

Consolidated financial statements of

**Chippewas of Kettle & Stony Point  
First Nation**

March 31, 2018

# Chippewas of Kettle & Stony Point First Nation

March 31, 2018

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## Management's Responsibility for the Consolidated Financial Statements

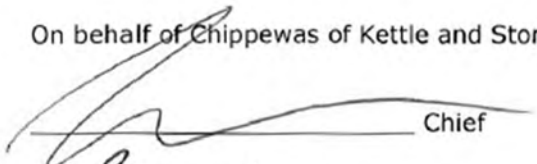
The accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation are the responsibility of management and have been approved by Council.


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 in necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

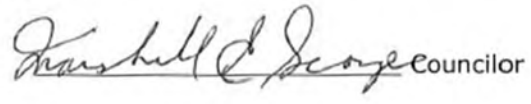
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

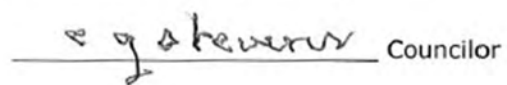
The external auditors, Deloitte LLP, conducted an audit, in accordance with Canadian generally accepted auditing standards, and expressed their opinion on the consolidated financial statements. The external auditors have access to financial management at Chippewas of Kettle and Stony Point First Nation and meet when required.

On behalf of Chippewas of Kettle and Stony Point First Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor

  
\_\_\_\_\_  
Councilor

## Independent Auditor's Report

To the Members of  
Chippewas of Kettle & Stony Point First Nation

We have audited the accompanying consolidated financial statements of the Chippewas of Kettle & Stony Point First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Chippewas of Kettle & Stony Point First Nation as at March 31, 2018 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other Matters**

Chippewas of Kettle & Stony Point First Nation has also prepared another set of consolidated financial statements for the year ended March 31, 2018 in accordance with Canadian public sector accounting standards and include supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Chippewas of Kettle & Stony Point First Nation meet the reporting requirements of various funding agencies. These statements do not include supplementary schedules. Our audit report on the other set of financial statements was addressed to Chief and Council of Chippewas of Kettle & Stony Point First Nation and was dated October 3, 2018.



Chartered Professional Accountants  
Licensed Public Accountants  
October 3, 2018

# Chippewas of Kettle & Stony Point First Nation

## Consolidated statement of financial position as at March 31, 2018

	2018	2017
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	2,177,396	523,669
Accounts receivable (Note 3)	894,888	1,047,114
Loans receivable (Note 4)	493,156	463,258
Funds on deposit with ISC	4,811	3,891
Due from governments (Note 5)	1,967,126	565,670
Portfolio investments (Note 6)	100,566,984	97,071,301
Due from related parties (Note 7)	4,020,080	3,678,649
Investment in government business enterprises (Note 8)	3,003,249	3,451,313
	<b>113,127,690</b>	<b>106,804,865</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,013,048	1,445,452
Due to related parties (Note 7)	204,727	61,073
Deferred revenue (Note 9)	3,226,431	1,800,645
Long-term debt (Note 10)	1,359,197	1,642,475
	<b>7,803,403</b>	<b>4,949,645</b>
Net financial assets	<b>105,324,287</b>	<b>101,855,220</b>
<b>Non-financial assets</b>		
Tangible capital assets (Exhibit B)	17,936,160	18,032,937
Prepaid expenses and inventory of supplies	117,558	244,805
	<b>18,053,718</b>	<b>18,277,742</b>
<b>Accumulated surplus (Note 11)</b>	<b>123,378,005</b>	<b>120,132,962</b>

On behalf of the Band Council

\_\_\_\_\_ Chief

\_\_\_\_\_ Councillor

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

## Consolidated statement of operations year ended March 31, 2018

	Budget	2018	2017
	\$	\$	\$
<b>Revenue</b>			
Federal government transfers (Note 9)	6,404,607	11,659,147	11,412,219
Provincial government transfers (Note 9)	847,149	2,566,414	2,238,852
Grants	1,896,729	2,535,736	2,533,577
Rent and dues	654,925	1,482,447	1,212,375
Income (loss) from investment in government business enterprises (Note 8)	-	428,228	800,297
Other	20,000	1,923,863	2,043,753
Investment income	465,173	4,977,729	4,366,280
	<b>10,288,583</b>	<b>25,573,564</b>	<b>24,607,353</b>
<b>Expenditures</b>			
Band government	1,936,585	3,838,779	2,521,011
Community services	76,869	165,181	119,192
Economic development	456,170	2,886,375	2,154,777
Education	3,071,309	6,121,962	5,805,213
Health	255,034	2,365,131	2,019,329
Housing	161,827	577,695	581,320
Land claims	1,113,196	1,795,885	1,701,598
Land programs	136,150	185,484	242,148
Minor capital	711	574,032	197,546
Public works	1,297,048	1,190,868	1,135,128
Social services	1,740,820	2,265,792	2,232,764
	<b>10,245,719</b>	<b>21,967,184</b>	<b>18,710,026</b>
Annual surplus	42,864	3,606,380	5,897,327
Accumulated surplus, beginning of year	120,132,962	120,132,962	132,647,679
Distribution to members	(361,337)	(361,337)	(18,412,044)
<b>Accumulated surplus, end of year</b>	<b>119,814,489</b>	<b>123,378,005</b>	<b>120,132,962</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

## Consolidated statement of changes in net financial assets year ended March 31, 2018

	Budget	2018	2017
	\$	\$	\$
<b>Annual surplus</b>	-	<b>3,606,380</b>	5,897,327
Acquisition of tangible capital assets	-	<b>(1,020,693)</b>	(893,201)
Amortization of tangible capital assets	-	<b>1,117,470</b>	1,060,597
Distribution to members	-	<b>(361,337)</b>	(18,412,044)
	-	<b>3,341,820</b>	(12,347,321)
Disposal (acquisition) of prepaid expenses and inventory of supplies	-	<b>127,247</b>	10,767
Net change in net financial assets	-	<b>3,469,067</b>	(12,336,554)
Net financial assets, beginning of year	-	<b>101,855,220</b>	114,191,774
<b>Net financial assets, end of year</b>	-	<b>105,324,287</b>	101,855,220

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.



# Chippewas of Kettle & Stony Point First Nation

## Consolidated statement of cash flows year ended March 31, 2018

	2018	2017
	\$	\$
<b>Operating activities</b>		
Annual surplus	3,606,380	5,897,327
Adjustment for items not affecting cash		
Amortization of tangible capital assets	1,117,470	1,060,597
Share of income from investment in government business enterprises	(428,228)	(800,297)
	<b>4,295,622</b>	<b>6,157,627</b>
Changes in non-cash working capital items		
Accounts receivable	152,226	(170,284)
Loans receivable	(29,898)	(217,037)
Land settlement receivable	-	95,000,000
Funds on deposit with ISC	(920)	(933)
Due from governments	(1,401,456)	(293,769)
Prepaid expenses and inventory of supplies	127,247	10,767
Accounts payable and accrued liabilities	1,567,596	(62,909)
Deferred revenue	1,425,786	617,109
	<b>6,136,203</b>	<b>101,040,571</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets	(1,020,693)	(893,201)
<b>Investing activities</b>		
Increase in portfolio investments	(3,495,683)	(78,654,060)
Increase in due from related parties	(197,777)	(118,813)
Dividends received	876,292	-
	<b>(2,817,168)</b>	<b>(78,772,873)</b>
<b>Financing activities</b>		
Repayment of long-term debt	(283,278)	(2,262,428)
Distribution to members	(361,337)	(18,412,044)
	<b>(644,615)</b>	<b>(20,674,472)</b>
Net change in cash and cash equivalents	1,653,727	700,025
Cash and cash equivalents, beginning of year	523,669	(176,356)
<b>Cash and cash equivalents, end of year</b>	<b>2,177,396</b>	<b>523,669</b>
<b>Represented by</b>		
Cash and cash equivalents	1,115,386	(7,299)
Restricted cash	1,062,010	530,968
	<b>2,177,396</b>	<b>523,669</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 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 Chippewas of Kettle & Stony Point First Nation ("First Nation") entity includes the Chippewas of Kettle and Stony Point First Nation government and all entities that are controlled by the First Nation.

#### c) *Principles of consolidation*

The 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 Chippewas of Kettle and Stony Point First Nation's investment in the government business enterprise and the First Nation's 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 Chippewas of Kettle & Stony Point First Nation and inter-organizational balances and transactions are not eliminated.

Organizations consolidated in Chippewas of Kettle & Stony Point First Nation's financial statements include:

- Point's Eagle Radio Inc.
- Chippewas of Kettle and Stony Point Settlement Trust (2016)

Organizations accounted for on a modified equity basis include:

- Indian Hills of Ipperwash Limited
- Southwind Corporate Development Inc.

#### d) *Cash and cash equivalents*

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

#### e) *Inventories for resale*

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

#### f) *Loans receivable*

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery, the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

#### g) *Portfolio investments*

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

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## 1. Significant accounting policies (continued)

### h) *Tangible capital assets*

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all 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 recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	50 years
Building contents	3 to 8 years
Vehicles	10 years
Infrastructure	25 to 40 years

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

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

Assets under construction are not amortized until the asset is available to be put into service.

### i) *Leased assets*

Leases that transfer substantially all the benefits and risks of ownership to the lessee 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.

### j) *Inventories held for use*

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

### k) *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 revenues 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 stipulations are settled.

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

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

### l) *Loan guarantees*

Loan guarantees are initially recognized at the amount of the estimate of the future cash outflow to be paid by the First Nation on the defaulted loans. At each year end, an assessment is made of whether the loan guarantees require recognition in the financial statements.

# Chippewas of Kettle & Stony Point First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 1. Significant accounting policies (continued)

#### m) *Liability for contaminated sites*

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. At March 31, 2018, the First Nation has not identified any instances that meet the criteria for a liability for contaminated sites.

#### n) *Measurement uncertainty*

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be different from those estimates. Significant estimates include the useful lives of tangible capital assets, the valuation of accounts receivable and the determination of deferred revenue.

#### o) *Fund accounting*

The First Nation records accounting transactions using the fund accounting method generally in use for government organizations. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The First Nation maintains the following funds:

- Operations Fund reflects the sources of funding received and expenditures incurred on various programs administered by the First Nation.
- Capital Fund reflects the funding received and expenditures made on capital projects.
- Camp Ipperwash Fund reflects the funding received and expenditures made with respect to the former Camp Ipperwash.
- Investment Fund reflects monies maintained in investments which are either internally or externally restricted as to their use.
- CMHC Reserve Replacement Fund reflects monies received and expenditures made on capital projects relating to the CMHC mortgaged buildings.
- Stony Point FSA trust fund reflects the funding received and expenditures made with respect to the land settlement claim.

### 2. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Chippewas of Kettle & Stony Point First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the CMHC Reserve Fund. The following table presents the amount of cash and cash equivalents that are externally restricted, internally restricted and unrestricted:

# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

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## 2. Cash and cash equivalents (continued)

	2018	2017
	\$	\$
Externally restricted		
CMHC capital improvements	331,762	334,109
Internally restricted		
Capital planning	8,068	67,594
Economic development	528,433	(64,482)
Camp Ipperwash	193,747	193,747
	<b>730,248</b>	196,859
Unrestricted		
Operating	1,125,295	21,770
Social services	(9,909)	(29,069)
	<b>1,115,386</b>	(7,299)
	<b>2,177,396</b>	523,669

The First Nation has an authorized demand line of credit of \$3,000,000 with Royal Bank of Canada at prime + 0% per annum secured by a general security agreement on all property and a general hypothecation of stocks and bonds held at RBC PN&H Investment Council. At March 31, 2018 the First Nation has drawn \$20,000.

At the year end, the First Nation held \$136,665 (2017 - \$136,665) in trust for band members from a settlement with the Government of Canada and held a funeral trust of \$50,493 (2017 - \$30,760) that can be utilized by band members as per policy.

## 3. Accounts receivable

	2018	2017
	\$	\$
Due from members		
Rent	413,816	354,599
Other	55,741	55,741
	<b>469,557</b>	410,340
Due from others		
Other	1,154,438	1,273,318
	<b>1,623,995</b>	1,683,658
Less: allowance for doubtful accounts	<b>(729,107)</b>	(636,544)
	<b>894,888</b>	1,047,114

# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

## 4. Loans receivable

	2018	2017
	\$	\$
Members of First Nation	3,537,407	3,431,029
Less: allowance for doubtful accounts	(3,044,251)	(2,967,771)
	<b>493,156</b>	<b>463,258</b>

## 5. Due from governments

	2018	2017
	\$	\$
Federal Government		
Indigenous Services Canada	1,472,588	373,812
Health Canada	15,200	37,769
Canada Mortgage and Housing Corporation	122,972	77,940
Provincial Government	488,299	208,082
	<b>2,099,059</b>	<b>697,603</b>
Less: allowance for doubtful accounts	(131,933)	(131,933)
	<b>1,967,126</b>	<b>565,670</b>

## 6. Portfolio investments

Investments and marketable securities are comprised of \$100,566,984 invested with RBC PH&N Investment Council Inc. (2017 - \$97,071,301). The fair market value is approximately \$106,344,000 (2017 - \$101,508,551). Included in the investment balance are amounts held in cash totaling \$928,759 (2017 - \$1,253,845).

Included in investments and marketable securities are funds held by the Stony Point FSA Trust Fund of \$80,136,190 with a fair value of \$84,464,875. The Trust funds are not for use in general operations and are restricted for use as outlined in the Chippewas of Kettle & Stony Point Trust Fund Agreement upon approval by the First Nation as represented by its duly elected Council.

## 7. Due (to) from related parties

At the end of the year, the amounts due (to) from related parties are as follows:

	2018	2017
	\$	\$
Due to Southwind Corporate Development Inc.	(177,318)	(33,330)
Due to Points Preference Supermarket Inc.	(19,232)	-
Due from Points Eagle Radio Inc.	(5,962)	-
Due to Kettle & Stony Point Gas & Convenience Inc.	(1,589)	-
Due to 9236058 Canada Inc.	(626)	(27,743)
	<b>(204,727)</b>	<b>(61,073)</b>
Due from Indian Hills of Ipperwash Limited	3,493,080	3,146,146
Due from Points Preference Supermarket Inc.	-	800
Due from Kettle & Stony Point Gas & Convenience Inc.	-	4,703
Loan due from Kettle & Stony Point Gas & Convenience Inc.	527,000	527,000
	<b>4,020,080</b>	<b>3,678,649</b>

# Chippewas of Kettle & Stony Point First Nation

## Notes to the consolidated financial statements

March 31, 2018

### 7. Due from related parties (continued)

The due from (to) balances are interest-free and payable on demand with the exception of the loan due from Kettle & Stony Point Gas & Convenience Inc. which is interest-free and payable in full in 2025.

Purchases were made from Points Preference Supermarket Inc. in the amount of \$19,232 (2017 - \$54,015).

These transactions are in the normal course of business and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties) which approximates the arm's length equivalent for provision of services.

### 8. Government business enterprises

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

#### *Southwind Corporate Development Inc.*

Southwind Corporate Development Inc. is a corporation incorporated under the laws of the Government of Canada. It was established for corporate management and development. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Southwind Corporate Development Inc.

#### *Indian Hills of Ipperwash Limited*

Indian Hills of Ipperwash Limited is a corporation incorporated under the laws of the Government of Canada. It was established to operate a golf course. The Chippewas of Kettle and Stony Point First Nation own 100% of the outstanding shares of Indian Hills of Ipperwash Limited.

The original investment in Indian Hills of Ipperwash Limited of \$1,973,789 has been reduced by losses of \$2,513,456 since 2007, resulting in an investment of \$(383,905) (2017 - (\$539,667)).

	Southwind Corporate Development Inc.		Indian Hills of Ipperwash Limited	
	2018	2017	2018	2017
	\$			\$
<b>Assets</b>	<b>3,644,665</b>	3,729,086	<b>3,645,219</b>	3,559,341
<b>Liabilities</b>	<b>677,568</b>	812,455	<b>3,609,067</b>	3,678,951
Share capital	100	100	100	100
Surplus (deficit)	<b>2,966,997</b>	2,944,630	<b>36,052</b>	(119,610)
	<b>3,644,665</b>	3,757,185	<b>3,645,219</b>	3,559,441
<b>Revenue</b>	<b>13,679,490</b>	12,224,607	<b>1,014,407</b>	915,397
<b>Expenditures</b>	<b>13,407,024</b>	11,348,958	<b>858,645</b>	990,749
<b>Net income for the year</b>	<b>272,466</b>	875,649	<b>155,762</b>	(75,352)

# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

## 9. Deferred revenue and government transfers

	Balance March 31, 2017	Funding received 2018	Revenue recognized 2018	Balance March 31, 2018
	\$	\$	\$	\$
<b>Federal Government</b>				
Indigenous Services Canada ("ISC")	1,688,770	10,634,690	9,406,809	2,916,651
Health Canada	12,493	2,439,477	2,440,232	11,737
Canada Mortgage and Housing Corporation	31,043	243,494	255,345	19,192
	<u>1,732,306</u>	<u>13,317,661</u>	<u>12,102,386</u>	<u>2,947,580</u>
<b>Provincial Government</b>				
Ministry of Education	-	589,613	589,613	-
Ministry of Aboriginal Affairs	-	193,333	193,333	-
Ministry of Health	-	1,255,273	1,255,273	-
Ministry of Advanced Education & Skills Development	-	344,516	344,516	-
Southern First Nation Secretariat	-	538,426	501,705	36,721
Pathways Health Centre for Children	-	16,000	-	16,000
Infrastructure Ontario	-	159,750	-	159,750
Other	-	252,484	252,484	-
	<u>-</u>	<u>3,349,395</u>	<u>3,136,924</u>	<u>212,471</u>
<b>Other</b>				
Other	68,339	4,882	6,841	66,380
	<u>1,800,645</u>	<u>16,671,938</u>	<u>15,246,151</u>	<u>3,226,431</u>



# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

## 10. Long-term debt

	2018	2017
	\$	\$
1.52% mortgage, Canadian Mortgage and Housing Corporation, payable \$5,222 monthly including principal and interest, maturing May 1, 2018	<b>9,975</b>	72,439
1.31% mortgage, Canadian Mortgage and Housing Corporation, payable \$4,779 monthly including principal and interest, maturing October 1, 2021	<b>199,454</b>	255,737
2.04% mortgage, Canadian Mortgage and Housing Corporation, payable \$3,157 monthly including principal and interest, maturing October 1, 2027	<b>328,239</b>	353,051
2.05% mortgage, Bank of Montreal, payable \$2,578 biweekly including principal and interest, maturing May 1, 2020	<b>136,934</b>	199,818
1.84% mortgage, Canadian Mortgage and Housing Corporation, payable principal and interest, maturing September 1, 2022	<b>226,084</b>	276,273
1.92% mortgage, Canadian Mortgage and Housing Corporation, payable \$2,250 monthly including principal and interest, maturing February 1, 2019	<b>24,181</b>	50,784
Promissory note payable, ISC, interest free, total due on the date on which the 1928 Surrender at Stony Point claim is settled	<b>275,486</b>	275,529
Promissory note payable, ISC, interest free, total due on the date on which the Clench Defalcation claim is settled	<b>158,844</b>	158,844
	<b>1,359,197</b>	1,642,475

The above debt is secured by a ministerial guarantee by the Indigenous Services Canada ("ISC").  
Principal payments required on long-term debt for the next five years and thereafter are due as follows:

	\$
2019	670,421
2020	204,477
2021	145,491
2022	119,343
2023	61,187
Thereafter	158,278
	<b>1,359,197</b>

Interest expense for the year on long-term debt was \$17,916 (2017 - \$14,862).

# Chippewas of Kettle & Stony Point First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 11. Accumulated surplus

The First Nation segregates its accumulated surplus into the following categories:

	2018	2017
	\$	\$
Capital Fund	15,602,321	15,602,321
Operations Fund	5,053,195	5,717,385
Camp Ipperwash Fund	171,809	171,804
Investment Fund	20,013,791	18,737,035
CMHC Replacement Reserve	272,019	275,291
Stony Point FSA trust fund	82,264,870	79,629,126
	<b>123,378,005</b>	<b>120,132,962</b>

### 12. Expenditures by object

	2018	2017
	\$	\$
Salaries, wages and employee benefits	9,734,607	9,490,866
Materials	11,060,923	8,608,799
Amortization	1,114,943	1,060,597
Rents and financial expenses	56,711	39,994
	<b>21,967,184</b>	<b>19,200,256</b>

### 13. Contingencies

The First Nation is a defendant in various legal actions. The ultimate outcomes are indeterminable at March 31, 2018 as litigation is still in progress. The results of any claims and related costs will be recognized in the year in which the outcome has been decided. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

The First Nation has also guaranteed \$1,730,068 of housing loans for band members, \$1,236,209 with the Bank of Montreal and \$493,858 with the Royal Bank of Canada. The First Nation has provided a full financial guarantee to the Bank of Montreal for each loan, with the land as collateral. All mortgages are up to date on payments consequently management does not expect to act on the guarantee.

The First Nation provides a full financial guarantee to Tecumseh Community Development Corporation for a promissory note signed by Southwind Corporate Development Limited. The balance at March 31, 2018 is \$167,816.

As a First Nation government entity, Provincial or Federal taxes are not collected and remitted; consequently no provisions have been included in the financial statements related to Provincial or Federal taxes.

### 14. Commitments

The First Nation has entered into contracts for the design and engineering related to the construction of a new water tower. The design and engineering contracts combined cost is \$292,352 and \$268,551 has been spent to March 31, 2018.

The First Nation has entered into a contract for the design for a new Indian Hills Golf Club House. The contract cost is \$325,000 and \$157,750 has been spent to March 31, 2018.

The First Nation has entered into a contract for the design for a new Cultural/Heritage Centre & Ojibway Village. The contract cost is \$450,000 and \$204,611 has been spent to March 31, 2018.

# Chippewas of Kettle & Stony Point First Nation

## Notes to the consolidated financial statements

March 31, 2018

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### 15. Pension agreement

The First Nation makes contributions to Manulife for a pension plan on behalf of 144 (2017 - 141) members of its staff. The plan is a defined contribution plan.

The amount contributed to the pension plan in 2018 was \$285,954 (2017 - \$261,246) for current service and is included as an expenditure in the statement of operations.

### 16. Ontario land settlements

Currently the First Nation is involved in negotiating various land claims involving the Clench Defalcation Claim. When the claims are settled, the amounts will be reflected in the year of settlement.

### 17. Budget

The budget was prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a full accrual basis and was approved by Chief and Council on February 6, 2017.

### 18. Segmented information

The Chippewas of Kettle & Stony Point First Nation is a diversified First Nation government that provides a wide range of services to its members including public works, health, administration and education. For management reporting purposes, the First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities in accordance with special regulations, restrictions or limitations.

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

#### *Public works*

The Public Works department is responsible for the delivery of First Nation public works services related to road maintenance, water treatment and infrastructure, waste management services and infrastructure, cemetery maintenance, ditching, culverts and other infrastructure needs and functions.

#### *Health*

The Health department is responsible for the delivery of services promoting healthy lifestyles, skill building and self-care targeting community members of all ages and phases of life. Programming takes into account the non-medical determinants of health like poverty, mental and social well-being, quality of life, income, employment, education and other factors known to influence the way people care for themselves and their families.

#### *Administration*

The administration department is responsible for the processing of payroll, payments for goods and services, invoicing of fees and rentals, coordinating the First Nation's audit, administering the employee benefits program, providing financial data to other programs for reporting purposes, coordinating the budget process including minor capital and being a resource to the Financial Management Board.

#### *Education*

The education department is responsible for the provision and administration of the education of students at Hillside School.

#### *Other*

Other comprises all other departments of the First Nation including housing, social services, lands, estates and governance, youth, economic development, employment and training, job connect, fire, negotiations and Casino Rama.

# Chippewas of Kettle & Stony Point First Nation

Notes to the consolidated financial statements

March 31, 2018

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## 18. Segmented information (continued)

### *Business enterprises*

Business Enterprises comprises the income (loss) of Southwind Corporate Development Inc. and Indian Hills of Ipperwash Limited, wholly owned by the First Nation.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segments.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1(a). For additional information see the Consolidated Schedule of Segment Disclosure which appear after the notes to the financial statements.

## 19. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

# Chippewas of Kettle & Stony Point First Nation

Consolidated schedule of segment disclosure - Exhibit A  
year ended March 31, 2018

	Public works	Health	Administration	Education	Other	Business enterprises	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Government transfers	382,923	4,006,763	837,209	3,725,852	5,404,190	-	14,356,937
Other	180,584	522,125	183,144	60,718	10,791,459	428,228	12,166,258
	<b>563,507</b>	<b>4,528,888</b>	<b>1,020,353</b>	<b>3,786,570</b>	<b>16,195,649</b>	<b>428,228</b>	<b>26,523,195</b>
<b>Expenses</b>							
Salaries and benefits	411,635	2,321,823	1,165,621	2,343,156	3,492,372	-	9,734,607
Facility maintenance	317,863	166,686	59,076	(12,813)	1,216,270	-	1,747,082
Equipment and maintenance	91,492	34,270	17,270	145,072	312,561	-	600,665
Program costs	104,298	563,893	982,369	1,416,199	6,652,759	-	9,719,518
	<b>925,288</b>	<b>3,086,672</b>	<b>2,224,336</b>	<b>3,891,614</b>	<b>11,673,962</b>	<b>-</b>	<b>21,801,872</b>
(Loss) income before amortization	(361,781)	1,442,216	(1,203,983)	(105,044)	4,521,687	428,228	4,721,323
Amortization	62,942	-	574,921	122,566	354,514	-	1,114,943
<b>Net surplus (deficit)</b>	<b>(424,723)</b>	<b>1,442,216</b>	<b>(1,778,904)</b>	<b>(227,610)</b>	<b>4,167,173</b>	<b>428,228</b>	<b>3,606,380</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

Consolidated schedule of segment disclosure - Exhibit A (continued)  
year ended March 31, 2017

	Public works	Health	Administration	Education	Other	Business enterprises	Consolidated
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Government transfers	471,899	3,441,766	789,594	3,362,009	5,585,802	-	13,651,070
Other	155,315	626,983	140,952	61,809	9,661,157	800,297	11,446,513
	627,214	4,068,749	930,546	3,423,818	15,246,959	800,297	25,097,583
<b>Expenses</b>							
Salaries and benefits	407,138	2,120,146	1,073,356	2,146,453	3,743,773	-	9,490,866
Facility maintenance	336,452	145,905	60,604	58,788	850,967	9,642	1,462,358
Equipment and maintenance	86,112	27,597	13,721	75,013	216,935	-	419,378
Program costs	112,739	501,097	806,405	1,334,362	4,012,454	-	6,767,057
	942,441	2,794,745	1,954,086	3,614,616	8,824,129	9,642	18,139,659
Income (loss) before amortization	(315,227)	1,274,004	(1,023,540)	(190,798)	6,422,830	790,655	6,957,924
Amortization	62,160	-	570,802	106,925	320,710	-	1,060,597
<b>Net surplus (deficit)</b>	<b>(377,387)</b>	<b>1,274,004</b>	<b>(1,594,342)</b>	<b>(297,723)</b>	<b>6,102,120</b>	<b>790,655</b>	<b>5,897,327</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

Consolidated schedule of tangible capital assets - Exhibit B  
year ended March 31, 2018

	Land	Infrastructure	Buildings	Building contents	Vehicles	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	<b>250,000</b>	<b>7,971,526</b>	<b>23,254,672</b>	<b>3,402,560</b>	<b>2,916,320</b>	<b>743,675</b>	<b>38,538,753</b>
Additions	-	-	199,553	474,207	200,512	146,421	1,020,693
Disposals	-	-	-	-	-	-	-
<b>Cost, end of year</b>	<b>250,000</b>	<b>7,971,526</b>	<b>23,454,225</b>	<b>3,876,767</b>	<b>3,116,832</b>	<b>890,096</b>	<b>39,559,446</b>
Accumulated amortization, beginning of year	-	4,835,681	10,872,569	2,618,646	2,178,920	-	20,505,816
Amortization	-	204,270	461,756	302,366	149,078	-	1,117,470
Accumulated amortization, end of year	-	5,039,951	11,334,325	2,921,012	2,327,998	-	21,623,286
<b>Net carrying amount, end of year</b>	<b>250,000</b>	<b>2,931,575</b>	<b>12,119,900</b>	<b>955,755</b>	<b>788,834</b>	<b>890,096</b>	<b>17,936,160</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# Chippewas of Kettle & Stony Point First Nation

Consolidated schedule of tangible capital assets - Exhibit B (continued)  
year ended March 31, 2017

	Land	Infrastructure	Buildings	Building contents	Vehicles	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Cost, beginning of year</b>	250,000	7,962,955	23,131,210	2,915,901	2,903,093	482,393	37,645,552
Additions	-	8,571	123,462	486,659	13,227	261,282	893,201
Disposals	-	-	-	-	-	-	-
<b>Cost, end of year</b>	<b>250,000</b>	<b>7,971,526</b>	<b>23,254,672</b>	<b>3,402,560</b>	<b>2,916,320</b>	<b>743,675</b>	<b>38,538,753</b>
Accumulated amortization, beginning of year	-	4,627,105	10,411,058	2,365,000	2,042,056	-	19,445,219
Amortization	-	208,576	461,511	253,646	136,864	-	1,060,597
Accumulated amortization, end of year	-	4,835,681	10,872,569	2,618,646	2,178,920	-	20,505,816
<b>Net carrying amount, end of year</b>	<b>250,000</b>	<b>3,135,845</b>	<b>12,382,103</b>	<b>783,914</b>	<b>737,400</b>	<b>743,675</b>	<b>18,032,937</b>

The net book value of tangible capital assets not being amortized as they are under construction is \$890,096 at March 31, 2018 (2017 - \$743,675).

The First Nation holds various works of art and historical treasures that have cultural, aesthetic or historical value that is preserved perpetually.

These items are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Crown land, where the ownership has not transferred to the First Nation is not recognized in the financial statements.

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.