

Wherever Business Takes You

**SAGKEENG FIRST NATION
PRESENTATION TO COMMUNITY**

***FOR THE YEAR ENDED
MARCH 31, 2017***





The Sagkeeng First Nation consolidated financial statements consist of the consolidation of the financial activities of the following 14 entities:

1. Sagkeeng First Nation VLT
2. Sagkeeng First Nation (Admin, Social, Education and capital)
3. Sagkeeng First Nation Employment and Training
4. Sagkeeng First Nation Bingo Committee
5. Sagkeeng First Nation Gaming Control Commission

INTRODUCTION

6. Sagkeeng First Nation CMHC Housing Operations
7. Sagkeeng Memorial Arena Inc.
8. Fort Alexander Health Centre
9. Fort Alexander Holdings Inc.
10. Sagkeeng First Nation Hydro Accord
11. Sagkeeng First Nation Superstore
12. Sagkeeng First Nation Trust Fund
13. Sagkeeng capital projects (managed by PM Associates)
14. George M. Guimond Care Centre Inc.

2. Consolidated

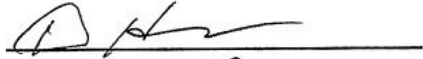

- Clean audit opinion as at March 31, 2017;
- Audit was completed on July 24, 2017 – before INAC deadline
- Operating surplus in current year of 113,000; the accumulated operating deficit is at 5 million;
- Accumulated surplus \$3,854 in the Ottawa Trust Fund;
- Accumulated equity of \$47.2 million in Capital Assets, which has decreased by approximately \$1.3 million from last year;

**Fort Alexander Indian Band
O/A Sagkeeng First Nation**
Consolidated Statement of Financial Position
As at March 31, 2017

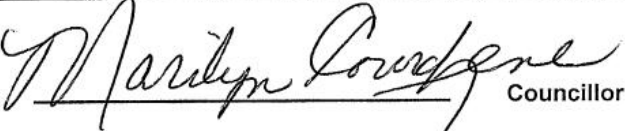
	2017	2016 <i>(Restated)</i>
Financial assets		
Investments <i>(Note 3)</i>	315,083	203,769
Accounts receivable <i>(Note 4)</i>	1,621,224	1,196,984
Inventory for resale <i>(Note 5)</i>	265,127	201,921
Investment in joint ventures <i>(Note 6)</i>	15,903	15,903
Restricted cash <i>(Note 7)</i>	1,413,446	1,125,305
Employee future benefits <i>(Note 8)</i>	3,318,092	2,370,525
	6,948,875	5,114,407
Liabilities		
Bank indebtedness <i>(Note 9)</i>	1,432,415	221,168
Accounts payable and accruals <i>(Note 10)</i>	3,084,299	3,170,037
Deferred revenue <i>(Note 11)</i>	3,245,144	1,411,963
INAC payable <i>(Note 12)</i>	185,413	543,332
Demand loans <i>(Note 13)</i>	1,886,460	1,563,621
Long-term debt <i>(Note 14)</i>	15,827,721	14,080,443
	25,661,452	20,990,564
Net debt	(18,712,577)	(15,876,157)

	23,001,402	20,990,004
Net debt	(18,712,577)	(15,876,157)
Contingent liabilities (Note 19)		
Non-financial assets		
Tangible capital assets (Schedule 1)	57,113,504	59,911,928
Prepaid expenses	13,560	30,738
Construction in progress (Note 15)	5,429,691	1,440,005
Total non-financial assets	62,556,755	61,382,671
Accumulated surplus (Note 16)	43,844,178	45,506,514

Approved on behalf of the Chief and Council


 _____ Chief

 _____ Councillor

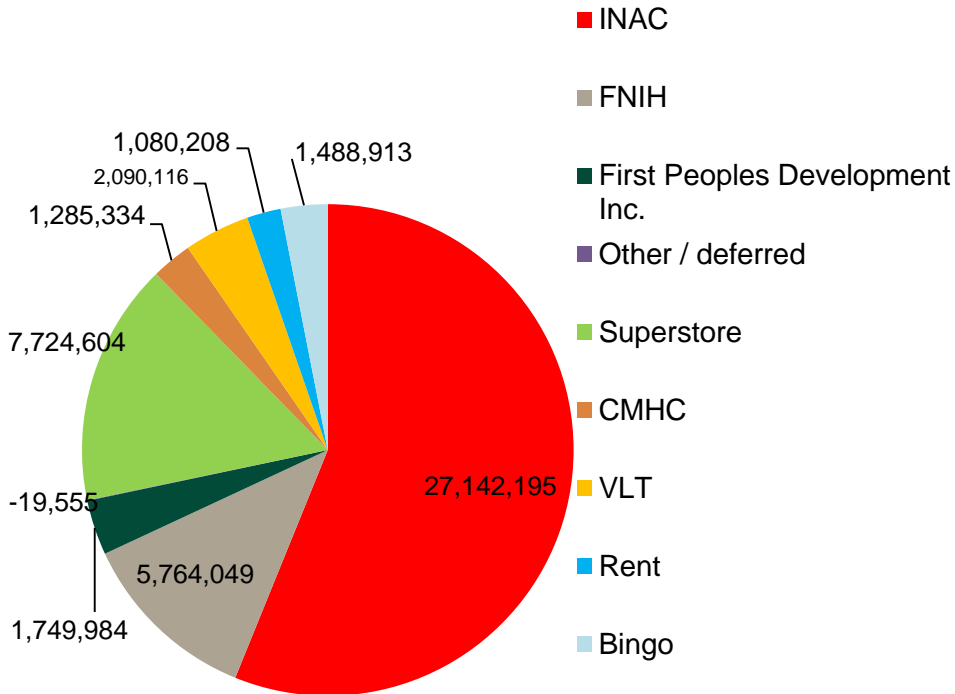
 _____ Councillor


 _____ Councillor

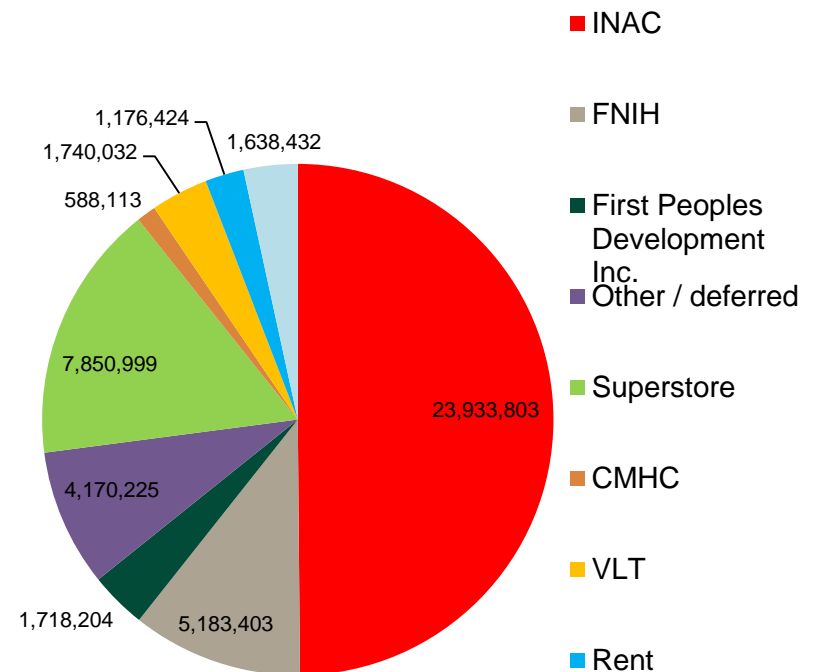
The accompanying notes are an integral part of these consolidated financial statements

2. First Nation Consolidated Revenues

Revenues by Source - 2017



Revenues by Source - 2016



Tools 2017 consolidated ... x

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		42,500,700	40,000,040	41,999,000
Program expenses				
Band Governance	4	5,416,204	6,391,588	8,594,493
Education	5	10,109,178	12,206,089	9,406,247
Community Wellness	6	8,305,690	9,516,099	9,103,394
Social Assistance	7	5,866,384	5,314,241	5,661,358
Community Infrastructure	8	-	3,762,219	2,678,928
CMHC Housing	9	1,330,577	1,793,284	1,195,281
Employment and Training	10	1,717,442	1,535,324	1,795,185
Economic Development	11	10,916,019	10,464,204	10,787,218
Total segment expenses (Schedule 2)		43,661,494	50,983,048	49,222,104
Annual deficit before other items		(697,791)	(2,677,200)	(1,222,469)
Other items				
Unrealized gain (loss) on pension plan		(49,611)	1,014,864	1,568,936
Transfers between programs		2,444,731	-	-
		2,395,120	1,014,864	1,568,936
Annual surplus (deficit)		1,697,329	(1,662,336)	346,467
Accumulated surplus, beginning of year		45,506,514	45,506,514	45,160,047
Accumulated surplus, end of year		47,203,843	43,844,178	45,506,514

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



O/A Sagkeeng First Nation Schedule 2 - Schedule of Consolidated Expenses by Object

For the year ended March 31, 2017

	2017 <i>Budget</i>	2017	2016
Expenses by object			
Amortization	-	4,112,545	4,449,630
Automotive, fuel and insurance	493,085	588,597	478,333
Bad debts	-	137,338	105,705
Bank charges and interest	85,700	158,250	146,691
Basic needs	5,698,758	5,065,809	5,437,361
Bingo prize payouts	1,500,000	1,252,921	1,402,792
Board and Chief and Council travel and honouraria	606,949	814,314	657,995
Community donations and support	326,840	533,035	469,130
Cost of sales	6,739,360	5,847,359	6,104,462
Economic development grants	139,031	185,671	155,113
Insurance	454,359	525,247	1,166,327
Interest on long-term debt	2,099,909	521,715	539,563
Office supplies, materials and other	1,135,552	1,336,812	1,186,039
Professional fees and contract work	575,661	1,804,808	2,183,984
Programming, workshops and activities	689,379	1,175,339	872,325
Rent - equipment and buildings	348,304	342,308	297,428
Repairs and maintenance	1,082,876	3,767,427	2,606,713
Salaries and benefits	16,561,532	17,061,073	15,970,724
Special needs	170,866	246,907	225,913
Telephone	271,495	300,880	290,544
Training and professional development	2,131,926	2,329,047	1,915,218
Travel	448,153	652,965	506,885
Tuition	1,246,691	1,366,061	1,288,867
Utilities	637,568	636,795	547,045
VLT licensing and lease fees	217,500	219,825	217,317
	43,661,494	50,983,048	49,222,104

2. First Nation Consolidated Tangible Capital Asset Additions

- Capital additions for the year can be summarized as follows:

Vehicles and heavy equipment	\$ 615,477
Computers	\$ 35,734
Equipment and furniture	\$ 83,406
Community buildings	\$ 8,014
Infrastructure	\$ 559,990
Housing	\$ 10,000
Total Capital Additions	<u>\$1,314,121</u>

2. First Nation Consolidated Long Term Debt

■	New loans	
	Pitambará Inc. – VLT building	2,340,000
	Land settlement claim loan	325,878
	1923-1926 surrender claim loan	59,157
	Demand loans related to capital additions	746,709
	Less: loan repayments per agreements	<u>(1,401,624)</u>
	Net Loan increase	<u>\$ 2,070,119</u>

3. Highlights

- A new land settlement loan was signed in the prior year. The loan is authorized up to \$2,988,160 and is secured by an insurance policy. The loan is for professional services incurred to pursue a financial claim against the Government of Canada. The Nation expects to settle the loan by either a successful legal settlement with the Government of Canada or through an insurance policy in the case of an unsuccessful legal settlement. No assets have been recorded related to this matter. Total liabilities are at \$1,919,396.
- A new 1923-1926 surrender loan was signed in the current year. The loan is authorized up to \$2,988,160 and is secured by an insurance policy. The loan is for professional services incurred to pursue a financial claim against the Government of Canada. The Nation expects to settle the loan by either a successful legal settlement with the Government of Canada or through an insurance policy in the case of an unsuccessful legal settlement. No assets have been recorded related to this matter. Total liabilities are at \$1,289,696.
- Employee future benefits – the Nation has contributed \$739,991 during the year. The plan is in an asset balance of \$3,318,092. Prior year was an asset of \$2,370,525.

3. Highlights

- On a consolidated basis cash has decreased by \$1.2M. The CMHC replacement and operating reserve is underfunded by \$631,532 (2016 - \$1,272,512).
- CMHC, Health and Guimond Care Centre all received clean audit opinions.
- Contingencies - The Nation has several lawsuits outstanding as of year-end, including three wrongful dismissal claims totaling 280,000, one pension plan claim, one caveat on land title, two related to outstanding invoices totaling \$29,250 and one claim for withheld tobacco tax rebates of \$115,000, none of which the outcome or potential liability can be reasonably determined, and therefore no accrual has been made.

4. Other comments

- The Nation still have over a \$5.1 M operating deficit. Included in this amount is \$3.2 M of professional fees related to the land and surrender claims. These fees will either be covered by the settlement proceeds or insurance policy, therefore the deficit will be removed when the claims are finalised.
- A new Human resource department has been developed for consistent policies and procedures and support for employees.
- Centralising all accounting to ensure consistent accounting policies and procedures, allow for consistent oversight and the availability to have consolidated financial information for Chief and Council.
- Continue to fund the replacement reserve in CMHC as this remains underfunded in the CMHC audit. The Nation has done a good job in increasing this reserve account by \$285K this year. This is far above what most communities have been able to do.
- Continue to focus on own source revenues activities to reduce the overall deficit as well as support the community.