

Garden River First Nation
Consolidated Financial Statements
For the year ended March 31, 2017

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For the year ended March 31, 2017

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Garden River First Nation
Management's Responsibility for Financial Reporting
March 31, 2017

The accompanying consolidated financial statements and supplementary financial information schedules of the Garden River First Nation are the responsibility of management and have been approved by the Chief and Council.

The 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.

The First Nation 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, 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 Garden River First Nation and meet when required.


_____ Chief


_____ Chief Executive Officer



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Independent Auditor's Report

To the Chief and Council of Garden River First Nation

We have audited the accompanying consolidated financial statements of the Garden River First Nation, which comprise the statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and 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 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 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Garden River First Nation as at March 31, 2017 and the results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
August 29, 2017

**Garden River First Nation
Consolidated Statement of Financial Position**

March 31	2017	2016
Financial assets		
Cash and short term securities	\$ 2,346,869	\$ 2,487,641
Accounts receivable	2,425,030	1,901,376
Due from the Community Trust (Note 5)	196,466	-
Inventories held for sale	95,708	74,143
Investments in subsidiaries (Note 2)	1,936,526	1,827,663
Trust Funds held by Federal Government (Note 8)	3,137,085	3,128,603
	10,137,684	9,419,426
Liabilities		
Bank operating line of credit (Note 9)	289,890	348,964
Accounts payable	1,367,693	1,992,922
Due to Indigenous and Northern Affairs Canada (Note 11)	218,918	170,074
Due to Province	9,016	2,841
Deferred revenue (Note 3)	1,053,490	578,849
Post employment retirement benefits (Note 4)	318,583	344,294
Long term debt (Note 6)	12,500,749	11,914,787
	15,758,339	15,352,731
Net financial assets (debt)	(5,620,655)	(5,933,305)
Non-financial assets		
Tangible capital assets (Schedule 1)	26,542,032	26,525,711
Prepaid expenses and inventory of supplies	282,078	287,644
	26,824,110	26,813,355
Accumulated surplus (Note 7)	\$ 21,203,455	\$ 20,880,050

On behalf of Council



Chief



Chief Executive Officer

Garden River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	\$ 10,128,611	\$ 10,418,854	\$ 9,388,537
Canada	3,624,731	2,522,641	2,389,944
Ontario	1,530,854	2,224,795	1,989,204
Other Aboriginal organizations	3,388,015	3,137,427	2,879,576
Garden River First Nation trusts	118,460	277,127	249,516
OFNLP	1,196,369	1,351,931	1,195,748
Interest and other revenue	727,639	1,186,187	1,038,690
User fees, rental income, sales, fund raising and gravel royalties	16,921,758	16,656,203	16,230,799
FHIT (Note 8)	-	83,482	90,910
	37,636,437	37,858,647	35,452,924
Due (to) from Indigenous & Northern Affairs Canada	-	(48,844)	(109,007)
Due (to) from Other Funders	-	(6,175)	(2,841)
Deferred revenue, beginning of year	59,636	578,849	596,452
Deferred revenue, end of year	-	(1,053,490)	(578,849)
	37,696,073	37,328,987	35,358,679
Expenses			
Social and family services	3,515,330	3,587,930	3,715,764
Administration, lands and economic development	1,639,403	1,569,332	1,835,323
Education	7,955,570	7,886,053	7,426,786
Operations and maintenance	1,822,853	2,227,070	2,092,160
Housing development	3,516,219	1,573,112	1,737,888
Medical and other health services	2,654,160	2,501,266	2,484,023
Enterprises	15,909,322	15,543,393	15,417,681
Other	2,223,531	2,226,288	1,726,455
	39,236,388	37,114,444	36,436,080
	(1,540,315)	214,543	(1,077,401)
Annual surplus (deficit) and dividends from enterprises			
Garden River Development Corporation	-	-	115,111
Garden River Opportunities Program	-	-	-
Construction Equipment Co. (Sault) Inc.	-	92,844	(71,545)
2104298 Ontario Inc	-	16,018	21,295
	(1,540,315)	323,405	(1,012,540)
Annual surplus (deficit)	(1,540,315)	323,405	(1,012,540)
Accumulated surplus , beginning of year	20,880,050	20,880,050	21,892,590
Accumulated surplus , end of year	\$ 19,339,735	\$ 21,203,455	\$ 20,880,050

The accompanying notes are an integral part of these financial statements.

Garden River First Nation
Consolidated Statement of Change in Net Financial Assets (Debt)

<u>For the year ended March 31</u>	Budget	2017	2016
Annual surplus (deficit)	\$ (1,540,315)	\$ 323,405	\$ (1,012,540)
Acquisition of tangible capital assets	(187,193)	(1,642,458)	(685,066)
Amortization of tangible capital assets	1,626,137	1,626,137	1,615,451
Prepaid expenses and inventory of supplies	-	5,566	49,964
Net change in net financial assets (debt)	(101,371)	312,650	(32,191)
Net financial debt, beginning of year	(5,933,305)	(5,933,305)	(5,901,114)
Net financial debt, end of year	\$ (6,034,676)	\$ (5,620,655)	\$ (5,933,305)

The accompanying notes are an integral part of these financial statements.

Garden River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from operating activities		
Annual surplus (deficit)	\$ 323,405	\$ (1,012,540)
Items not involving cash		
Net income - Garden River Development Corporation	-	(115,111)
Net income - Construction Equipment Co. (Sault) Inc.	(92,844)	71,545
Net income - 2104298 Ontario Inc.	(16,018)	(21,295)
Amortization	1,626,137	1,615,451
	<u>1,840,680</u>	538,050
Changes in non-cash working capital balances		
Accounts receivable	(523,654)	(379,258)
Due to/from Indigenous and Northern Affairs Canada	48,844	21,160
Advances to Garden River Development Corporation	-	67,285
Inventory for resale	(21,565)	2,828
Due to/from Community Trust	(196,466)	67,825
Accounts payable	(619,054)	730,915
Deferred revenue	474,641	(17,604)
Prepaid expenses and inventory of supplies	5,565	49,963
Post retirement benefits	(25,711)	2,831
Trust Funds held by Federal Government	(8,482)	402,933
	<u>974,798</u>	1,486,928
Cash flows from capital transactions		
Acquisition of tangible capital assets	<u>(1,642,458)</u>	(685,066)
Cash flows from financing activities		
Bank operating line of credit	(59,074)	7,653
Long term debt repaid	585,962	(347,434)
	<u>526,888</u>	(339,781)
Increase (decrease) in cash	<u>(140,772)</u>	462,081
Cash, beginning of year	<u>2,487,641</u>	2,025,560
Cash, end of year	<u>\$ 2,346,869</u>	<u>\$ 2,487,641</u>

The accompanying notes are an integral part of these financial statements.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Summary of 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 Garden River 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 Garden River 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 the First Nation, and inter-organizational balances and transactions are not eliminated.

Organizations accounted for on a modified equity basis include:

- Garden River Development Corporation
- Garden River Opportunities Program
- 2104298 Ontario Inc.
- Construction Equipment Co. (Sault) Inc.

- d) **Cash and short term securities** The First Nation's bank accounts and short term deposit receipts are maintained at two financial institutions.
- e) **Inventories for resale** Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

- f) **Tangible capital assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:

Land improvements	15 years
Buildings	20 to 40 years
Infrastructure	15 to 45 years
Vehicles	7 years
Machinery and equipment	10 to 20 years

In the year of acquisition tangible capital assets are amortized at one-half the above rates.

Garden River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Summary of significant accounting policies (continued)

- g) Pension plan** Garden River First Nation provides a defined contribution 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.
- h) Revenue recognition** Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is 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 stipulation liabilities are settled.
- Contributions, other than government transfers, are deferred when restrictions are placed on their use by the 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 is performed is deferred and recognized when the fee is earned or service performed.
- i) Use of estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments in subsidiaries

Garden River First Nation accounts for its investments in Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. by the modified equity method. The equity method initially records the investment at cost and then is increased or decreased by the First Nation's pro-rata share of income or loss and is reduced by distributions received. This equity method is modified only to the extent that the accounting policies of Garden River Development Corporation, Garden River Opportunities Program, Construction Equipment Co. (Sault) Inc. and 2104298 Ontario Inc. are not adjusted to conform to the Garden River First Nation accounting policies as recommended by Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

	2017	2016
Garden River Development Corporation:		
Issued common shares - 1,000	\$ 100	\$ 100
Capital contributions	3,956,174	3,956,174
Accumulated deficit	(4,194,534)	(4,194,534)
	(238,260)	(238,260)
Advances receivable, interest free	-	-
	(238,260)	(238,260)

Garden River First Nation Notes to Consolidated Financial Statements

March 31, 2017

2. Investments in subsidiaries (continued)

	2017	2016
Garden River Opportunities Program:		
Incorporated without share capital	\$ -	\$ -
Accumulated deficit	(130,961)	(130,961)
	(130,961)	(130,961)
Construction Equipment Co. (Sault) Inc.:		
Issued common shares - 100	502	502
Capital contributions	117,942	117,942
Accumulated surplus	1,848,580	1,755,736
	1,967,024	1,874,180
Advances receivable, interest free	198,052	198,052
	2,165,076	2,072,232
2104298 Ontario Inc.:		
Issued common shares - 1	1	1
Accumulated deficit	123,096	107,077
	123,097	107,078
Advances receivable, interest free	17,574	17,574
	140,671	124,652
	\$ 1,936,526	\$ 1,827,663

All the issued shares of the Garden River Development Corporation are held by Garden River First Nation. The Garden River Opportunities Program Board of Directors are appointed by Garden River First Nation Chief and Council.

Financial information for the year ended March 31, 2017 is as follows:

	Garden River Development Corporation		Garden River Opportunities Program	
	2017	2016	2017	2016
Liabilities and non-controlling interest	\$ 238,260	\$ 283,260	\$ 130,961	\$ 130,961
Revenue	-	115,111	-	-
Net income (loss)	-	115,111	-	-
	Construction Equipment Co. (Sault) Inc		2104298 Ontario Inc.	
	2017	2016	2017	2016
Assets	\$ 7,889,635	\$ 8,239,273	\$ 923,979	\$ 944,430
Liabilities and non-controlling interest	3,955,786	4,491,112	677,786	730,274
Revenue	7,240,556	7,125,429	104,140	104,140
Net income (loss)	245,688	(83,090)	32,037	42,589

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

3. Deferred revenue

Social and family support:	
Niigaaniin - administration	\$ 47,470
Education:	
Special education	121,128
New path proposals	27,108
Health Services:	
Health transfer programs	501,799
NSTC - footcare	7,274
Housing Developments:	
Housing capacity - Management	140,179
Housing capacity - Governance	4,406
Other:	
NSTC job training	11,221
NSTC CRF & Job fund	109,605
Golf Resorts:	
Golf memberships	83,300
	<u>83,300</u>
	<u>\$ 1,053,490</u>

4. Post employment and retirement benefits

Employees are eligible to participate in a defined contribution pension plan. Employer contributions totaled \$237,005 (2016 - \$211,645) and were fully expensed.

On February 28, 2012 Garden River First Nation approved a retirement policy in recognition of employees hired prior to 1997. The policy allows employees hired before 1997 and who have had no break in employment, may upon meeting specific retirement criteria, become entitled to two week's pay at their current rate, for every continuous year of service prior and up to 1997.

The liability for these accumulated weeks, to the extent that they have vested and could be taken in cash by an employee on retirement amounted to \$318,583 (2016 - \$344,294) at the end of the year.

5. Garden River First Nation Community Trust

The funds are advanced to the First Nation as a beneficiary of the Trust and are subject to the Trust provisions governing the disbursement of such funds.

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

6. Long term debt

	2017	2016
CMHC rental housing mortgages		
Canada Mortgage and Housing Mortgages, payable in blended monthly payments ranging from \$1,225 to \$5,736, including interest at various rates from 1.05% to 2.69%, renewals on various dates from 2016 to 2020, secured by Ministerial guarantees by the Indigenous and Northern Affairs Canada (INAC)	\$ 8,371,471	\$ 8,548,111
Canada Mortgage and Housing, loan advances	1,078,122	463,000
Bank loans		
Royal Bank term loan, repayable \$824 monthly plus interest at 3.53%, due November 2021	42,482	-
Royal Bank term loan, repayable \$12,625 monthly including interest at 5.1%, due September 11, 2017	725,255	836,434
Royal Bank term loan, repayable \$6,280 per month including interest at 3.76%, secured by automotive equipment, due November 2021	323,529	-
Royal Bank term loan, repayable \$16,663 monthly including interest at 3.25%, due September 17, 2016	1,915,938	2,051,843
Equipment loans		
Lien note, repayable in 60 monthly payments \$1,027, interest free, secured by equipment	3,080	15,399
Ford loan, repayable \$670 monthly interest free, due April 2022, secured by equipment	40,872	-
	\$ 12,500,749	\$ 11,914,787

Interest paid on long term debt during the year amounted to \$261,900 (2016 - \$316,023).

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are due as follows:

Year	Amount
2018	\$ 1,594,580
2019	883,809
2020	895,439
2021	871,702
2022	857,014
Thereafter	7,398,205
	\$ 12,500,749

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

7. Accumulated surplus	2017	2016
Reserves set aside for specific purposes by Chief and Council:		
Working capital	\$ 5,353,641	\$ 5,353,641
Cemetery	-	6,326
Education - feathers fund	91,476	83,671
GRFN initiatives	7,273	7,273
Post secondary employment	60,192	9,712
Private school - AIM curriculum	174,561	120,737
Daycare	4,477	-
Housing demonstration	111,517	136,378
Firefighter trainee	5,062	5,062
NSTC - MOU	32,978	26,091
Great lakes brushing	4,167	-
Fire and ambulance	32,865	11,929
Road capital	15,079	15,079
Community Building Capital	70,718	27,035
Union Gas Brushing	70,548	48,884
Housing - non-social	183,429	183,429
Food bank / Christmas Cheer	31,783	16,829
Fundraising committee	4,191	2,849
Gravel operations	50,000	-
OFNLP	751,171	751,171
OFNLP - future generations	281,012	281,012
OFNLP - 2008 Limited partnership agreement	399,902	223,062
MTO hwy contract	-	38,883
Grader operations	10,000	10,000
Community Trust - Addition AIM	12,780	12,780
Annual Golf Classic	8,905	4,510
Western boundary	73,320	94,761
Education vans	93,216	55,556
Lands and trust	12,245	12,245
Library	6,551	6,551
Public works fleet	30,000	20,000
Membership	12,117	7,286
United Church of Canada	13,390	-
Forestry preservation	18,458	62,302
School of medicine	11,524	9,942
Niigaaniin Van	1,715	1,715
Bingo	36,000	-
CHRT	50,000	-
Dialysis	33,278	-
ONFFS	41,104	-
Reserve Funds:		
Health Canada - moveable asset reserve	301,666	285,551
Canada Mortgage and Housing Corporation	240,630	280,604
Squirrel Island	95,034	95,034
Funds Held in Trust	1,943,737	1,639,156
	10,781,712	9,947,046
Equity in tangible capital assets	13,906,394	14,431,961
General surplus (deficit)	(8,224,692)	(7,875,190)
Equity in enterprises (excludes advances receivable)	1,720,899	1,612,036
Unfunded expenditures to be recovered in future	(314,406)	(364,406)
Community Trust	196,463	-
Funds held in trust by Federal Government	3,137,085	3,128,603
	\$ 21,203,455	\$ 20,880,050

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

7. Accumulated surplus (continued)

	2017	2016
Allocation of annual surplus (deficit):		
Reserves	\$ 834,666	\$ 363,514
Equity in tangible capital assets	(525,567)	(540,604)
General surplus (deficit)	(349,502)	(479,553)
Equity in enterprises	108,863	64,861
Unfunded expenditures to be recovered in future	50,000	50,000
Community trust reserve	196,463	(67,825)
Funds held in trust	8,482	(402,933)
	\$ 323,405	\$ (1,012,540)

Unfunded liabilities to be recovered in future years are as follows:

Public works automotive equipment	\$ 314,406	\$ 364,406
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The Public works automotive equipment amounts are to be recovered from future Public Works contracts and other revenues.

8. Trust Funds held by Federal Government

	March 31, 2016	Additions 2017	Withdrawals 2017	March 31, 2017
Revenue	\$ 1,593,957	\$ 83,482	\$ (75,000)	\$ 1,602,439
Capital	1,534,646	-	-	1,534,646
	\$ 3,128,603	\$ 83,482	\$ (75,000)	\$ 3,137,085

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 Section 63 to 69 of the Indian Act.

9. Credit facilities

The First Nation has a \$500,000 operating line of credit bearing interest at prime plus 1%. As at March 31, 2017, a balance of \$NIL was outstanding on this credit facility.

The First Nation has a \$200,000 operating line of credit for Bingo Hall operations bearing interest at prime plus 1%. As at March 31, 2017, a balance of \$155,000 was outstanding on this credit facility.

The First Nation has a \$500,000 revolving lease line of credit by way of leases bearing interest at 4%. As at March 31, 2017, a balance of \$458,418 was outstanding on this credit facility.

The above credit facilities and the demand instalment loan are secured by Band Council Resolution, \$300,000 guaranteed investment certificate and a general security agreement constituting a first security interest in all assets of the Borrower except real property.

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

10. Commitments

The First Nation has entered into agreements to lease office and golf course equipment and solar panels for various periods until 2021. Minimum lease payments for each of the next four years are as follows:

2018	\$	219,995
2019		20,065
2020		18,202
2021		10,017

11. Indigenous and Northern Affairs Canada funding

The Garden River First Nation has a contribution arrangement with Indigenous and Northern Affairs Canada (INAC). 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:

INAC revenue per consolidated statement of operations	<u>\$ 10,418,854</u>
Indigenous and Northern Affairs Canada funding per confirmation report	<u>\$ 10,418,854</u>
Amounts due (to) / from INAC:	
- Tuition - 2014/15 and prior	\$ (59,577)
- Tuition - 2015/16	(109,007)
- Tuition - 2016/17	(47,490)
- Homemakers (adult care)	<u>(2,844)</u>
	<u>\$ (218,918)</u>

12. Contingencies

Loan guarantees

The First Nation has an agreement with the Royal Bank under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$10,000,000 for qualified members of Garden River First Nation. The First Nation must guarantee the full amount of the loan, however in the event the First Nation transfers for fair market value the building or improvement in respect of which the loan was made and the fair market value is less than the amount paid by the First Nation to the Bank under the guarantee, the Bank shall reimburse to the First Nation 20% of the shortfall as subject to the provisions in the loan agreement. As of March 31, 2017 the First Nation has guaranteed loans in the amount of \$3,741,620.

The First Nation has an agreement with the Bank of Montreal under the First Nation on Reserve Loan Program providing for an aggregate credit facility in the amount of \$3,900,000 and \$250,000 under the First Nation on Reserve Renovation Loan Program for qualified members of Garden River First Nation. As of March 31, 2017 the First Nation has guaranteed loans in the amount of \$2,711,851.

The Garden River First Nation also has guaranteed housing program loans on behalf of various band members and is contingently liable the Deposit Insurance Corporation of Ontario As at March 31, 2017 the balance of loans outstanding is \$208,272.

The First Nation has provided a guarantee in the amount of \$507,500 in favour of the Bank of Montreal on behalf of the Robinson Huron Treaty Ojibewa (Anishinabe). This represents 7% of the total loan of \$7,250,000 being guaranteed by 21 participatin First Nation Communities that are settlers and beneficiaries of the Robinson Huron Treaty Trust.

Litigation

Garden River First Nation is defending a land claim issue for which the amount is currently not known. The outcomes of this matter is not presently determinable. Accordingly, the cost, if any, of settlement will be recognized as an expense in the year of resolution.

March 31, 2017

13. Segmented information

The Garden River 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 focusing on improving the lives of members and families of the First Nation, including social assistance, funeral and adult care policies, and as well, providing services directed towards members including day care and employment support initiatives.

Administration, lands & trusts and economic development

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. This department also oversees economic development programs within the community.

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 operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

Housing development

This department oversees construction and renovation of housing in the community and as well, operates the CMHC projects and other band-owned homes.

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 long term care, medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

Enterprises

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.

Garden River First Nation
Notes to Consolidated Financial Statements

March 31, 2017

13. Segmented information (continued)

Other services

The First Nation provides a wide array of other services, including youth employment projects, forestry, library, spiritual, cultural and recreation activities.

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, including transfers that have been apportioned based on a percentage of budgeted expenses.

Expenses are grouped based on object. Contracted services include items such as professional fees, telephone, utilities, insurance, repairs and maintenance, advertising and subcontracts. Rentals and financial expenses includes items such as rent, equipment rental and interest and bank charges.

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.

14. Budget

The budget adopted by the First Nation 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 to reduce current year expenditures. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense, and expensed principal payments of debt. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the budget adopted by the First Nation with adjustments as follows:

Budget deficit for the year	\$ (349,796)
Add:	
Capital expenditures	187,193
Principal portion of loan payments	201,100
Transfers to (from) reserves	47,325
Less:	
Amortization	<u>(1,626,137)</u>
Budget deficit per statement of operations	<u>\$ (1,540,315)</u>

Garden River First Nation
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended March 31, 2017

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,753,744	\$ 26,153,618	\$ 4,808,322	\$ 1,201,717	\$ 11,576,392	\$ 478,107	\$ 49,638,893
Additions	-	-	29,661	-	534,675	-	1,078,122	1,642,458
Capitalized construction	-	-	478,107	-	-	-	(478,107)	-
Cost, end of year	2,666,993	2,753,744	26,661,386	4,808,322	1,736,392	11,576,392	1,078,122	51,281,351
Accumulated amortization, beginning of year	-	507,407	10,480,694	3,463,206	613,012	8,048,863	-	23,113,182
Amortization	-	78,626	815,285	365,736	169,371	197,119	-	1,626,137
Accumulated amortization, end of year	-	586,033	11,295,979	3,828,942	782,383	8,245,982	-	24,739,319
Net carrying amount, end of year	\$ 2,666,993	\$ 2,167,711	\$ 15,365,407	\$ 979,380	\$ 954,009	\$ 3,330,410	\$ 1,078,122	\$ 26,542,032

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$1,078,122 (2016 - \$478,107).

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Schedule 1 - Consolidated Tangible Capital Assets (continued)
Garden River First Nation

For the year ended March 31, 2016 (comparative figures)

	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 2,666,993	\$ 2,753,744	\$ 26,153,618	\$ 4,683,667	\$ 1,119,413	\$ 11,576,392	\$ -	\$ 48,953,827
Additions	-	-	-	124,655	82,304	-	478,107	685,066
Cost, end of year	2,666,993	2,753,744	26,153,618	4,808,322	1,201,717	11,576,392	478,107	49,638,893
Accumulated amortization, beginning of year	-	424,860	9,669,735	3,086,158	468,548	7,848,430	-	21,497,731
Amortization	-	82,547	810,959	377,048	144,464	200,433	-	1,615,451
Accumulated amortization, end of year	-	507,407	10,480,694	3,463,206	613,012	8,048,863	-	23,113,182
Net carrying amount, end of year	\$ 2,666,993	\$ 2,246,337	\$ 15,672,924	\$ 1,345,116	\$ 588,705	\$ 3,527,529	\$ 478,107	\$ 26,525,711

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$478,107 (2015 - \$NIL).

The First Nation holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits association with such property cannot be made.

Garden River First Nation Schedule 2 - Consolidated Schedule of Segment Disclosure

For the year ended March 31, 2017

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous and Northern Affairs Canada	\$ 179,660	\$ 1,071,545	\$ 7,947,330	\$ 824,419	\$ 379,200	\$ -	\$ -	\$ 16,700	\$ 10,418,854
Canada	-	50,000	-	-	526,470	1,900,395	-	45,776	2,522,641
Ontario	1,138,524	170,625	-	106,896	-	103,423	-	705,327	2,224,795
Other aboriginal organizations	2,029,423	4,000	51,370	7,909	-	374,872	-	669,853	3,137,427
Trust income	-	-	-	-	-	-	-	360,609	360,609
OFNLP	-	-	-	-	-	-	-	-	-
Interest and other revenue	-	-	-	-	-	-	1,351,931	-	1,351,931
User fees, rental income, sales and fund raising	250	164,129	37,000	60,510	109,863	402,496	55,568	356,371	1,186,187
Transfer between segments	208,929	36,230	116,289	281,448	794,776	-	15,056,922	161,609	16,656,203
	-	50,000	-	602,352	-	-	(975,122)	322,770	-
	3,556,786	1,546,529	8,151,989	1,883,534	1,810,309	2,781,186	15,489,299	2,639,015	37,858,647
Due from (to) Indigenous and Northern Affairs Canada	(1,354)	-	(47,490)	-	-	-	-	-	(48,844)
Due from (to) Other Funders	-	-	-	-	-	-	-	(6,175)	(6,175)
Deferred revenue, beginning of year	47,915	-	24,549	-	-	327,302	8,825	170,258	578,849
Deferred revenue, end of year	(47,470)	-	(148,235)	-	(144,585)	(509,073)	(83,300)	(120,827)	(1,053,490)
	3,555,877	1,546,529	7,980,813	1,883,534	1,665,724	2,599,415	15,414,824	2,682,271	37,328,987
Expenses									
Salaries, wages and benefits	1,634,235	1,196,821	1,127,955	893,422	269,945	1,686,708	2,559,756	1,126,225	10,495,067
Materials and supplies	150,835	271,856	120,107	146,783	156,769	230,241	1,528,369	532,420	3,137,380
Contracted services	108,728	680,340	572,864	596,466	489,407	416,227	831,443	152,309	3,847,784
Rents and financial expenses	122,363	25,472	63,417	175,976	120,292	9,600	396,455	180,409	1,093,984
External transfers and other	1,369,810	-	5,899,800	-	-	-	9,567,635	124,616	16,961,861
Amortization	49,452	-	11,742	406,151	486,997	74,347	567,585	29,863	1,626,137
Transfers between segments	152,507	(605,157)	90,168	8,272	49,702	84,143	92,150	80,446	(47,769)
	3,587,930	1,569,332	7,886,053	2,227,070	1,573,112	2,501,266	15,543,393	2,226,288	37,114,444
Net surplus (deficit)	\$ (32,053)	\$ (22,803)	\$ 94,760	\$ (343,536)	\$ 92,612	\$ 98,149	\$ (128,569)	\$ 455,983	\$ 214,543

The accompanying notes are an integral part of these financial statements.

Garden River First Nation Schedule 2 - Consolidated Schedule of Segment Disclosure (continued)

For the year ended March 31, 2016

	Social and Family Services	Administration Lands Trusts & Economic Development	Education	Operations and Maintenance	Housing Development	Medical and Other Health Services	Enterprises	Other	Consolidated Total
Revenue									
Indigenous and Northern Affairs Canada	\$ 171,461	\$ 1,013,495	\$ 7,308,165	\$ 738,416	\$ 157,000	\$ -	\$ -	\$ -	\$ 9,388,537
Canada	-	32,911	-	-	329,608	1,991,505	-	35,920	2,389,944
Ontario	1,141,068	276,742	-	106,896	-	108,573	-	355,925	1,989,204
Other aboriginal organizations	2,190,162	-	-	5,000	-	244,514	-	439,899	2,879,575
Trust income	-	-	-	-	-	-	-	340,426	340,426
OFNLP	-	-	-	-	-	-	-	-	-
Interest and other revenue	7,519	124,532	37,000	43,298	103,951	146,190	1,195,748	505,173	1,195,748
User fees, rental income, sales and fund raising	157,989	4,610	99,778	241,865	773,167	-	14,764,991	188,399	1,038,692
Transfers between segments	-	50,000	115,883	389,721	-	-	(907,697)	352,093	16,230,799
	3,668,199	1,502,290	7,560,826	1,525,196	1,363,726	2,490,782	15,124,071	2,217,835	35,452,925
Due from (to) Indigenous and Northern Affairs Canada	-	-	(109,007)	-	-	-	-	-	(109,007)
Due from (to) Other Funders	88,512	8,500	14,014	-	-	360,187	15,035	(2,841)	(2,841)
Deferred revenue, beginning of year	(47,915)	-	(24,549)	-	-	(327,302)	(8,825)	110,205	596,452
Deferred revenue, end of year	3,708,796	1,510,790	7,441,284	1,525,196	1,363,726	2,523,667	15,130,281	(170,258)	(578,849)
	1,823,955	1,326,872	858,358	745,304	218,668	1,909,756	2,480,983	723,392	10,087,289
Expenses									
Salaries, wages and benefits	185,129	135,408	33,577	150,772	234,728	147,173	1,324,103	704,051	2,914,941
Materials and supplies	33,515	759,219	550,560	576,473	403,322	278,470	979,302	78,898	3,659,761
Contracted services	89,451	24,313	69,092	201,809	343,053	2,400	389,604	74,999	1,194,720
Rents and financial expenses	1,427,913	-	5,826,696	-	-	-	9,624,006	85,305	16,963,920
External transfers and other	51,465	-	13,947	412,541	482,333	75,709	547,730	31,726	1,615,451
Amortization	104,336	(410,488)	74,556	5,261	55,784	70,515	71,952	28,084	-
Transfers between segments	3,715,764	1,835,324	7,426,786	2,092,160	1,737,888	2,484,023	15,417,680	1,726,455	36,436,082
Excess (deficiency) of revenue over expenses	\$ (6,968)	\$ (324,534)	\$ 14,498	\$ (566,964)	\$ (374,162)	\$ 39,644	\$ (287,399)	\$ 428,486	\$ (1,077,402)

The accompanying notes are an integral part of these financial statements.