

**Michipicoten First Nation
Consolidated Financial Statements
For the year ended March 31, 2019**

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Indigenous Services Canada
Services aux Autochtones Canada
Thunder Bay

Michipicoten First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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Michipicoten First Nation Management's Responsibility for Financial Reporting

March 31, 2019

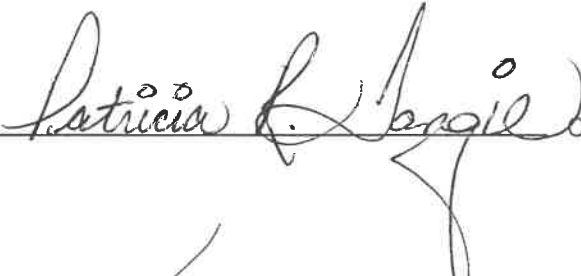
The accompanying consolidated financial statements of Michipicoten First Nation are the responsibility of management and have been approved by Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

On behalf of Michipicoten First Nation:



Chief



Band Manager



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Independent Auditor's Report

To the Members of Michipicoten First Nation

Opinion

We have audited the consolidated financial statements of Michipicoten First Nation (the First Nation), which comprise the statement of financial position as at March 31, 2019, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations, changes in net assets and 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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our 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 ethical 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.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated 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.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these 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 risks of material misstatement of the consolidated 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, intentional 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 purpose 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 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.




Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
August 13, 2019


Michipicoten First Nation

Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash	\$ 2,340,549	\$ 3,284,369
Accounts receivable	2,107,307	570,262
Investments (Note 2)	2	2
Funds held in trust with Government of Canada (Note 3)	37,947	35,254
	<u>4,485,805</u>	<u>3,889,887</u>
Liabilities		
Accounts payable and accrued liabilities	204,773	163,830
Deferred revenue (Note 4)	1,391,750	1,298,468
Future landfill closure and post-closure costs (Note 5)	23,760	214,846
Long term debt (Note 6)	683,158	741,157
	<u>2,303,441</u>	<u>2,418,301</u>
Net financial assets	<u>2,182,364</u>	<u>1,471,586</u>
Non-financial assets		
Tangible capital assets (Schedule 1)	13,714,982	13,825,114
Prepaid expenses	37,007	39,270
	<u>13,751,989</u>	<u>13,864,384</u>
Accumulated surplus (Note 7)	<u>\$ 15,934,353</u>	<u>\$ 15,335,970</u>

On behalf of the First Nation:


 Patricia R. Lange Chief


 Sabman Band Manager

Michipicoten First Nation

Consolidated Statement of Operations

For the year ended March 31	Budget	2019	2018
Revenue			
Indigenous Services Canada	\$ 1,922,583	\$ 2,062,317	\$ 1,917,020
Canada	374,860	342,642	323,322
Ontario	78,686	362,344	133,484
Ontario First Nations (2008) Limited Partnership	1,100,272	1,004,116	790,812
Michipicoten First Nation trusts	1,560,000	1,313,292	1,793,563
Other aboriginal organizations	1,693,378	935,703	340,740
Rentals, interest and other	1,001,648	2,343,061	1,071,937
	<u>7,731,427</u>	<u>8,363,475</u>	<u>6,370,878</u>
Expenses			
Social and family services	2,526,055	1,979,041	2,066,075
Education	1,610,592	890,079	882,991
Operations and maintenance	1,164,732	642,288	506,810
Medical and other health services	735,416	749,802	503,556
Administration	1,002,983	997,451	579,287
Housing and community development	349,618	1,878,590	1,055,059
Enterprises and economic development	355,718	562,221	219,746
Other	32,938	65,620	179,687
	<u>7,778,052</u>	<u>7,765,092</u>	<u>5,993,211</u>
Annual surplus (deficit)	(46,625)	598,383	377,667
Accumulated surplus, beginning of year	15,335,970	15,335,970	14,958,303
Accumulated surplus, end of year	\$ 15,289,345	\$ 15,934,353	\$ 15,335,970

The notes are an integral part of these financial statements.

Michipicoten First Nation
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget	2019	2018
Annual surplus	\$ (46,625)	\$ 598,383	\$ 377,667
Acquisition of tangible capital assets	(60,000)	(159,946)	(135,759)
Amortization of tangible capital assets	239,755	239,755	232,161
Loss on disposal of tangible capital assets	-	30,323	15,300
Prepaid expenses	-	2,263	(6,585)
Net change in net financial assets	133,130	710,778	482,784
Net financial assets, beginning of year	1,471,586	1,471,586	988,802
Net financial assets, end of year	\$ 1,604,716	\$ 2,182,364	\$ 1,471,586

The notes are an integral part of these financial statements.

Michipicoten First Nation **Consolidated Statement of Cash Flows**

For the year ended March 31

2019

2018

Operating transactions

Annual surplus	\$ 598,383	\$ 377,667
Items not involving cash		
Amortization	239,755	232,161
Loss on disposal of tangible capital assets	30,323	15,300
Unfunded landfill site costs	<u>(191,086)</u>	<u>-</u>
	677,375	625,128
Changes in non-cash operating balances		
Accounts receivable	(1,537,045)	354,958
Prepaid expenses	2,263	(6,585)
Funds held in trust	(2,693)	(757)
Accounts payable and accrued liabilities	40,943	(216,403)
Deferred revenue	<u>93,282</u>	<u>882,596</u>
	(725,875)	1,638,937

Capital transactions

Acquisition of tangible capital assets	(159,946)	(135,759)
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Financing activities

Long term debt	<u>(57,999)</u>	<u>(56,952)</u>
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Net change in cash

(943,820) 1,446,226

Cash, beginning of year

3,284,369 1,838,143

Cash, end of year

\$ 2,340,549 \$ 3,284,369

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant accounting policies

a. Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board.

b. Reporting Entity

The Michipicoten First Nation reporting entity includes the First Nation government and all entities that are controlled by the First Nation.

c. Principles of Consolidation

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

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and its portion of the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in the First Nation's financial statements include:

The First Nation of Michipicoten Cultural Association
Michipicoten First Nation Economic Development Corporation

d. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by external contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed, is deferred and recognized when the fee is earned or service performed.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and term deposits having a maturity of three months or less at acquisition which are held for the purposes of meeting short term cash commitments.

f. Pension Plan

Michipicoten First Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

1. Significant accounting policies (continued)

g. Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over the the following years, which approximate estimated useful life of the tangible capital asset:

Land improvements	10 to 30
Buildings	10 to 40
Housing	10 to 40
Machinery and equipment	10 to 50
Vehicles	3 to 5
Infrastructure	10 to 100
Automotive	7

Tangible capital assets are written down when conditions indicate that they no longer contribute to Michipicoten First Nation's ability to provide goods and service, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated financial statements.

Contributed tangible capital assets are recorded into revenues at their fair values on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case, they are recognized at nominal value.

Certain assets having historical or cultural value, including works of art, historical documents and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available for service.

Leased assets that transfer substantially all the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

2. Investments

The First Nation entered into shareholder and limited partnership agreements with five other First Nations to explore business opportunities in electrical transmission. The partnerships are Bamkushwada Limited Partnership and Supercomm Industries LP.

Both partnerships are in the early stages of exploring development opportunities and report no significant distributable activities to date.

3. Trust funds

	Beginning	Additions	Withdrawals	Ending
Revenue	\$ 32,770	\$ 2,693	\$ -	\$ 35,463
Capital	2,484	-	-	2,484
	<u>\$ 35,254</u>	<u>\$ 2,693</u>	<u>\$ -</u>	<u>\$ 37,947</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

4. Deferred revenue

	2019	2018
Per capita distributions	\$ 21,000	\$ 174,301
Operations and maintenance/landfill remedial work	73,000	412,216
Intern position	28,000	-
Business and economic development program	-	151,905
Special education	63,700	27,526
Elementary/Secondary education	399,400	155,215
Post-secondary education	358,400	248,015
Housing	52,000	-
Renovations and retro-fits	108,000	-
Integrated health programs	-	9,967
Family support worker	-	7,300
Wellness worker	-	21,000
Medical initiatives	109,000	81,201
Brushing contract	-	9,822
Least disruptive preventions	179,250	-
	<u>\$ 1,391,750</u>	<u>\$ 1,298,468</u>

Reconciliation of deferred revenue

Balance, beginning of year	\$ 1,298,468	\$ 415,872
Additions during the year	1,391,750	1,298,468
Applied to operations during the year	(1,288,501)	(385,650)
Repaid to funding agencies	(9,967)	(30,222)
Balance, end of year	<u>\$ 1,391,750</u>	<u>\$ 1,298,468</u>

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

5. Accrued landfill closure and post-closure costs

Landfill closure and post-closure requirements include final covering and landscaping of the landfill, storm water management, creation of buffer lands, monitoring wells, fees, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a one hundred year period using the best information currently available to management. Future events may result in significant changes to total estimated expenditures, capacity used or total capacity and estimated liability. Any such changes would be applied prospectively as a change in estimate, when applicable.

An engineering study has determined that the landfill site can accommodate eight trenches of which one has already been used. The engineers have also recommended adopting "best practices" to further extend the life of the whole landfill site to over 70 years.

The estimated remaining useful life of the landfill site is 28 years, after which the period for post-closure care costs is estimated to be 30 years. The estimated liability for landfill closure and post-closure costs is recognized as the landfill site's capacity is used.

The estimated total net present value of expenditures to close and maintain the landfill site is approximately \$40,096 (2018 - \$214,846). As at March 31, 2019, \$23,760 (2018 - \$214,846) of the total estimated expenditures have been recognized based on the cumulative capacity of 7% (2018 - 100%) of the active trench utilized at that date compared to the total estimated landfill capacity. The First Nation has not designated any source of revenue to fund the cost of closing and maintaining the landfill site.

6. Long term debt

	2019	2018
Mortgage payable, Canada Mortgage and Housing Corporation, repayable \$5,919 monthly including interest at 1.83%, maturing December 1, 2019	\$ 683,158	\$ 741,157

Interest paid on long term debt during the year amounted to \$13,030 (2018 - \$14,077). Assuming renewal on comparable terms, principal payments required on long term debt for the next five years are as follows:

Year	Amount
2020	\$ 59,016
2021	60,105
2022	61,214
2023	62,343
2024	63,494
Thereafter	376,986
	<u>\$ 683,158</u>

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

7. Accumulated surplus

	2019	2018
Allocation of annual surplus (deficit)		
Reserves and reserve funds	\$ 361,000	\$ 365,157
Equity in tangible capital assets	(52,136)	(54,746)
General surplus (deficit)	95,739	66,499
Unfunded landfill liabilities	191,086	-
Funds held in trust	2,694	757
	<u>\$ 598,383</u>	<u>\$ 377,667</u>
 Accumulated surplus, end of year		
Reserves set aside for specific purposes by Chief and Council		
Land acquisition fund	\$ 890,708	\$ 906,055
Economic development fund	907,000	510,000
CMHC reserves	18,173	28,691
Reserve for better living policies	565,565	575,700
	<u>2,381,446</u>	<u>2,020,446</u>
Total reserves	2,381,446	2,020,446
Equity in tangible capital assets	13,031,821	13,083,957
General surplus (deficit)	506,898	411,159
Unfunded landfill liabilities	(23,760)	(214,846)
Funds held in trust	37,948	35,254
	<u>\$ 15,934,353</u>	<u>\$ 15,335,970</u>

8. Pension agreement

The First Nation provides defined contribution plan for eligible members of its staff. The First Nation matches employees' contributions. The amount to be received by employees will be the amount of retirement gratuity that could be purchased based on the employees share of the pension plan at the time of the employee's withdrawal from the plan. The First Nation contributed \$50,290 (2018 - \$43,336) during the year for retirement benefits.

9. Indigenous Services Canada funding

The First Nation has entered into funding arrangements with Indigenous Services Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the terms of the funding arrangement.

The following is a reconciliation of funding provided.

ISC revenue per confirmation	\$ 1,371,690
Deferred revenue, beginning of year	994,877
Deferred revenue, end of year	<u>(304,250)</u>
ISC funding per financial statements	<u>\$ 2,062,317</u>

Michipicoten First Nation
Notes to Consolidated Financial Statements

March 31, 2019

10. Boundary claim settlement trust

The following is a summary of the trust's operations for the year ended December 31, 2018:

	Revenue	Capital	Total	Total (2017)
Revenue				
Investment	\$ 370,185	\$ -	\$ 370,185	\$ 465,054
Dividends	352,512	-	352,512	253,508
Capital gains	656,937	-	656,937	1,093,358
	<u>1,379,634</u>	<u>-</u>	<u>1,379,634</u>	<u>1,811,920</u>
Expenditures				
Administration fees	-	-	-	1,610
Other	7,367	-	7,367	9,755
Portfolio management fees	99,320	-	99,320	104,287
Professional fees	24,325	-	24,325	10,851
Trustee fees	81,720	-	81,720	83,266
Income distributions	1,161,402	-	1,161,402	1,603,761
	<u>1,374,134</u>	<u>-</u>	<u>1,374,134</u>	<u>1,813,530</u>
	5,500	-	5,500	(1,610)
Unrealized gains (losses)	<u>-</u>	<u>(2,205,448)</u>	<u>(2,205,448)</u>	<u>(478,381)</u>
Loss for the year	<u>5,500</u>	<u>(2,205,448)</u>	<u>(2,199,948)</u>	<u>(479,991)</u>
Balance, beginning of year	<u>(15,500)</u>	<u>27,851,587</u>	<u>27,836,087</u>	<u>28,316,078</u>
Balance, end of year	<u>\$ (10,000)</u>	<u>\$ 25,646,139</u>	<u>\$ 25,636,139</u>	<u>\$ 27,836,087</u>

The following is a summary of the trust's financial position at December 31, 2018:

	Revenue	Capital	Total	Total (2017)
Current assets	\$ 198,907	\$ 92,805	\$ 291,712	\$ 3,633,214
Inter fund balances	662,481	(662,481)	-	-
Investments	300,000	26,215,815	26,515,815	25,822,120
Current liabilities	<u>(1,171,388)</u>	<u>-</u>	<u>(1,171,388)</u>	<u>(1,619,247)</u>
Fund balances	<u>\$ (10,000)</u>	<u>\$ 25,646,139</u>	<u>\$ 25,636,139</u>	<u>\$ 27,836,087</u>
Fund balances represented by:				
Unrealized (gains) losses	\$ (10,000)	\$ (4,022,948)	\$ (4,032,948)	\$ (1,832,999)
Fund balances	<u>-</u>	<u>29,669,087</u>	<u>29,669,087</u>	<u>29,669,086</u>
Total	<u>\$ (10,000)</u>	<u>\$ 25,646,139</u>	<u>\$ 25,636,139</u>	<u>\$ 27,836,087</u>

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

11. Segmented information

The Michipicoten First Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services. For management reporting purposes the First Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

Social and family services

This department is responsible for administering programs focussing on improving the lives of members and families of the First Nation, including: better living, education and funeral policies; promoting awareness of cultural ties by gathering together youth and elders; youth employment projects; and distribution of trust settlement proceeds to members.

Education

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Operations and maintenance

The infrastructure department provides public services that contribute to community development and sustainability through the provision of maintenance services for roads, water and sanitation, fire protection, electrical and community buildings.

Medical and other health services

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, pre-natal and early childhood care, brighter futures, building healthy communities, traditional healing, family violence prevention and other programs designed to enhance the health of members.

Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council.

Housing and community development

This department oversees construction and renovation of housing in the community and as well, operates the CMHC project and other band-owned homes. In addition, this department undertakes planning activities to ensure the long-term improvement of the community.

Enterprises and economic development

Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income and other projects from time to time. This department also oversees economic development programs within the community.

Michipicoten First Nation

Notes to Consolidated Financial Statements

March 31, 2019

11. Segmented information (continued)

Other services

The First Nation provides a wide array of other services, including volunteer fire department, library and land purchases, as well as administering ONFLP funding.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Segment Disclosure.

12. Contingent liability

The First Nation is contingently liable to Canada Mortgage and Housing Corporation for housing renovations loans extended to band members. Loans are forgivable on a straight line basis over four years as long as the occupant remains the same over the term. Any outstanding balance becomes payable by the First Nation if the terms of forgiveness are not met.

13. Budget

The Financial Plan (Budget) By-Law adopted by Council on August 30, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council with adjustments as follows:

Budget surplus (deficit) for the year	\$ 75,130
Add:	
Capital expenditures	60,000
Principal payment on long term debt	58,000
Less:	
Amortization	(239,755)
Budget surplus (deficit) per statement of operations	<u>\$ (46,625)</u>

Michipicoten First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2019

	Land	Land Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 8,951,177	\$ 114,039	\$ 1,832,238	\$ 3,385,537	\$ 980,273	\$ 278,139	\$ 2,931,818	\$ -	\$ 18,473,221
Additions	-	-	-	-	27,953	131,993	-	-	159,946
Disposals	-	-	-	-	-	(45,485)	-	-	(45,485)
Cost, end of year	8,951,177	114,039	1,832,238	3,385,537	1,008,226	364,647	2,931,818	-	18,587,682
Accumulated amortization, beginning of year	-	91,822	938,614	1,400,822	484,919	56,507	1,675,423	-	4,648,107
Amortization	-	7,536	45,556	83,388	28,018	20,279	54,978	-	239,755
Disposals	-	-	-	-	-	(15,162)	-	-	(15,162)
Accumulated amortization, end of year	-	99,358	984,170	1,484,210	512,937	61,624	1,730,401	-	4,872,700
Net carrying amount, end of year	\$ 8,951,177	\$ 14,681	\$ 848,068	\$ 1,901,327	\$ 495,289	\$ 303,023	\$ 1,201,417	\$ -	\$ 13,714,982

The notes are an integral part of these financial statements.

Michipicoten First Nation

Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2018 (comparative figures)

	Land	Land Improvements	Buildings	Housing	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 8,951,177	\$ 114,039	\$ 1,832,238	\$ 3,385,537	\$ 934,366	\$ 213,787	\$ 2,931,818	\$ -	\$ 18,362,962
Additions	-	-	-	-	45,907	89,852	-	-	135,759
Disposals	-	-	-	-	-	(25,500)	-	-	(25,500)
Cost, end of year	8,951,177	114,039	1,832,238	3,385,537	980,273	278,139	2,931,818	-	18,473,221
Accumulated amortization, beginning of year	-	84,288	893,058	1,317,434	459,762	51,159	1,620,445	-	4,426,146
Amortization	-	7,534	45,556	83,388	25,157	15,548	54,978	-	232,161
Disposals	-	-	-	-	-	(10,200)	-	-	(10,200)
Accumulated amortization, end of year	-	91,822	938,614	1,400,822	484,919	56,507	1,675,423	-	4,648,107
Net carrying amount, end of year	\$ 8,951,177	\$ 22,217	\$ 893,624	\$ 1,984,715	\$ 495,354	\$ 221,632	\$ 1,256,395	\$ -	\$ 13,825,114

The notes are an integral part of these financial statements.

Michiganipicoten First Nation Schedule 2 - Consolidated Segment Disclosure

For the year ended March 31, 2019

	Social and Family Services	Education	Operations and Maintenance	Medical and other Health Services	Admini- stration	Housing and Community Development	Enterprises and Economic Development	Other	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 9,451	\$ 430,756	\$ 782,295	\$ -	\$ 476,081	\$ 142,316	\$ 221,418	\$ -	\$ 2,062,317
Canada	-	-	-	222,792	-	113,071	6,779	-	342,642
Ontario	-	-	9,486	138,755	-	16,000	184,200	13,903	362,344
Ontario First Nations (2008) Limited Partnership	-	-	-	-	-	-	-	1,004,116	1,004,116
Trust income	1,313,292	-	-	-	-	-	-	-	1,313,292
Other Aboriginal organizations	21,759	510,894	-	401,803	1,247	-	-	-	935,703
Interest, rentals and other	45,454	-	(26,811)	10,497	218,464	1,995,048	76,472	23,937	2,343,061
Transfers between segments	574,878	-	-	-	284,025	54,613	58,000	(971,516)	-
	1,964,834	941,650	764,970	773,847	979,817	2,321,048	546,869	70,440	8,363,475
Expenses									
Salaries, wages and benefits	55,658	73,324	391,888	372,011	652,327	46,914	103,038	55,302	1,750,462
Materials and supplies	181,259	27,195	(628)	255,168	201,254	113,823	20,187	5,330	803,588
Contracted services	5,918	12,365	351,539	33,413	379,238	1,519,178	389,758	-	2,691,409
Rents and financial expenses	1,081	2,157	16,904	1,585	62,473	32,883	16,518	-	133,601
External transfers	1,569,024	577,253	-	-	-	-	-	-	2,146,277
Amortization	5,217	-	118,437	7,666	21,104	86,718	-	613	239,755
Transfers between segments	160,884	197,785	(235,852)	79,959	(318,945)	79,074	32,720	4,375	-
	1,979,041	890,079	642,288	749,802	997,451	1,878,590	562,221	65,620	7,765,092
Excess (deficiency) of revenue over expenses	\$ (14,207)	\$ 51,571	\$ 122,682	\$ 24,045	\$ (17,634)	\$ 442,458	\$ (15,352)	\$ 4,820	\$ 598,383

The notes are an integral part of these financial statements.

Michipicoten First Nation **Schedule 2 - Consolidated Segment Disclosure**

For the year ended March 31, 2018 (comparative figures)

	Social and Family	Education	Operations and Maintenance	Medical and other Health Services	Admini- stration	Housing and Community Development	Enterprises and Economic Development	Other	Consolidated Total
Revenue									
Indigenous Services Canada	\$ 10,659	\$ 894,307	\$ 447,363	\$ -	\$ 327,469	\$ 118,797	\$ 65,525	\$ 52,900	\$ 1,917,020
Canada	10,603	-	-	230,860	-	81,859	-	-	323,322
Ontario	-	-	9,486	-	-	-	100,000	23,998	133,484
Ontario First Nations (2008) Limited Partnership	-	-	-	-	-	-	-	790,812	790,812
Trust income	1,793,563	-	-	-	-	-	-	-	1,793,563
Other Aboriginal organizations	6,000	14,830	-	281,271	35,190	-	-	3,449	340,740
Interest, rentals and other	29,549	25,655	19,523	27,280	38,134	846,165	8,450	77,181	1,071,937
Transfers between segments	440,826	-	-	-	167,500	128,341	33,400	(770,067)	-
	2,291,200	934,792	476,372	539,411	568,293	1,175,162	207,375	178,273	6,370,878
Expenses									
Salaries, wages and benefits	55,022	120,703	300,212	293,299	595,049	61,296	96,172	36,040	1,557,793
Materials and supplies	203,060	41,122	73,910	97,306	156,782	45,866	7,114	67,126	692,286
Contracted services	3,647	7,231	69,704	22,641	186,102	753,594	78,442	55,000	1,176,361
Rents and financial expenses	690	5,143	19,790	17,644	59,842	34,672	16,499	-	154,280
External transfers and other	1,606,285	574,045	-	-	-	-	-	-	2,180,330
Amortization	5,216	-	112,240	6,269	21,105	86,718	-	613	232,161
Transfers between segments	192,155	134,747	(69,046)	66,397	(439,593)	72,913	21,519	20,908	-
	2,066,075	882,991	506,810	503,556	579,287	1,055,059	219,746	179,687	5,993,211
Excess (deficiency) of revenue over expenses	\$ 225,125	\$ 51,801	\$ (30,438)	\$ 35,855	\$ (10,994)	\$ 120,103	\$ (12,371)	\$ (1,414)	\$ 377,667

The notes are an integral part of these financial statements.