

Chippewas of the Thames First Nation

Consolidated Financial Statements

March 31, 2015

**Chippewas of the Thames First Nation
Consolidated Financial Statements**

March 31, 2015

Index

1. Independent Auditors' Report
2. Consolidated Statement of Financial Position
3. Consolidated Statement of Changes in Net Assets (Debt)
4. Consolidated Statement of Revenue and Expenditures
5. Consolidated Statement of Cash Flows
6. Notes to the Consolidated Financial Statements
7. Auditors' Comments on Supplementary Financial Information
8. Supplementary Financial Information

INDEPENDENT AUDITOR'S REPORT

To the Members of Chippewas of the Thames First Nation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Chippewas of the Thames First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of revenues and expenditures, changes in net assets (debt) and cash flows for the year then ended.

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 accounting standards for public sector entities, 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 Chippewas of the Thames First Nation as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

London, Ontario
August 26, 2015

MacNeill Edmundson
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
the Chartered Professional Accountants of Ontario

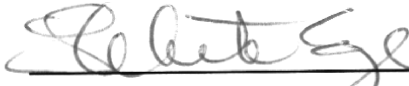
James B. MacNeill CPA, CA Jeremy A. Giles CPA, CA Robert F. Edmundson CPA, CA (Retired)

Chippewas of the Thames First Nation

Consolidated Statement of Financial Position

March 31	Operating Fund (\$)	Capital Fund (\$)	Housing Fund (\$)	Trust Fund (\$)	OLG Fund (\$)	Total 2015 (\$)	Total 2014 (\$)
							(restated)
Financial Assets							
Cash (note 2)	272,050			5,707,820	1,869	5,981,739	15,711,458
Temporary investments (note 2)			819,636	107,038,425		107,858,061	90,952,300
Accounts receivable (note 4)	979,497					979,497	1,400,629
Funds held in trust				484,630		484,630	468,953
Housing loans receivable (note 10)			1,190,342			1,190,342	1,504,266
Long-term loans (note 7)	2,006,050					2,006,050	2,006,050
	3,257,597		2,009,978	113,230,875	1,869	118,500,319	112,043,656
Liabilities							
Bank indebtedness (note 3)	1,285,643					1,285,643	1,935,574
Accounts payable and accrued	922,751			143,513		1,066,264	719,836
Deferred revenue (note 8)	132,222	1,603,698				1,735,920	936,807
Debt (note 6)		5,250,238				5,250,238	5,544,484
	2,340,616	6,853,936		143,513		9,338,065	9,136,701
Net Financial Assets (Debt)	916,981	(6,853,936)	2,009,978	113,087,362	1,869	109,162,254	102,906,955
Non-financial assets							
Capital assets (note 5)		22,508,185				22,508,185	21,468,780
Prepaid expenses	38,472					38,472	38,472
	38,472	22,508,185				22,546,657	21,507,252
Accumulated surplus (deficit)	955,453	15,654,249	2,009,978	113,087,362	1,869	131,708,911	124,414,207
Accumulated surplus / (deficit) is comprised of:							
Externally Restricted Funds (note 9)			330,000	113,087,362	1,869	113,419,231	106,443,999
Internally Restricted Funds		15,654,249	1,679,978			17,334,227	17,846,033
Unrestricted Funds	955,453					955,453	124,175
	955,453	15,654,249	2,009,978	113,087,362	1,869	131,708,911	124,414,207

Approved on behalf of the Council:

 Chief

 Councilor

Chippewas of the Thames First Nation

Consolidated Statement of Changes in Net Assets (Debt)

March 31	Operating Fund (\$)	Capital Fund (\$)	Housing Fund (\$)	Trust Fund (\$)	OLG Fund (\$)	Total 2015 (\$)	Total 2014 (\$) <small>(restated)</small>
Excess (Deficiency) of Revenue over Expenditures	(1,333,710)					(1,333,710)	(1,705,954)
Big Bear Creek land claim settlement							119,998,658
Acquisition of capital assets	(2,055,012)					(2,055,012)	(622,780)
Investment income			42,796	4,834,667		4,877,463	714,201
Unrealized gains (losses) on temporary investments			29,369	6,035,728		6,065,097	2,108,820
New loans							200,578
Amortization of capital assets		1,015,608				1,015,608	1,163,899
Housing reserve repayments							(173,040)
Housing reserve bad debt recovery (expense) (note 10)							(86,637)
Mortgage repayments (note 9)			(60,000)			(60,000)	
Decrease (increase) of prepaid expenses							109,400
Big Bear Creek negotiation costs paid by Canada							(762,730)
Big Bear Creek negotiation costs paid by the First Nation (2008 to 2014)							1
Big Bear Creek interest paid on bridge loan financing							(393,383)
Big Bear Creek payments to members (note 13)				(2,254,147)		(2,254,147)	(15,639,033)
Net Asset Transfers							
Transfer of surplus (deficit)	1,118,539	(1,107,961)	(276,242)		265,664		
Transfer of long-term debt repayments	(391,659)	391,659					
Transfer of housing loan advances	(134,640)		134,640				
Transfer of housing loan repayments	191,682		(191,682)				
Other transfers	3,436,078	(1,608,758)	19,360	(1,582,146)	(264,534)		
Change in Net Assets (Debt)	831,278	(1,309,452)	(301,759)	7,034,102	1,130	6,255,299	104,912,000
Net Assets (Debt), beginning of year (note 14)	85,703	(5,544,484)	2,311,737	106,053,260	739	102,906,955	(2,005,045)
Net Assets (Debt), end of year	916,981	(6,853,936)	2,009,978	113,087,362	1,869	109,162,254	102,906,955

Chippewas of the Thames First Nation
Consolidated Statement of Revenue and Expenditures

Year ended March 31	Budget (\$)	2015 (\$)	2014 (\$) (restated)
Revenue			
Aboriginal Affairs and Northern Development Canada	4,737,897	5,199,578	5,160,741
Stepping Stones	2,412,700	2,375,445	2,345,792
Southern First Nations Secretariat	1,447,081	1,833,984	1,851,985
Health Canada	1,381,657	1,446,303	1,499,182
Province of Ontario	1,048,453	1,189,688	1,239,977
Ontario First Nations Limited Partnership		1,184,062	1,157,482
Deferred revenue - prior year (note 8)	728,067	936,807	383,112
Other funding	1,542,787	647,440	1,130,772
Band generated	271,589	303,072	287,986
CMHC subsidy		256,200	194,851
Rent revenue		225,921	205,763
Union of Ontario Indians	97,852	107,728	113,854
Interest	10,000	88,699	13,314
Deferred revenue - current year (note 8)		(1,735,920)	(936,807)
Internal	763,132		
	14,441,215	14,059,007	14,648,004
Expenditures			
Education	4,166,365	3,630,933	3,924,569
Band government	3,055,390	2,938,477	3,119,491
Social services	2,657,810	2,672,815	2,680,531
Health	1,037,684	1,038,172	1,036,770
Amortization of capital assets		1,015,608	1,163,899
Public works	774,025	829,749	947,271
Housing	231,885	825,546	729,464
Economic development	840,098	802,474	898,544
Employment programs	389,497	459,392	565,760
Day care	358,773	328,051	310,951
Big bear creek		163,868	17,558
Interest on long term debt		147,653	152,464
Prevention	128,477	143,515	138,347
Recreation	160,150	104,705	79,430
Land trust	69,480	71,880	57,647
Library	51,830	70,753	144,552
Fire department	85,132	69,666	89,194
Clench	5,000	36,038	34,323
Capital projects	1,222,000	33,289	254,091
Police department		10,133	9,102
	15,233,596	15,392,717	16,353,958
Excess (Deficiency) of Revenue over Expenditures	(792,381)	(1,333,710)	(1,705,954)

Chippewas of the Thames First Nation

Consolidated Statement of Cash Flows

Year ended March 31	2015 (\$)	2014 (\$) (restated)
Cash Flows From (Used In) Operating Activities		
Deficiency of revenue over expenditures	(1,333,710)	(1,705,954)
Adjustment for non-cash items:		
Amortization of capital assets	1,015,608	1,163,899
Big Bear Creek land claim settlement		119,998,658
Big Bear Creek land claim settlement expenses		(1,156,112)
Big Bear Creek payments to members	(2,254,147)	(15,639,033)
Unrealized gains (losses) on temporary investments	6,065,097	2,108,820
	3,492,848	104,770,278
Changes in non-cash working capital		
Accounts receivable	421,132	(720,178)
Prepaid expenses		109,400
Accounts payable and accrued expenses	346,428	(177,230)
Deferred revenue	799,113	553,695
	1,566,673	(234,313)
	5,059,521	104,535,965
Cash Flows From (Used In) Financing Activities		
Proceeds from long-term debt	97,412	388,381
Housing Fund interest	42,796	25,330
Repayment of long-term debt	(391,658)	(326,476)
Trust Fund income	4,834,667	688,871
	4,583,217	776,106
Cash Flows From (Used In) Investing Activities		
Redemption (acquisition) of temporary investments	(16,905,761)	(89,571,033)
Repayment of guaranteed mortgages (note 9)	(60,000)	
Funds held in trust	(15,677)	(13,923)
Capital asset acquisitions	(2,055,012)	(622,778)
Housing loan reduction (increase)	313,924	
	(18,722,526)	(90,207,734)
Net Increase (Decrease) in Cash During Year	(9,079,788)	15,104,337
Cash, beginning of year	13,775,884	(1,328,453)
Cash, end of year	4,696,096	13,775,884
Cash Represented by:		
Cash - Operating and OLG	273,919	253,053
Bank indebtedness	(1,285,643)	(1,935,574)
	(1,011,724)	(1,682,521)
Cash - Trust Fund	5,707,820	15,458,405
	4,696,096	13,775,884

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

1. Accounting Policies

The Chippewas of the Thames First Nation uses the Canadian accounting standards for public sector entities as the basis for presentation in these consolidated financial statements. The consolidated financial statements of the First Nation includes the various departments reported in the supplementary financial information. These departments include four CMHC housing programs. A significant aspect of the reporting standards is to account for various assets, liabilities and operating accounts by specific funds. The definition of the funds used are as follows:

Capital Fund represents tangible assets, which have economic lives extending beyond the current accounting period reported at cost, less accumulated amortization.

Trust Funds represent the funds held in the Consolidated Revenue Fund of the Government of Canada, the Pension Fund and the Big Bear Creek Trust.

Members Housing Fund reports the assets receivable from members with respect to funds advanced to construct and maintain their dwelling units.

OLG Fund represents funds allocated from the Ontario First Nations Limited Partnership, plus investment income thereon, less qualified disbursements. Restrictions exist on the nature of disbursements from this fund.

Operating Fund is used to account for all other resources not accounted for in another fund.

The other significant accounting policies used by the First Nation are as follows:

(a) Temporary Investments

Temporary investments are considered held for trading financial instruments and as such are reported at their market value. The change in market value is reported on the statement of changes in net assets (debt) within the appropriate fund.

(b) Loans Receivable from Band Members/Members' Housing Reserve

Expenditures for house construction and renovations and sanitation facilities, to limits approved by Band Council, are funded by accountable contributions from the Government of Canada, Department of Aboriginal Affairs and Northern Development Canada (AANDC) and by repayment of these amounts by Band members. Agreements between the Band and Band members specify the percentage of these expenditures to be repaid by the Band member. Such amounts repayable are reported on the statement of financial position as loans receivable from Band members and as the members housing reserve. Payments on account of these loans are recorded as operating fund revenue from Band activities as received. The payments are also recorded as a reduction in the loan receivable and the members' housing reserve.

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

1. Accounting Policies (Continued)

(c) Capital Assets

Capital assets are stated at cost in the capital fund. Amortization is recorded as a reduction of the capital fund at the following annual rates:

Building	40 Years Straight Line
Water and sewage lines	25 Years Straight Line
Upgrades to water and sewage lines	10 Years Straight Line
Roads and bridges	15 Years Straight Line
Furniture and equipment	5 Years Straight Line
Vehicles	3 Years Straight Line
Computer equipment	3 Years Straight Line
Monument and exhibit	Indefinite Life

(d) Deferred Revenue

Revenue that relates to expenditures of future accounting periods has been deferred.

(e) Funds Held in Trust by the Government of Canada

Revenue from the Capital funds held in trust by the Government of Canada are reported as assets on the statement of financial position. Interest and other income earned are recorded as revenue and disbursements are recorded as expenditures of the trust fund.

(f) Financial Instruments

The council's financial instruments consist of cash or bank indebtedness, temporary investments, accounts receivable, and accounts payable and accrued liabilities and long-term debt. With the exception of the outstanding prime based long-term debt, it is council's opinion that the council is not exposed to significant interest or credit risks arising from these instruments. The carrying value of the financial instruments is equal to their fair value, unless otherwise noted.

(g) Revenue Recognition

The Chippewas of the Thames First Nation follows the deferral method of recognizing revenue. Under the deferral method, restricted contributions for expenses of one or more future periods are deferred and recognized as revenue in the same period as the related expenses are recognized. Unrestricted contributions or restricted contributions for expenses incurred in the current period are recognized as revenue in the current period. The recognition criteria for government transfers are also followed for entitlements, cost sharing agreements and grants, where the funding agreements with the various government bodies are used to determine which criteria to follow.

(h) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

2. Cash and Temporary Investments

	2015 (\$)	2014 (\$)
Cash		
Big Bear Creek Trust - PCD	314,181	230,109
Big Bear Creek Trust - ISF	1,633,262	1,963,812
Big Bear Creek Trust - Community Development	337,424	929
Big Bear Creek Trust - Investment account	3,422,953	13,263,555
	<hr/>	<hr/>
Big Bear Creek - Toal	5,707,820	15,458,405
Housing	272,050	252,314
OLG	1,869	739
	<hr/>	<hr/>
	5,981,739	15,711,458
	<hr/>	<hr/>
Temporary Investments		
Big Bear Creek Trust - BMO Harris Private Banking	106,310,023	89,490,098
Housing - BMO Harris Private Banking	819,636	807,471
Zhoonyaa Pension - BMO Nesbitt Burns	728,402	654,731
	<hr/>	<hr/>
	107,858,061	90,952,300
	<hr/>	<hr/>

3. Bank Indebtedness

The First Nation is authorized for an overdraft limit of \$900,000, which is unsecured.

4. Accounts Receivable

Accounts receivable consist of the following balances:

	2015 (\$)	2014 (\$)
Southern First Nations Secretariat	335,927	159,859
AANDC	284,984	888,082
Health Canada	116,400	32,350
GST/HST	93,303	90,719
Stepping Stones	62,823	107,064
Province of Ontario	53,295	93,310
Water payments from Band members	25,629	12,958
Union of Ontario Indians	7,100	4,301
Other	36	7,103
Trust		4,883
	<hr/>	<hr/>
Grand total	979,497	1,400,629
	<hr/>	<hr/>

Chippewas of the Thames First Nation
Notes to the Consolidated Financial Statements

March 31, 2015

5. Capital Assets

	Cost (\$)	Accumulated Amortization (\$)	2015 Net (\$)	2014 Net (\$)
Land	1		1	1
Buildings	28,723,708	9,482,019	19,241,689	19,819,826
Furniture and equipment	3,143,776	2,814,262	329,514	472,838
Upgrades to water & sewage lines	8,526,461	6,433,300	2,093,161	666,912
Water and sewage lines	219,265		219,265	219,265
Vehicles	1,108,848	1,053,383	55,465	13,570
Roads and bridges	1,686,136	1,397,705	288,431	
Computer equipment	365,604	336,482	29,122	24,832
Monument and exhibit	251,537		251,537	251,537
	44,025,336	21,517,151	22,508,185	21,468,781

The following costs have not been subject to amortization as the related asset is not yet ready for use: water and sewage line costs of \$219,265 and building costs of \$136,544.

The First Nation has not acquired any new lands since its original settlement in the area, therefore, no additions have been recorded in the financial records of the First Nation.

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

6. Long-Term Debt

	2015 (\$)	2014 (\$)
Prime +0.5% Antler River commercial complex loan repayable in monthly installments of \$9,715 plus interest, due on demand or by August 31, 2031. The commercial complex and farm land are held as security (carrying value of \$3,611,753), as well as a General Security Agreement.	2,040,175	2,156,757
1.92% CMHC Phase IV - Housing mortgage repayable in monthly installments of \$5,946 including interest, due April 1, 2019.	1,379,251	1,416,072
1.62% CMHC Phase III - Seniors Complex mortgage repayable in monthly installments of \$8,344 including interest, due March 1, 2018.	737,343	824,934
4.09% CMHC Phase I - Housing mortgage repayable in monthly installments of \$6,814 including interest, due October 1, 2015.	644,695	698,780
1.64% CMHC Phase II - Housing mortgage repayable in monthly installments of \$2,661 including interest, due December 1, 2016.	341,631	367,791
CMHC Phase V - Housing mortgage, with payment terms to be determined in subsequent year. Project under construction, and loan proceeds up to \$500,000 have been approved.	97,413	
4.18% Fire truck loan repayable in monthly installments of \$5,876 including interest, due June 30, 2015 and secured by an assignment of insurance.	9,730	80,150
Total	5,250,238	5,544,484
Less: current portion	2,858,452	2,433,457
Long term portion	2,391,786	3,111,027

Principal repayments due on the long-term debt in each of the next five fiscal years are as follows:

	(\$)
2016	2,858,452
2017	454,830
2018	608,512
2019	51,208
2020	1,277,236
	5,250,238

The CMHC loans are secured by Ministerial Loan Guarantees from AANDC. Loans due on demand have been classified as current and as due in the next fiscal year.

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

7. Long-Term Loans

	<u>2015</u>	<u>2014</u>
Advance to the Chippewas of the Thames - Land Claim Trust on March 31, 1999 to purchase 10,000 Common shares (50%) of 1317424 Ontario Inc.	1,900,000	1,900,000
Advance to 1317424 Ontario Inc. to cover additional costs related to land held for development.	106,050	106,050
	<u>2,006,050</u>	<u>2,006,050</u>

The funds advanced to the Chippewas of the Thames - Land Claim Trust are secured by the land owned by 1317424 Ontario Inc. As at March 31, 2015, the land is still held by 1317424 Ontario Inc., therefore there is no reason to believe that the value of the above loans has been impaired.

8. Deferred Revenue

	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
AANDC - interim water treatment upgrade	1,603,690	728,066
Southern First Nations - Solvent Abuse Program	70,194	128,702
SOHAC - Vehicle funding	48,775	
Clench Fraud Trust - Fire truck purchase	13,252	65,767
Southern First Nations - Post secondary funding		14,272
	<u>1,735,911</u>	<u>936,807</u>

9. Contingent Liability

The Chippewas of the Thames First Nation Housing Fund is the guarantor of certain housing loans under the Housing Loan Program at the Bank of Montreal. The total amount of the loans outstanding at March 31, 2015, is \$640,630 (2014 - \$592,427). The Chippewas of the Thames First Nation have also agreed to repay these mortgages when their principal balance is paid down to \$30,000. The amount of the contingent liability (\$330,000) has been classified as an externally restricted net asset of the housing fund to indicate the net assets required to repay these mortgages.

10. Housing Reserve Bad Debts Expense (Recovery)

Each year the members housing reserve is reviewed and adjusted to the estimated collectible portion of loans. During the year, there was an increase in the allowance of \$353,500 (2014 - \$86,637 decrease).

	<u>2015</u>	<u>2014</u>
	(\$)	(\$)
Housing loans receivable	3,164,933	3,159,097
Allowance on housing loans	<u>(1,974,591)</u>	<u>(1,654,831)</u>
Housing loans considered collectible	<u>1,190,342</u>	<u>1,504,266</u>

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

11. Pension Plan

The First Nation participates in a defined contribution pension plan. Employees can contribute from 3% to 7.7% of their gross pay to the plan and the contributions are fully matched by the First Nation. During the year, contributions of \$139,287 (2014 - \$131,330) were made into the plan and recorded as expenditures.

12. Financial Instruments

The First Nation's financial instruments consist of cash, temporary investments, accounts receivable, housing loans receivable, long term loans, accounts payable and debt. The carrying value of the financial instruments approximates their fair value, unless otherwise stated. The following analysis provides information about the First Nation's risk exposure.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to liquidity risk through its accounts payable and debt.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The First Nation is exposed to interest rate risk through its Antler River commercial complex loan which incurs interest at a floating rate.

Credit risk arises from the possibility that a counterparty to a contract fails to perform according to the terms and conditions of the contract. The First Nation is exposed to credit risk through its accounts receivable, housing loans receivable and long-term loans.

13. Big Bear Creek Land Claim

On January 28, 2013 the First Nation reached a settlement agreement with the Government of Canada for the Big Bear Creek land claim. The members of the First Nation implemented the Trust described in the Settlement Agreement by a ratification vote which was held on March 23, 2013.

The First Nation received a total settlement of \$119,998,658 less negotiation costs totaling \$762,730. The remaining funds are held in trust for the First Nation and are to be used as follows:

- 1) to fund a \$7,500 per capital distribution to each qualifying member;
- 2) to create and income stabilization fund for elders;
- 3) to create an education savings plan for members under the age of nineteen;
- 4) to create a community development fund;
- 5) to enable the First Nation to acquire additional reserve lands.

During the year the following payments were made to members:

Per Capita Distributions - \$376,158
Income Stabilization Fund payments - \$1,877,989
Total - \$2,254,147

Chippewas of the Thames First Nation

Notes to the Consolidated Financial Statements

March 31, 2015

14. Prior Period Restatement

During the current year audit, the following was discovered which has resulted in restating prior year figures:

a) it was discovered that there was activity related to the prior year that was not recorded in the prior year financial statements. The inclusion of this activity has resulted in a decrease of \$450 to cash, a decrease of \$38,033 to accounts receivable, an increase of \$2,750 to accounts payable and accrued liabilities and an overall increase of \$41,233 to the deficiency of revenue over expenditures.

b) it was discovered that a portion of the capital asset additions that were recorded as capital assets on the Statement of Financial Position, were also recorded as expenditures on the Statement of Revenue and Expenditures with an offsetting increase to the Capital Fund. The prior year operating expenses were decreased by \$328,168 and the operating and OLG fund transfers were increased by \$234,399 and \$93,769 respectively.

Also, historical costs not previously available were obtained and the corresponding net book values were recalculated. The fiscal 2014 opening net book value was decreased by \$172,073, with a corresponding decrease in the opening capital fund net assets. Additional amortization was recorded in fiscal 2014 has resulted in net increase to the deficiency of revenue over expenditures of \$214,489.

c) it was discovered that the Big Bear Creek Trust activity consolidated in the fiscal 2014 financial statements did not include the activity from January to March 2014. By recording this activity, the trust fund cash was increased by \$15,958,574, the trust fund investments were decreased by \$14,009,754, the trust fund investment income was increased by \$431,886, the trust fund unrealized gain was increased by \$1,992,000 and the trust fund reimbursement to the First Nation totalling \$475,066 was paid. The trust distributions were also increased by \$1,101,972. The ending trust fund net assets was increased by \$1,796,980.

15. Commitments

In July 2015 the First Nation guaranteed a demand loan with a draw limit of \$2,200,000, bearing interest at prime +1.5% and repayable over 15 years. The funds are to be used to erect four solar panels for the purpose of selling solar energy.

The First Nation is the beneficiary of a trust fund setup by the City of Toronto in relation to its operation of the Greenlane landfill. 4% of the annual Greenlane gross revenue is contributed to the trust, of which the First Nation is a 40% beneficiary. To date, no distributions have been received from the Trust, however, they are expected in the future.

16. Budget

The budgeted figures on the statement of revenue and expenditures were approved by the Chief and Council. The figures have not been audited and have been reclassified to conform with the financial statement presentation.

17. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

Auditors' Comments on Supplementary Financial Information

To the Members of the Chippewas of the Thames First Nation

The supplementary financial information, presented hereinafter, is derived from the accounting records tested by us as part of our auditing procedures followed in our examination of the audited consolidated financial statements of the Chippewas of the Thames First Nation as at March 31, 2015 which we reported on as of August 26, 2015. Our testing of the supplementary financial information in relation to the financial statements taken as a whole does not permit our expression of an audit opinion on this information.

London, Ontario
August 26, 2015

MacNeill Edmundson

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by
the Chartered Professional Accountants of Ontario

James B. MacNeill CPA, CA Jeremy A. Giles CPA, CA Robert F. Edmundson CPA, CA (Retired)