

Financial Statements of

## **CHAPLEAU CREE FIRST NATION**

Year ended March 31, 2018

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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 financial statements are presented fairly, in all material respects.

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

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

The Council reviewed the Chapleau Cree First Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditors' report. The Council takes this information into consideration when approving the financial statements for issuance to the Members. The Council also considers the engagement of the external auditors.

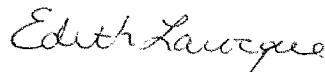
The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. KPMG LLP has full access to the Council.

Approved on behalf of council:



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Chief



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Band 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 members of Chapleau Cree First Nation

We have audited the accompanying financial statements of Chapleau Cree First Nation which comprise the statement of financial position as at March 31, 2018, the statements of operations and accumulated surplus, 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 Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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



*Basis for Qualified Opinion*

The First Nation has not been provided with information for investments in certain First Nation business enterprises and investments in joint ventures held by certain First Nation business enterprises accounted for by the modified equity method. As a result, the investment in First Nation business enterprises, advances from First Nation business enterprises, net debt and accumulated surplus for the year ended March 31, 2018 may be understated or overstated.

*Opinion*

In our opinion, except for the extent of the effect of the matters described in the Basis for Qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Chapleau Cree First Nation as at March 31, 2018 and its results of operations and accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*  
\_\_\_\_\_  
A handwritten signature in black ink that reads 'KPMG LLP' above a horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
July 30, 2018

# CHAPLEAU CREE FIRST NATION

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Year ended March 31, 2018

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# CHAPLEAU CREE FIRST NATION

## Exhibit A - Statement of Financial Position

March 31, 2018, with comparative information for 2017

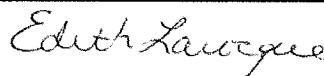
	2018	2017
<b>Financial assets</b>		
Cash and term deposits	\$ 2,468,772	2,463,919
Restricted cash - Mukeso Cree Home	50,747	40,480
Accounts receivable	211,720	427,542
Portfolio investments (note 3)	929,746	755,487
Investment in First Nations business enterprises (note 4)	621,042	295,882
Inventory	119,539	99,801
	<u>4,401,566</u>	<u>4,083,111</u>
<b>Financial liabilities</b>		
Line of credit (note 5)	65,000	-
Accounts payable and accrued liabilities	484,747	563,914
Deferred revenue (note 6)	394,619	345,749
Long-term debt (note 7)	1,078,453	526,889
	<u>2,022,819</u>	<u>1,436,552</u>
Net financial assets	2,378,747	2,646,559
<b>Non-financial assets</b>		
Prepaid expenses	13,017	16,570
Consolidated revenue fund	35	34
Tangible capital assets (note 2)	4,663,893	4,070,855
	<u>4,676,945</u>	<u>4,087,459</u>
Contingent liabilities (note 8)		
Accumulated surplus (note 10)	\$ 7,055,692	6,734,018

See accompanying notes to financial statements.

Approved on behalf of Council



Chief



Band Administrator

# CHAPLEAU CREE FIRST NATION

## Exhibit B - Statement of Operations and Accumulated Surplus

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

	2018	2017
<b>Revenue:</b>		
Indigenous and Northern Affairs Canada (note 9)	\$ 1,375,782	1,447,346
INAC - Hornpayne Mill Investment	1,000,000	-
Ontario First Nations Limited Partnership	573,176	563,923
Health Canada	294,948	272,035
Canada Mortgage and Housing Corporation	40,745	85,120
Ministry of Health	131,351	75,533
Gas Bar sales	2,705,390	2,539,938
Other	1,674,741	2,895,640
<u>Share of earnings from First Nation business enterprises (note 4)</u>	<u>325,160</u>	<u>269,832</u>
	8,121,293	8,149,367
<b>Expenses:</b>		
Ontario First Nations Limited Partnership	104	102
Band Administration	962,774	964,424
Economic Development	135,757	129,584
Education Fund	656,206	608,573
Employment and Training	69,480	82,085
Culture and Recreation	307,702	301,791
Community Infrastructure	490,863	565,056
Business Enterprises	76,763	84,539
Medical Services	608,589	530,394
Social Housing	116,671	189,772
Chapleau Cree Garage	422,907	421,396
Northeast Superior Regional Chiefs' Forum	1,240,039	873,220
Land Claims	39,166	299,624
Chapleau Cree Gas Bar	2,625,177	2,448,450
Commercial Rentals	47,421	27,775
	7,799,619	7,526,785
<b>Excess of revenue over expenses</b>	<b>321,674</b>	<b>622,582</b>
<b>Accumulated surplus, beginning of year</b>	<b>6,734,018</b>	<b>6,111,436</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 7,055,692</b>	<b>6,734,018</b>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit C - Statement of Changes in Net Financial Assets

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

	2018	2017
Excess of revenue over expenses	\$ 321,674	622,582
Acquisition of tangible capital assets	(950,592)	(955,691)
Amortization of tangible capital assets	357,554	352,977
Loss on disposal of tangible capital assets	-	160,000
	<u>(271,364)</u>	<u>179,868</u>
Consolidated revenue fund	(1)	-
Acquisition of prepaid expenses	3,553	9,748
Change in net financial assets	(267,812)	189,616
Net financial assets, beginning of year	2,646,559	2,456,943
Net financial assets, end of year	<u>\$ 2,378,747</u>	<u>2,646,559</u>

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Exhibit D - Statement of Cash Flows

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

	2018	2017
<b>Operating transactions:</b>		
Excess of revenue over expenses	\$ 321,674	622,582
Adjustments for:		
Income from First Nation business enterprises	(325,160)	(269,832)
Amortization of tangible capital assets	<u>357,554</u>	<u>352,977</u>
	354,068	705,727
<b>Change in non-cash working capital:</b>		
Accounts receivable	215,822	98,720
Land claim receivable	-	1,631,108
Accounts payable and accrued liabilities	(79,169)	(36,028)
Deferred revenue	48,870	202,927
Inventory	(19,738)	(2,864)
Prepaid expenses	<u>3,553</u>	<u>9,748</u>
	523,406	2,609,338
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(950,592)	(955,691)
Loss on disposal of capital assets	<u>-</u>	<u>160,000</u>
	(950,592)	(795,691)
<b>Financing transactions:</b>		
Bank loan advanced	65,000	(155,000)
Long-term debt advanced	647,151	238,401
Principal payments on long-term debt	<u>(95,584)</u>	<u>(1,706,910)</u>
	616,567	(1,623,509)
<b>Investing transactions:</b>		
Purchase of investments	(174,259)	(352,686)
Investment in First Nation business enterprises	(1)	(26,050)
Consolidated revenue fund	(1)	-
Unrealized gain on investments	<u>-</u>	<u>(3,038)</u>
	(174,261)	(381,774)
<b>Net increase (decrease) in cash position</b>	<b>15,120</b>	<b>(191,636)</b>
<b>Cash, beginning of year</b>	<b>2,504,399</b>	<b>2,696,035</b>
<b>Cash, end of year</b>	<b>\$ 2,519,519</b>	<b>2,504,399</b>
<b>Cash position consists of:</b>		
Cash and term deposits	\$ 2,468,772	2,463,919
Restricted cash - Mukeso Cree Home	<u>50,747</u>	<u>40,480</u>
	\$ 2,519,519	2,504,399

See accompanying notes to financial statements.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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The Chapleau Cree First Nation (the "First Nation"), located in Chapleau, Ontario administers programs and provides services to First Nation members.

### **1. Significant accounting policies:**

These financial statements of Chapleau Cree 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 of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

#### **(a) Reporting entity:**

The reporting entity includes activities of all committees of the First Nation under the control of Chief and Council. Commercial enterprises which meet the definition of a business enterprise are included in these financial statements and accounted for on a modified equity basis. Under the modified equity method of accounting, only Chapleau Cree First Nation's portion of the enterprise that are different from those of the First Nation, and inter-organizational balances and transactions are eliminated.

The First Nation has invested in the Wahkohtowin Development Limited Partnership and Three Nations Drilling LP. The First Nation accounts for its investment in these business partnerships using the modified equity method.

#### **(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) Inventory:**

Inventory is measured at the lower of cost and net realizable value by using the weighted average costing methodology. The First Nation uses the same cost formula for all inventory having a similar nature and use to the entity. When circumstances which previously caused inventory to be written down no longer exists the previous impairment is reversed.

#### **(d) Investments:**

Investments consisting of publicly traded shares are recorded at market value.

Investments consisting of commercial bonds are recorded at cost, with any premium or discount amortized over the term to maturity.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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

#### (e) 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:

Asset	Useful Life - Years
Buildings	25
Roads infrastructure	20 - 50
Machinery and equipment	5 - 10
Furniture, computers and fixtures	3 - 10
Vehicles	5
Social housing	25

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

##### (ii) Natural resources:

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

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

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

#### (f) Revenue recognition:

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

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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

#### (g) Consolidated revenue fund:

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.

#### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, and valuation allowances for receivables and inventory. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

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

Actual results could differ from these estimates.

#### (i) Employee future benefits:

The First Nation provides pension benefits under a defined contribution pension plan. The cost of the defined contribution plan is recognized based on the contributions required to be made during each year.

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2018

## 2. Tangible capital assets:

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 213,194	-	-	213,194
Buildings	3,848,314	562,469	-	4,410,783
Roads infrastructure	1,794,095	-	-	1,794,095
Machinery and equipment	875,991	131,217	-	1,007,208
Furniture, computers and fixtures	30,506	20,743	-	51,249
Vehicles	1,038,967	40,000	-	1,078,967
Social housing	765,476	196,163	-	961,639
<b>Total</b>	<b>\$ 8,566,543</b>	<b>950,592</b>	<b>-</b>	<b>9,517,135</b>

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$ -	-	-	-
Buildings	1,948,800	-	154,673	2,103,473
Roads infrastructure	861,964	-	56,221	918,185
Machinery and equipment	660,144	-	54,250	714,394
Furniture, computers and fixtures	19,429	-	8,819	28,248
Vehicles	872,505	-	60,790	933,295
Social housing	132,846	-	22,801	155,647
<b>Total</b>	<b>\$ 4,495,688</b>	<b>-</b>	<b>357,554</b>	<b>4,853,242</b>

Net book value, March 31, 2017	Net book value, March 31, 2018
Land	\$ 213,194
Buildings	1,899,514
Roads infrastructure	932,131
Machinery and equipment	215,847
Furniture, computers and fixtures	-
	11,077
Vehicles	166,462
Social housing	632,630
<b>Total</b>	<b>\$ 4,070,855</b>
	<b>4,663,893</b>

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2018

## 2. Tangible capital assets (continued):

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ -	213,194	-	213,194
Buildings	3,752,811	95,503	-	3,848,314
Roads infrastructure	1,594,095	200,000	-	1,794,095
Machinery and equipment	1,045,916	30,075	(200,000)	875,991
Furniture, computers and fixtures	23,574	6,932	-	30,506
Vehicles	1,038,967	-	-	1,038,967
Social housing	355,489	409,987	-	765,476
<b>Total</b>	<b>\$ 7,810,852</b>	<b>955,691</b>	<b>(200,000)</b>	<b>8,566,543</b>
Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$ -	-	-	-
Buildings	1,802,567	-	146,233	1,948,800
Roads infrastructure	805,743	-	56,221	861,964
Machinery and equipment	626,576	(40,000)	73,568	660,144
Furniture, computers and fixtures	14,419	-	5,010	19,429
Vehicles	815,542	-	56,963	872,505
Social housing	117,864	-	14,982	132,846
<b>Total</b>	<b>\$ 4,182,711</b>	<b>(40,000)</b>	<b>352,977</b>	<b>4,495,688</b>
	Net book value, March 31, 2016		Net book value, March 31, 2017	
Land	\$ -		213,194	
Buildings	1,950,244		1,899,514	
Roads infrastructure	788,352		932,131	
Machinery and equipment	419,340		215,847	
Furniture, computers and fixtures	- 9,155		- 11,077	
Vehicles	223,425		166,462	
Social housing	237,625		632,630	
<b>Total</b>	<b>\$ 3,628,141</b>		<b>4,070,855</b>	

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2018

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### 3. Portfolio investments:

	2018		2017	
	Cost	Market	Cost	Market
Public company shares	\$ 543,903	929,746	\$ 150,627	402,799
Commercial bonds	—	—	352,688	352,688
	<b>\$ 543,903</b>	<b>929,746</b>	<b>\$ 503,315</b>	<b>755,487</b>

### 4. Investment in First Nation business enterprises:

Chapleau Cree First Nation has the following investments in business enterprises:

A direct 33.33% interest in the Wahkohtowin Development Limited Partnership ("WDLP") and its general partner Wahkohtowin Development General Partner Inc. ("WDGP"). WDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Three Nations Drilling LP ("TND") and its general partner 2454357 Ontario Inc. ("TNDGP"). TND is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Mushkegowuk Regional Economic Development Limited Partnership ("MREDLP"). MREDLP is engaged in community economic development and is accounted for using the modified equity method.

A direct 33.33% interest in the Northeast Superior First Nations Investment LP ("NSFNI"). NSFNI is engaged in community economic development and is accounted for using the modified equity method.

Financial information for First Nation business enterprises was not available for the year ended March 31, 2018. See *Basis for Qualified Opinion* paragraph.

The First Nation's equity interest in these business enterprises is summarized as follows:

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WDLP (250 Class A, 250 Class B Limited Partner Units)	\$ 109,595
WDGP (250 Common Shares)	258
TND (200 Limited Partner Units)	185,248
TNDGP (100 Common Shares)	119
MREDLP (100 Limited Partner Units)	25,000
NSFNI (1 Limited Partner Unit)	300,822
	<b>\$ 621,042</b>

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

### 4. Investment in First Nation business enterprises (continued):

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

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	Total
Balance, at beginning of year	\$ -	25,000	85,256	258	185,248	119	295,881
First Nation contribution	1	-	-	-	-	-	1
First Nation's share of earnings	300,822	-	24,338	-	-	-	325,160
Balance, end of year	\$ 300,823	25,000	109,594	258	185,248	119	621,042

Financial information for the business enterprises fiscal year end March 31, 2018 is as follows:

	NSFNI	MREDLP	WDLP	WDGP	TND	TNDGP	Total
Financial position :							
Current assets	\$ 46,849	-	371,578	750	394,595	300	814,072
Non-current assets	4,260,880	-	9,532	25	227,983	57	4,498,477
Total assets	4,307,729	-	381,110	775	622,578	357	5,312,549
Current liabilities	155,263	-	52,299	-	66,778	-	274,340
Long-term debt	3,250,000	-	-	-	-	-	3,250,000
Total liabilities	3,405,263	-	52,299	-	66,778	-	3,524,340
Partners' equity	\$ 902,466	-	328,811	775	555,800	357	1,788,209

Results of operations:

Revenue	\$ 1,307,419	-	651,243	-	-	-	1,958,662
Expenses	404,952	-	578,229	-	-	-	983,181
Net earnings	\$ 902,467	-	73,014	-	-	-	975,481

Financial information for MREDLP, TND and TNDGP was not available for the year ended March 31, 2018. Subsequently, financial position information is at March 31, 2017 and no financial information has been presented for results of operations.

### 5. Line of credit:

The First Nation has an available line of credit in the amount of \$200,000 with the Royal Bank which is payable on demand and bears interest at prime plus 0.7% payable monthly and is secured by a general security agreement. As at March 31, 2018, there is a balance of \$65,000 (2017 - \$Nil).

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

### 6. Deferred revenue:

Deferred revenue by program is detailed as follows:

	2018	2017
Education – guidance and counselling	\$ 138,503	76,300
Capital - Housing	–	75,476
Education - direct services	54,585	51,541
Other – Housing	47,218	77,973
NFWWARP O&M	44,586	–
Health - MSB	40,325	–
INAC – Least Disruptive Measures	38,000	–
Education – post secondary	20,541	–
IESO	6,245	–
Recreation and Culture - Youth trip	2,632	2,632
INAC – New Path	1,738	–
Other	246	2,500
NWMO	–	53,476
Northern Ontario School of Medicine	–	5,851
	<b>\$ 394,619</b>	<b>345,749</b>

### 7. Long-term debt:

	2018	2017
Royal Bank loan payable, Payukotayno, \$3,675 monthly including interest at 3.89% per annum, due in 2020	\$ 64,258	104,982
Royal Bank mortgage payable, Mukeso, \$1,780 monthly including interest at 2.52% per annum, due in 2020	31,255	51,545
Northern Credit Union loan payable, Burkholder, \$771 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2030	114,854	124,104
CMHC mortgage payable, Cachagee Road, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	214,617	119,201
CMHC mortgage payable, Louttit Lane, payable \$933 Monthly, bearing interest at 2.13% per annum, due in 2042	214,617	119,201
Northern Credit Union loan payable, Sacred Tree, \$3,351 monthly plus interest at 4.00% per annum secured by Credit Union shares and deposits, due in 2032	438,852	–
Royal Bank loan payable, Medical Van, \$666 monthly including interest at 3.36% per annum, matured in 2018	–	7,856
	<b>\$ 1,078,453</b>	<b>526,889</b>

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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

All long-term debt obligations have been approved and are secured by Band Council resolution and Social Housing mortgages payable are guaranteed by CMHC.

Principal payments required on long-term debt within each of the next five years are as follows:

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2019	\$ 108,929
2020	79,321
2021	48,255
2022	49,573
2023 and thereafter	792,375

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### 8. Contingent liabilities:

#### (a) Loan guarantees:

The First Nation has guaranteed mortgages made to various members and is contingently liable, the balance of which is \$537,418 (2017 - \$416,849).

#### (b) Government funding:

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.

### 9. Indigenous and Northern Affairs Canada ("INAC"):

	2018	2017
Revenue as reported	\$ 1,375,782	1,447,346
Revenue per funding confirmation	(2,544,960)	(23,109,178)
Specific funding – Hornepayne Mill Investment	1,000,000	–
Specific claims – land claim settlement	–	21,468,287
Tuition adjustments	29,574	24,050
Deferred revenue	139,604	158,596
Other funding adjustments	–	10,899
	\$ –	–

Included in accounts receivable are amounts due from INAC of \$9,000 (2017 – \$12,424).

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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### 10. Accumulated surplus:

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

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 3,585,440	3,543,966
Operating	(1,553,735)	(1,097,983)
Investment in business enterprises	621,042	295,882
	<hr/> 2,652,747	<hr/> 2,741,865
Reserve and reserve funds set aside for specific purpose by Council:		
Consolidated Revenue Fund (Ottawa Trust Funds)	35	34
Ontario First Nations Limited Partnership	3,880,560	3,511,579
Reserves	522,350	480,540
	<hr/> 4,402,945	<hr/> 3,992,153
Accumulated surplus	<hr/> \$ 7,055,692	<hr/> 6,734,018

### 11. Employee future benefits:

The contributions to the defined contribution pension plan were \$51,900 (2017 - \$57,730).

### 12. Comparative information:

Certain 2017 comparative information has been reclassified to conform to the presentation adopted in 2018.

### 13. Budget figures:

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over several years. Current fund budgets are affected on an on-going basis, depending on when various government programs become available to the First Nation. Accordingly, the budgets are not directly comparable with current year actual amounts and therefore, budgets have not been reflected on the statement of financial activities.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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### **14. Segmented information:**

Chapleau Cree First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, social assistance, and capital. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **Social Housing**

The housing department manages the operations of the various rental housing owned by the First Nation including both CMHC and other housing. This includes tenant identification, rent collection and maintenance management.

#### **Health Services**

The health services department provides a diverse bundle of services directed toward the well-being of the members of the member First Nations including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of members.

#### **Education**

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the members.

#### **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 financial activities. In addition, this department includes the governance activities of chief and council and management and assistance for computer and communications related projects and services.

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

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### 14. Segmented information (continued):

#### **Capital**

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

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 financial statements as disclosed in the summary of significant accounting policies.

# CHAPLEAU CREE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2018

## 14. Segmented information (continued):

	Social Housing	Health Services	Education	Band Support	Capital	2018 Total
<b>Revenue:</b>						
Indigenous and Northern Affairs Canada	\$ 30,755	-	772,707	450,306	122,014	1,375,782
INAC - Hornepayne				1,000,000		1,000,000
Ontario First Nations Limited Partnership	-	-	-	573,176	-	573,176
Health Canada	-	254,514	-	40,434	-	294,948
Canada Mortgage and Housing Corporation	40,745	-	-	-	-	40,745
Ministry of Health	-	131,351	-	-	-	131,351
Gas Bar Sales	-	-	-	2,705,390	-	2,705,390
Other	31,822	191,004	(87,772)	1,864,847	-	1,999,901
	103,322	576,869	684,935	6,634,153	122,014	8,121,293
<b>Expenses:</b>						
Wages, benefits and honorariums	17,600	297,668	109,121	1,352,558	-	1,776,947
Cost of sales	-	-	-	2,281,664	-	2,281,664
Materials and supplies	30,445	123,334	26,301	952,461	382	1,132,923
Tuition and allowances	-	-	476,017	-	-	476,017
Contractual and professional services	26,052	7,253	-	342,220	-	375,525
Other	5,375	19,447	15,675	1,223,544	-	1,264,041
Interest on long-term debt	11,125	140	-	20,544	-	31,809
Travel and training	6,836	46,833	20,321	29,149	-	103,139
Amortization of tangible capital assets	38,119	39,098	-	280,337	-	357,554
	135,552	533,773	647,435	6,482,477	382	7,799,619
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (32,230)</b>	<b>43,096</b>	<b>37,500</b>	<b>151,676</b>	<b>121,632</b>	<b>321,674</b>

# CHAPLEAU CREE FIRST NATION

## Notes to Financial Statements

Year ended March 31, 2018

### 14. Segmented information (continued):

	Social Housing	Health Services	Education	Band Support	Capital	2017 Total
<b>Revenue:</b>						
Indigenous and Northern Affairs Canada	\$ 29,245	-	596,500	699,111	122,490	1,447,346
Ontario First Nations Limited Partnership	-	-	-	563,923	-	563,923
Health Canada	-	272,035	-	-	-	272,035
Canada Mortgage and Housing Corporation	85,120	-	-	-	-	85,120
Ministry of Health	-	75,533	-	-	-	75,533
Gas Bar Sales	-	-	-	2,539,938	-	2,539,938
Other	24,923	139,526	(8,460)	3,009,483	-	3,165,472
	139,288	487,094	588,040	6,812,455	122,490	8,149,367
<b>Expenses:</b>						
Wages, benefits and honorariums	12,439	270,987	103,379	1,470,603	-	1,857,408
Cost of sales	-	-	-	2,103,648	-	2,103,648
Materials and supplies	72,462	87,594	5,735	962,460	396	1,128,647
Tuition and allowances	-	-	455,193	20,040	-	475,233
Contractual and professional services	54,389	7,690	2,200	893,943	-	958,222
Other	5,207	36,221	10,709	392,898	-	445,035
Interest on long-term debt	6,783	404	-	15,225	-	22,412
Travel and training	12,183	26,905	11,317	132,798	-	183,203
Amortization of tangible capital assets	25,709	39,098	-	288,170	-	352,977
	189,172	468,899	588,533	6,279,785	396	7,526,785
Excess (deficiency) of revenue over expenses	\$ (49,884)	18,195	(493)	532,670	122,094	622,582

