

Consolidated Financial Statements of

M'CHIGEENG FIRST NATION

Year ended March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of M'Chigeeng First Nation (the "First Nation") are the responsibility of management and have been approved by M'Chigeeng First Nation and the undersigned Chief and Council of the First Nation.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains a system of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

Chief and Council review the First Nation's consolidated financial statements and recommend their approval. Chief and Council meet to discuss and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the First Nation Members. Chief and Council also consider the engagement of the external auditors.


The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.




Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor



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INDEPENDENT AUDITORS' REPORT

To the Members of M'Chigeeng First Nation

We have audited the accompanying consolidated financial statements of M'Chigeeng First Nation which comprise the consolidated statement of financial position as at March 31, 2017, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditors' 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 our 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, we consider 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, these consolidated financial statements present fairly, in all material respects, the financial position of M'Chigeeng First Nation as at March 31, 2017 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

August 10, 2017
Sudbury, Canada

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Year ended March 31, 2017

Consolidated Financial Statements

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Exhibit A - Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash (note 2)	\$ 4,950,082	4,492,704
Accounts receivable	1,832,138	1,545,924
Investments (note 3)	654,843	2,310,433
Investment in HIAH entities (note 7)	2,154,605	2,246,095
Investment in MERE General Partner Inc. (note 4)	600,208	449,611
Advances to MERE General Partner Inc. (note 5)	3,898,690	3,955,443
Loan receivable from MERE General Partner Inc. (note 6)	780,799	833,738
Consolidated revenue fund (note 12)	236,639	217,480
	15,108,004	16,051,428
Financial liabilities:		
Accounts payable and accrued liabilities	1,153,146	682,618
Deferred revenue (note 8)	822,451	134,054
Long-term debt (note 9)	5,891,350	6,281,627
	7,866,947	7,098,299
Net financial assets	7,241,057	8,953,129
Non-financial assets:		
Tangible capital assets (note 10)	29,884,638	29,180,040
Prepaid expenses	192,603	317,482
	30,077,241	29,497,522
Contingent liabilities (note 11)		
Accumulated surplus (note 13)	\$ 37,318,298	38,450,651

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 Chief	 Councilor	 Councilor
 Councilor	 Councilor	 Councilor
 Councilor		

M'CHIGEENG FIRST NATION

Exhibit B - Consolidated Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget (note 14)	2017 Actual	2016 Actual
Revenue:			
Government transfers - Provincial	\$ 3,046,159	3,137,869	3,035,105
- Federal	9,530,663	10,989,597	11,414,996
Investment income	52,000	122,705	145,149
Rental income	1,031,026	844,035	871,473
Business enterprises	-	561,505	69,336
Business operation	1,274,600	1,521,661	1,446,218
Other	1,969,864	4,099,021	3,575,115
	16,904,312	21,276,393	20,557,392
Expenses:			
Education	6,865,226	6,850,839	6,844,467
Public Works and Facilities	2,601,049	2,032,625	2,152,599
Community Services	425,260	456,442	470,561
Economic Advancement	99,952	237,575	159,295
Health Services	1,289,001	1,102,154	1,104,550
Health Agreement	1,127,387	2,084,700	1,456,645
Health Other	121,528	563,364	2,288,384
Administration	1,536,481	1,406,586	1,609,701
Rentals	187,224	210,464	209,813
Employment and Training	2,402,996	2,347,519	2,548,122
Community Property	584,589	1,000,159	675,172
Subsidized Housing	778,058	757,836	823,506
Business Operation	1,274,600	1,456,771	1,404,581
Writedown of Investment	-	1,901,712	-
Total expenses	19,293,351	22,408,746	21,747,396
Deficiency of revenue over expenses	(2,389,039)	(1,132,353)	(1,190,004)
Accumulated surplus, beginning of year	38,450,651	38,450,651	39,640,655
Accumulated surplus, end of year	\$ 36,061,612	37,318,298	38,450,651

See accompanying notes to consolidated financial statements.

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Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget (note 14)	2017 Actual	2016 Actual
Deficiency of revenue over expenses	\$ (2,389,039)	(1,132,353)	(1,190,004)
Acquisition of tangible capital assets	(170,703)	(2,001,789)	(510,271)
Amortization of tangible capital assets	1,297,191	1,297,191	1,291,755
	(1,262,551)	(1,836,951)	(408,520)
Acquisition of prepaid expenses	-	(192,603)	(317,482)
Use of prepaid expenses	-	317,482	300,952
Change in net financial assets	(1,262,551)	(1,712,072)	(425,050)
Net financial assets, beginning of year	8,953,129	8,953,129	9,378,179
Net financial assets, end of year	\$ 7,690,578	7,241,057	8,953,129

See accompanying notes to consolidated financial statements.

M'CHIGEENG FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Operating transactions:		
Deficiency of revenue over expenses	\$ (1,132,353)	(1,190,004)
Adjustment for:		
Amortization of tangible capital assets	1,297,191	1,291,755
Writedown of investment	1,901,712	-
Share of earnings business enterprises	(60,334)	(69,336)
	<u>2,006,216</u>	<u>32,415</u>
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(286,214)	452,628
Increase in accounts payable and accrued liabilities	470,528	15,948
Increase (decrease) in deferred revenue	688,397	(307,157)
Decrease (increase) in prepaid expenses	124,879	(16,530)
	<u>3,003,806</u>	<u>177,304</u>
Capital transactions:		
Purchase of tangible capital assets	(2,001,789)	(510,271)
Financing transactions:		
Principal payments on long-term debt	(390,277)	(383,375)
Investing transactions:		
Decrease in loan receivable from MERE General Partner Inc.	52,939	49,942
Contribution to Great Lakes Hospitality Group Partnership	(244,895)	-
Decrease in advances to MERE General Partner Inc.	56,753	37,992
Increase in advances to HIAH entities	-	(818,892)
Increase in consolidated revenue fund	(19,159)	(19,361)
	<u>(154,362)</u>	<u>(750,319)</u>
Net increase (decrease) in cash	457,378	(1,466,661)
Cash, beginning of year	4,492,704	5,959,365
Cash, end of year	\$ 4,950,082	4,492,704

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

The M'Chigeeng First Nation (the "First Nation"), located on Manitoulin Island, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These consolidated financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

- i) The reporting entity includes the activities of all committees of Council and related entities under the control of the First Nation.
- ii) Investment in MERE General Partner Inc. ("MERE") and HIAH Economic Dev LP ("HIAH"):

The investments in MERE and HIAH are accounted for by the modified equity method. Under the modified equity method, the accounting principles are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated.

(b) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted.

(c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	10 - 30 years
Buildings	10 - 40 years
Infrastructure	10 - 40 years
Machinery and equipment	5 - 15 years
Furniture, computers and fixtures	4 - 10 years
Assets under construction	-

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

(f) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(g) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

2. Cash:

In accordance with various operating agreements between the First Nation and Canada Mortgage and Housing Corporation ("CMHC"), cash in the amount of \$1,027,348 (2016 - \$998,109) is restricted for this purpose.

3. Investments:

	2017	2016
Investment in U.C.C.M. Building Material Supply Limited Partnership	\$ 508,848	507,621
Investment in M'Nidoo M'Nising Limited Partnership	1	1
Investment in Robinson Huron Forestry Inc.	1	1
Investment in Sun Life Financial Inc.	145,992	145,992
Investment - Great Lakes Hospitality Group Partnership	1	1,656,818
	\$ 654,843	2,310,433

The investment in U.C.C.M. Building Material Supply Limited Partnership represents a 14.28% ownership interest and is accounted for using the equity method.

The investment in M'Nidoo M'Nising Limited Partnership represents a 16.55% ownership interest and is accounted for using the equity method.

The investment in Robinson Huron Forestry Inc. represents a 12.5% ownership interest and is accounted for using the equity method.

The investment in Sun Life Financial Inc. represents 6,636 shares and is reflected as the value assigned to the shares upon demutualization of the enterprise. The fair market value of the shares as at March 31, 2017 is \$322,244 (2016 - \$278,048).

The investment in the Great Lakes Hospitality Group Partnership represents a 28.67% ownership interest and is accounted for using the equity method.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

4. Investment in MERE General Partner Inc.:

The MERE General Partner Inc. is owned and controlled by the First Nation and is accounted for on a modified equity basis.

(a) The following table provides condensed supplementary financial information for the period ended March 31, 2017:

	2017	2016
Financial Position:		
Current assets	\$ 959,506	934,466
Non-current assets	10,167,473	10,823,439
	11,126,979	11,757,905
Current liabilities	663,631	648,735
Advances from M'Chigeeng First Nation	3,898,690	3,955,443
Long-term debt	5,964,450	6,704,116
	10,526,771	11,308,294
Net assets	\$ 600,208	449,611
Results of operations:		
Revenue	\$ 1,379,370	1,409,847
Expenses	1,228,773	1,269,343
Net earnings	\$ 150,597	140,504

(b) The investment at March 31, 2016 consists of the following:

	2017	2016
Balance, beginning of year	\$ 449,611	309,106
First Nation's share of operating income for the year	150,597	140,505
Balance, end of year	\$ 600,208	449,611

5. Advances to MERE General Partner Inc.:

The advances to MERE General Partner Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

6. Loans receivable from MERE General Partner Inc.:

	2017	2016
Loan receivable, bearing interest at 6.0% per annum and is repayable in 180 monthly blended payments of \$8,399 commencing on the date of commercial operation. No interest payable from the date of advance to the commercial operation date. The loan is secured by a promissory note.	\$ 780,799	833,738

7. Investment in HIAH entities:

The First Nation has a 99% interest in HIAH Economic Dev LP ("HIAH") and a further 1% interest by virtue of its 100% investment in HIAH Corp. (the general partner for HIAH). HIAH is engaged in business ventures, partnerships or enterprises which the Partners pursue in Canada for the general welfare or development of M'Chigeeng First Nation.

During the year, the First Nation provided HIAH with labour, contract support, accounting services and other operating expenses totaling \$ 311,475 (2016 - \$138,635). These transactions were entered into during the normal course of operations and were recorded at their exchange amount.

	2017	2016
Financial Position:		
Current assets	\$ 544,279	544,872
Non-current assets	3,060,326	3,151,223
	3,604,605	3,696,095
Long-term debt	1,450,000	1,450,000
Net assets	\$ 2,154,605	2,246,095

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

7. Investment in HIAH entities (continued):

Results of operations:	2017	2016
Revenue	\$ 300,479	216,445
Expenses	391,969	276,961
Share of operations	\$ (91,490)	(60,516)

The investment at March 31, 2017 consists of the following:

	2017	2016
Balance, beginning of year	\$ 2,246,095	1,487,719
Share of operating income (loss) for the year	(91,490)	(60,516)
Capital contribution	-	818,892
Balance, end of year	\$ 2,154,605	2,246,095

	2017	2016
Investment in business enterprises:		
100% interest in HIAH Corp.	\$ 21,546	116
99% interest in HIAH Economic Dev LP	2,133,059	2,245,979
	\$ 2,154,605	2,246,095

8. Deferred revenue:

	2017	2016
Health Canada	\$ -	68,247
Indigenous and Northern Affairs Canada	304,607	65,807
Union of Ontario Indians	415,864	-
Kenjgewin Teg Educational Institute	101,980	-
	822,451	134,054

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

9. Long-term debt:

	2017	2016
1.65% Mortgage payable in monthly payments of \$3,482, including interest maturing April 2022	\$ 200,425	238,580
2.51% Mortgage payable in monthly payments of \$3,251 including interest maturing November 2024	265,289	298,831
1.71% Mortgage payable in monthly payments of \$5,104 including interest maturing July 2027	575,564	626,549
1.64% Mortgage payable in monthly payments of \$3,193 including interest maturing February 2032	504,203	534,095
1.65% Mortgage payable in monthly payments of \$3,991 including interest maturing June 2032	642,388	679,403
1.62% Mortgage payable in monthly payments of \$4,998 including interest maturing January 2033	833,594	879,732
3.41% Mortgage payable in monthly payments of \$4,599 including interest maturing August 2033	677,175	710,866
2.23% Mortgage payable in monthly payments of \$3,338 including interest maturing June 2034	563,633	591,316
2.78% Mortgage payable in monthly payments of \$3,752 including interest maturing July 2035	635,555	666,361
1.05% Mortgage payable in monthly payments of \$3,866 including interest maturing April 2040	947,865	984,143
Loan payable to Bank of Montreal in monthly installments of \$2,175 including interest of 3.05% due December 2016	45,659	71,751
	\$ 5,891,350	6,281,627

The interest on the long-term debt is subsidized by CMHC in the amount of \$377,518 (2016 - \$379,823).

The loan payable is secured by specified equipment having a carrying value of \$151,277.

Principal repayments over the next five years are estimated as follows:

2018	\$ 395,617
2019	401,227
2020	382,263
2021	388,167
2022	393,743

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Notes to Consolidated Financial Statements

Year ended December 31, 2017

10. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 1,346,968	-	-	1,346,968
Land improvements	602,364	-	-	602,364
Buildings	25,483,602	11,690	-	25,495,292
Infrastructure	17,218,336	409,401	-	17,627,737
Machinery and equipment	3,113,898	104,575	-	3,218,473
Furniture, computers and fixtures	853,750	46,137	-	899,887
Assets under construction	253,235	1,429,986	-	1,683,221
Total	\$ 48,872,153	2,001,789	-	50,873,942

Accumulated amortization	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ -	-	-	-
Land improvements	197,936	21,063	-	218,999
Buildings	9,751,219	625,867	-	10,377,086
Infrastructure	7,307,034	397,026	-	7,704,060
Machinery and equipment	1,950,624	178,869	-	2,129,493
Furniture, computers and fixtures	485,300	74,366	-	559,666
Assets under construction	-	-	-	-
Total	\$ 19,692,113	\$ 1,297,191	-	20,989,304

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 1,346,968	1,346,968
Land improvements	404,428	383,365
Buildings	15,732,383	15,118,206
Infrastructure	9,911,302	9,923,677
Machinery and equipment	1,163,274	1,088,980
Furniture, computers and fixtures	368,450	340,221
Assets under construction	253,235	1,683,221
Total	\$ 29,180,040	29,884,638

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Notes to Consolidated Financial Statements

Year ended December 31, 2017

10. Tangible capital assets (continued):

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land	\$ 1,346,968	-	-	1,346,968
Land improvements	602,364	-	-	602,364
Buildings	25,295,525	188,077	-	25,483,602
Infrastructure	17,067,113	151,223	-	17,218,336
Machinery and equipment	3,036,457	77,441	-	3,113,898
Furniture, computers and fixtures	772,720	81,030	-	853,750
Assets under construction	240,705	12,530	-	253,235
Total	\$ 48,361,852	510,301	-	48,872,153

Accumulated amortization	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Land	\$ -	-	-	-
Land improvements	176,874	-	21,062	197,936
Buildings	9,111,370	-	639,849	9,751,219
Infrastructure	6,914,746	-	392,288	7,307,034
Machinery and equipment	1,778,743	-	171,881	1,950,624
Furniture, computers and fixtures	418,625	-	66,675	485,300
Assets under construction	-	-	-	-
Total	\$ 18,400,358	\$ -	1,291,755	19,692,113

	Net book value, March 31, 2015	Net book value, March 31, 2016
Land	\$ 1,346,968	1,346,968
Land improvements	425,490	404,428
Buildings	16,184,155	15,732,383
Infrastructure	10,152,367	9,911,302
Machinery and equipment	1,257,714	1,163,274
Furniture, computers and fixtures	354,095	368,450
Assets under construction	240,705	253,235
Total	\$ 29,961,494	29,180,040

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

11. Contingent liabilities:

Loan guarantees and commitments:

- (i) The First Nation has endorsed CMHC loans made to various Band members under the Rural Rehabilitation Assistance Program and is contingently liable.
- (ii) Indigenous and Northern Affairs Canada ("INAC") has guaranteed certain CMHC Section 9 loans to various First Nation members, the balance of which is \$347,104 (2016 - \$228,148). If any of the loans are in default and require payment by INAC, the amount will be charged back to the First Nation.
- (iii) The First Nation, by Band Council Resolution, has guaranteed on behalf of First Nation members housing and business loans in the amount of \$606,571 (2016 - \$813,917).
- (iv) Under terms of a loan facility agreement between the Bank of Montreal and the Great Lakes Hospitality Limited Partnership (the "GLHLP") the First Nation has guaranteed an amount proportional to its 28.67% equity interest in the partnership. The principal amount of the loan was for \$4,415,573. In addition, the First Nation in conjunction with the other limited partners has guaranteed on a joint and several basis obligations to make any payments due by the GLHLP under terms of the loan facility.
- (v) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowing in proportion to its beneficial interest in the Trust in the amount of \$478,500. As at March 31, 2017, its proportional outstanding loan balance as part of the Trust is \$284,715.

The loan guarantee is secured by an assignment of the First Nation's distributions from the Ontario First Nation Limited Partnership.

- (vi) Under terms of a loan facility agreement between the Bank of Montreal and HIAH Economic Dev LP the First Nation has guaranteed loans in the amount of \$1,450,000. The outstanding balance of the loan as of March 31, 2017 is \$1,450,000.

12. Consolidated revenue fund:

The following schedule details the receipt and expenditure for the consolidated revenue fund:

	Revenue	Capital	Total
Balance, beginning of year	\$ 144,965	72,515	217,480
Interest	19,159	—	19,159
Balance, end of year	\$ 164,124	72,515	236,639

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

13. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 23,410,533	22,315,658
Business enterprises	7,943,150	9,649,325
Unfinanced capital housing	(1,293,812)	–
Unfinanced capital lagoon	(441,476)	–
Other	543,269	183,785
	30,161,664	32,148,768
Reserves	2,295,353	2,235,350
Reserve Funds	3,236,832	2,609,600
Committed Reserves	1,624,449	1,456,933
	\$ 37,318,298	38,450,651

14. Budget information:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

Approved expense budget:	
Total expenses per budget	\$ 18,557,140
Less:	
Capital acquisition	(170,703)
Principal payments on long-term debt	(390,277)
	(560,980)
Add:	
Amortization of tangible capital assets	1,297,191
Expense budget per financial statements	\$ 19,293,351

15. Comparative information:

Certain 2016 comparative information have been reclassified where necessary to conform to the current year presentation.

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Notes to Consolidated Financial Statements

Year ended March 31, 2017

16. Segmented information:

M'Chigeeng First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, public works, community services, economic and community development, health services, administration, housing, capital, social services and She'ndwin Teg Gaming. 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:

Education

The education department provides services to elementary students through the operation of an on-reserve elementary school. Service contracts with provincially funded area school boards are entered into for secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions. The department also operates and provides the community with day-care services.

Public Works

The public works department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical and community buildings.

Community Services

The community service department provides a wide range of support services for children and families.

Economic Advancement

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members such as the MERE project. The department also secures and delivers employment training funding for the First Nation.

Health Services

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programming such as long-term care, diabetes, mental health, healthy babies, home and community care and many other smaller programs designed to enhance the health of members. The health department also manages the operations of the Health Centre and Wellness Centre.

M'CHIGEENG FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

16. Segmented information (continued):

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 manages the operations of the Post Office

Subsidized Housing

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

Employment and Training

The employment and training department delivers a variety of programming including Ontario works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

Community Property

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as water and building construction.

Business Operations

Business Operations commission is responsible for the implementation and delivery of all gaming related activities on the First Nation.

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.

The accounting policies used in these segments are consistent with those followed in the preparation the consolidated financial statements as disclosed in the summary of significant accounting policies.

M'CHIGEENG FIRST NATION

Note 16 - Segmented Information (continued)

Year ended March 31, 2017

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2017 Total
Revenue	\$ 6,401,141	1,077,365	412,420	199,054	3,704,139	3,178,946	982,559	2,450,415	1,348,693	1,521,661	21,276,393
Expenses:											
Salaries, benefits and honorarium	3,434,710	490,729	269,894	175,336	1,726,159	894,814	-	521,686	166,535	51,056	7,730,919
Materials, supplies and rentals	514,267	367,686	94,382	8,025	382,012	401,746	232,162	304,683	1,495,969	1,379,398	5,180,330
Contractual and professional	120,204	135,591	11,184	116,836	938,664	270,730	30,000	9,338	1,210,962	-	2,843,509
Travel and training	141,794	34,139	21,124	23,876	268,144	58,751	-	173,678	20,335	1,304	743,145
Other	2,553,316	378,963	55,913	(86,498)	339,543	1,591,862	294,733	1,329,172	39,397	25,013	6,521,414
Interest on long-term debt	-	-	-	-	-	-	94,027	-	-	-	94,027
Amortization	125,095	625,517	3,944	-	125,158	91,137	317,378	8,962	-	-	1,297,191
Investment in tangible capital assets	(38,547)	-	-	-	(29,463)	-	-	-	(1,933,779)	-	(2,001,789)
	6,850,839	2,032,625	456,441	237,575	3,750,217	3,309,040	968,300	2,347,519	999,419	1,456,771	22,408,746
Excess (deficiency) of revenue over expenses	\$ (449,698)	(955,260)	(44,021)	(38,521)	(46,078)	(130,094)	14,259	102,896	349,274	64,890	(1,132,353)

M'CHIGEENG FIRST NATION

Note 16 - Segmented Information (continued)

Year ended March 31, 2017

	Education	Public Works	Community Services	Economic Advancement	Health Services	Administration	Subsidized Housing	Employment and Training	Community Property	Business Operations	2016 Total
Revenue	\$ 6,163,900	1,074,908	264,204	164,022	4,609,123	2,586,333	1,019,528	2,296,864	932,292	1,446,218	20,557,392
Expenses:											
Salaries, benefits and honorarium	3,360,824	542,969	290,010	108,287	1,894,418	1,051,159	-	472,131	138,691	54,370	7,912,859
Materials, supplies and rentals	563,192	451,076	102,170	6,611	1,758,206	478,244	320,971	245,952	87,955	1,326,238	5,340,615
Contractual and professional	62,851	139,414	1,456	5,933	314,645	195,589	30,960	45,636	653,912	-	1,450,396
Travel and training	138,594	34,841	18,030	7,417	237,469	79,518	-	220,666	12,048	2,832	751,415
Other	2,702,237	433,678	54,951	31,047	547,817	(273,620)	362,573	1,554,448	(27,439)	21,141	5,406,833
Interest on long-term debt	-	-	-	-	-	-	103,794	-	-	-	103,794
Amortization	144,084	611,426	3,944	-	118,668	89,136	215,021	9,289	-	-	1,191,568
Investment in tangible capital assets	(127,315)	(60,805)	-	-	(21,645)	(10,324)	-	-	(189,995)	-	(410,084)
	6,844,467	2,152,599	470,561	159,295	4,849,578	1,609,702	1,033,319	2,548,122	675,172	1,404,581	21,747,396
Excess (deficiency) of revenue over expenses	\$ (680,567)	(1,077,691)	(206,357)	4,727	(240,455)	976,631	(13,791)	(251,258)	257,120	41,637	(1,190,004)

