprised of the following:

Funding per confirmation	\$ 1,769,251
Add: opening deferred revenue	376,531
Less: set contribution funding repayable	(61,017)
Less: ending deferred revenue	(823,383)
Revenue per financial statements	\$ 1,261,382

14. Funds held in trust on behalf of members:

The First Nation holds in trust, at a chartered bank, guaranteed investment certificates ("GICs") totaling \$1,260,000 (2018 - \$Nil). The funds are held on behalf of individual Band members that had not reached the age of 18 at the date of declaration of one-time payouts of \$10,000 to each eligible member. The GICs are to be cashed and disbursed upon the member reaching the age of majority, maturity from 2019 to 2037.

15. Comparative information:

Certain 2018 comparative information have been reclassified where necessary to conform with the presentation adopted in 2019.

16. 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:

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

16. Segmented information (continued):

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.

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 16 - Segmented Information (continued)

Year ended March 31, 2019

	Band Support	Community Operations	Economic Development	Health	Education	Community Property	Business Operations	Other	2019 Total
Revenue	\$ 587,594	220,746	7,616,209	759,971	730,810	25,439	113,792	1,693,122	11,747,683
Expenses:									
Salaries and benefits	299,361	7,500	216,806	175,530	42,702	-	50,955	-	792,854
Materials and supplies	8,119	125,224	73,075	391,740	26,558	22,569	561	-	647,846
Contractual services	219,139	62,196	45,003	21,550	-	-	108	-	347,996
Tuition	-	-	-	-	345,498	-	-	-	345,498
Travel	42,309	50	78,764	24,903	27,796	-	890	-	174,712
Other	93,128	151,840	7,665,475	61,623	288,256	2,870	97,921	-	8,361,113
Administration recovery	(45,067)	-	-	-	-	-	-	-	(45,067)
Amortization of tangible capital assets	33,597	133,080	12,683	40,231	26,344	45,107	27,859	-	318,901
Investment in tangible capital assets	-	(41,825)	(3,500)	(81,278)	-	-	-	-	(126,603)
	650,586	438,065	8,088,306	634,299	757,154	70,546	178,294	-	10,817,250
Excess (deficiency) of revenue over expenses	\$ (62,992)	(217,319)	(472,097)	125,672	(26,344)	(45,107)	(64,502)	1,693,122	930,433

MATACHEWAN FIRST NATION

Notes to Consolidated Financial Statements

Note 16 - Segmented Information (continued)

Year ended March 31, 2019

	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
Expenses:									
Salaries and benefits	253,195	14,395	212,683	167,228	47,083	-	50,055	-	744,639
Materials and supplies	58,644	23,845	71,105	278,642	41,458	26,290	57	-	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)
	633,477	363,549	829,021	474,548	733,642	71,822	150,245	-	3,256,304
Excess (deficiency) of revenue over expenses	\$ (280,990)	(40,233)	5,671,042	95,684	(26,652)	(45,532)	(3,296)	1,230,460	6,600,483