

Consolidated Financial Statements

Chippewas of Georgina Island First Nation

March 31, 2013

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Independent Auditor's Report

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To the Members of
Chippewas of Georgina Island First Nation

We have audited the accompanying consolidated financial statements of Chippewas of Georgina Island First Nation, which comprise the consolidated financial position as at March 31, 2013, and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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 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 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 financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chippewas of Georgina Island First Nation as at March 31, 2013, and the consolidated statements of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

The current year's supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Grant Thornton LLP

Orillia, Canada
July 23, 2013

Chartered Accountants
Licensed Public Accountants

Chippewas of Georgina Island First Nation

Consolidated Statement of Operations

Year Ended March 31

2013

2012

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Government of Canada			
Health Canada	\$ 413,503	\$ 459,391	\$ 397,504
CMHC	148,964	118,950	124,199
Other	-	25,000	27,500
Aboriginal Affairs and Northern			
Development Canada	4,658,509	4,688,660	4,529,118
Province of Ontario	983,355	1,009,010	1,019,698
Lands leases and fees	1,161,774	1,153,608	1,173,267
Casino Rama	757,802	791,637	859,313
Other	1,971,292	1,782,117	1,873,977
Trust settlement funds	-	88,879,967	-
Interest	10,266	307,793	48,160
	<u>10,105,465</u>	<u>99,216,133</u>	<u>10,052,736</u>
Expenditures			
Operating	8,307,490	8,568,274	8,232,996
Social Housing	194,975	179,689	173,883
Trust	-	996	845
Lands	554,042	1,054,395	545,205
Georgina Island First Nation			
Communications	54,269	59,347	53,956
Virginia Beach Marina	826,016	837,567	947,310
Chippewas Tri-Council for the			
Coldwater Reservation			
Specific Claim Negotiation	-	94,432	923,887
Casino Rama	-	120	120
Coldwater Narrows Trust	-	117,583	-
Per Capita Distributions	-	16,378,394	-
Trust Revenues	-	33	-
	<u>9,936,792</u>	<u>27,290,830</u>	<u>10,878,202</u>
Excess (deficiency) revenue			
over expenditures	\$ <u>168,673</u>	\$ <u>71,925,303</u>	\$ <u>(825,466)</u>

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation Consolidated Statement of Operations

Year Ended March 31	2013	2012
Annual surplus (deficit)	\$ 71,925,303	\$ (825,466)
Accumulated (deficit) surplus, beginning of year	(696,233)	129,233
Repayment of promissory note (Note 15)	<u>10,506,443</u>	<u>-</u>
Accumulated surplus (deficit), end of year	\$ <u>81,735,513</u>	\$ <u>(696,233)</u>

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation

Consolidated Statement of Financial Position

March 31

2013

2012

Financial assets

Cash and cash equivalents (Note 4)	\$ 76,587,351	\$ 3,643,311
Investments (Note 5)	-	250,927
Receivables (Note 6)	360,152	715,549
Due from related party (Note 9)	-	50,150
Mortgages receivable (Note 10)	1,038,048	1,131,161
Inventories for resale (Note 11)	<u>190,862</u>	<u>157,106</u>
	<u>78,176,413</u>	<u>5,948,204</u>

Financial liabilities

Payables and accruals (Note 12)	1,064,214	915,801
Deferred revenue (Note 13)	354,488	289,575
Landfill closure and post closure costs (Note 14)	164,628	145,141
Promissory notes (Note 15)	-	10,506,440
Long term debt (Note 16)	<u>1,975,005</u>	<u>1,961,086</u>
	<u>3,558,335</u>	<u>13,818,043</u>

Net financial assets (debt) (Page 6) 74,618,078 (7,869,839)

Non-financial assets

Prepays	23,959	-
Tangible capital assets (Note 17)	<u>7,093,476</u>	<u>7,173,606</u>
	<u>7,117,435</u>	<u>7,173,606</u>

Accumulated surplus (deficit) (Note 18) \$ 81,735,513 \$ (696,233)

Contingencies (Note 22)

On behalf of the First Nation

_____ Chief _____ Administrator

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation Consolidated Statement of Changes in Net Financial Assets (Debt)

Year Ended March 31	2013	2012
Annual surplus (deficit)	\$ 71,925,303	\$ (825,466)
Acquisition of tangible capital assets	(641,351)	(864,630)
Amortization of tangible capital assets	719,902	695,300
Write down of tangible capital assets	1,579	-
Change in prepaids	(23,959)	20,000
Repayment of promissory note (Note 15)	<u>10,506,443</u>	-
Increase (decrease) in net financial assets	82,487,917	(974,796)
Net financial assets (debt),		
Beginning of year	<u>(7,869,839)</u>	<u>(6,895,043)</u>
End of year	\$ <u>74,618,078</u>	\$ <u>(7,869,839)</u>

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation

Consolidated Statement of Cash Flows

Year Ended March 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating		
Annual surplus (deficit)	\$ 71,925,303	\$ (825,466)
Amortization	719,902	695,300
Landfill closure and post closure costs (Note 14)	19,487	2,737
Write down of tangible capital assets	<u>1,579</u>	<u>-</u>
	72,666,271	(127,429)
Change in non-cash operating working capital (Note 20)	<u>581,942</u>	<u>1,020,988</u>
	<u>73,248,213</u>	<u>893,559</u>
Financing		
Promissory notes issued	-	75,000
Long term debt issued	106,735	60,780
Long term debt repayments	<u>(92,819)</u>	<u>(84,844)</u>
	<u>13,916</u>	<u>50,936</u>
Investing		
Purchase of tangible capital assets	(641,351)	(864,630)
Decrease in investments	250,927	15,000
Mortgages issued	-	(231,000)
Payments received in mortgages receivable	<u>72,335</u>	<u>128,514</u>
	<u>(318,089)</u>	<u>(952,116)</u>
Net increase (decrease) in cash and cash equivalents	72,944,040	(7,621)
Cash and cash equivalents, beginning of year	<u>3,643,311</u>	<u>3,650,932</u>
Cash and cash equivalents, end of year	\$ <u>76,587,351</u>	\$ <u>3,643,311</u>

See accompanying notes and schedules to the consolidated financial statements.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

1. Summary of significant accounting policies

a) Basis of accounting

These financial statements have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

b) Reporting entity

The First Nation reporting entity includes the Chippewas of Georgina Island First Nation government and all related entities that are controlled by the First Nation.

c) Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the 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.

Examples of organizations consolidated in the First Nation's financial statements include:

- Social Housing
- Trust Funds Held by Federal Government
- Virigina Beach Marina
- Georgina Island Tourism Co Ltd.
- Lands
- Tri Council for the Coldwater Reservation Specific Claim Negotiation
- Casino Rama Fund
- Georgina Island First Nation Communications
- Coldwater Narrows Trust
- Per Capita Distribution Fund
- Trust Revenue Fund

d) Asset Classification

Assets are classified as either financial or non – financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non – financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and inventories of supplies.

e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

1. Summary of significant accounting policies (continued)

f) Inventories for resale

Inventories of supplies and goods available for resale are measured at the lower of cost and net realizable value, with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

g) Tangible capital assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Amortization is provided for on a straight – line basis, over the expected useful life of the assets in the table that follows.

Buildings	25 – 40 years
Equipment	10 years
Boats	25 years
Vehicles	5 years
Water system	10 years
Parking lot	20 years
Roads	15 years
Docks	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization of buildings financed by Canada Mortgage and Housing Corporation is equal to the debt repayments made during the year principal reduction of the mortgage. Government assistance is being amortized on the same basis as its related assets.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

1. Summary of significant accounting policies (continued)

h) Net assets (debt)

The First Nation's financial statements are presented so as to highlight net assets (debt) as the measurement of financial position. The net assets (debt) of the First Nation are determined by its liabilities less its financial assets.

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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 from other sources of are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Restaurant sales and ferry fares are recognized when services are rendered. Gas, marina and cigarette sales are recognized when goods are sold. Interest, celebration event fees and other income are recognized when earned. Land sales are recognized when title passes. Leases and fees are recognized annually on the due date of the lease.

j) Measurement uncertainty

In preparing the consolidated financial statements for Chippewas of Georgina Island First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Chippewas of Georgina Island First Nation may undertake in the future. Significant accounting estimates include allowance for doubtful accounts, estimated useful lives of property and equipment, and the landfill closure and post-closure costs. Actual results could differ from those estimates.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

2. Application of new accounting standards

The CICA amended Section 3410 "Government Transfers" to provide guidance for accounting and reporting of government transfers from both a transferring government and a recipient government perspective. It clarifies the difference between eligibility criteria and stipulations and their roles in the recognition of government transfers by both government parties. It explains how the definition of liabilities in Public Sector Accounting Board Section 3200, Liabilities, should apply to the recognition of government transfers by a recipient government. It addresses what evidence would be required to support the authorization of a government transfer from the perspective of the transferring government. These amendments are effective for fiscal periods beginning on or after April 1, 2012. Retroactive or prospective application is permitted. There have been no significant changes due to the application of this section.

3. Future accounting pronouncements

The CICA Section 3260 "Liability for Contaminated Sites" establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with remediation of contaminated sites. It provides guidance surrounding the requirement to recognize a liability when an entity has contamination at a site that exceeds an environmental standard, the entity is responsible or accepts responsibility, the entity expects to have to give up future economic benefits and the amount can be reasonably estimated. The guidance further states that if an entity cannot reasonably estimate the amount, they must still provide disclosures concerning the liability. This section applies to fiscal periods beginning on or after April 1, 2015.

The CICA Section 3450 "Financial Instruments" is a new section that establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal periods beginning on or after April 1, 2015.

4. Cash and cash equivalents

Under the terms of an agreement with Canadian Mortgage and Housing Corporation, Chippewas of Georgina Island First Nation must set aside funds annually for the repair, maintenance, and replacement of worn out assets. These funds are to be held in a separate bank account and invested in only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund.

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents are comprised of:		
Externally restricted		
Apartment replacement and subsidy	\$ 112,329	\$ 109,300
Trust funds held by Federal Government	12,905	12,905
Trust funds held by the Trustee Canada Trust Company	69,046,733	-

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

4. Cash and cash equivalents (continued)

Internally restricted		
Casino Rama	1,749,162	1,748,819
Per Capita Distributions	1,318,862	-
Trust Revenue	2,786,836	-
Unrestricted		
Operating	(110,078)	143,176
Social housing	294,479	213,178
Other	<u>1,376,123</u>	<u>1,415,933</u>
Total cash	<u>\$ 76,587,351</u>	<u>\$ 3,643,311</u>

5. Investments

The investment of costs spent in relation to the Pukwis Wind Partner I Inc. windmill project have been recorded at cost and consists of expenditures made by Chippewas of Georgina Island in the development of the Pukwis Wind Partner I Inc. project. The balance of the investment is \$-(2012 - \$250,927) as it was written off during the year.

6. Receivables	<u>2013</u>	<u>2012</u>
Receivables are comprised of:		
Due from members:		
Social housing	\$ 23,169	\$ 48,633
Government Funding:		
Aboriginal Affairs and Northern Development Canada	51,593	372,493
Province of Ontario	1,636	2,670
Ministry of Children and Social Services	-	9,400
OTC	106,141	94,000
Union of Ontario Indians	2,331	3,680
Government of Canada	12,515	12,515
Lands	59,135	64,394
Other	64,461	147,579
Interest	73,227	-
Less: allowance for doubtful accounts	<u>34,056</u>	<u>39,815</u>
Total	<u>\$ 360,152</u>	<u>\$ 715,549</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

7. Trust funds held by Federal Government

Included in cash, are Ottawa trust accounts which arise from funds 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

8. Trust funds held by Trustee Canada Trust Company

The First Nation, Canada and Ontario executed a Settlement Agreement dated February 10, 2012, signed on June 2012. Article 12 of the Agreement states the First Nation intends to use or invest the compensation for the long term benefit of its members. Article 2 provided for monetary compensation of \$88,879,273, which is to be deposited into Trust Accounts on the First Nations' authority and direction as settler, the Trustees shall administer the compensation on the terms and conditions set out in the Trust Agreement.

The Trust agreement was dated November 21, 2012, with final signatures on December 5, 2012. The Trustee shall hold and invest the Trust property for the benefit of the First Nation, and will transfer or release Trust property as directed or authorized by the Trust Agreement. The Trust is a reversionary trust and therefore, although it is subject to tax pursuant to section 104 of the Income Tax Act (Canada), subsection 75(2) of the Income Tax Act (Canada) applies to deem income to be that of a First Nation.

The year end of the Trust is December 31, 2012 and therefore the First Nation has adjusted the financial statement categories for the income of the period from January 1, 2013 to March 31, 2013.

9. Due from related party 2013 2012

The First Nation had the following related party transactions:

With the Pukwis Community Wind Park, valued at cost

Travelers loan deposit	\$	_____ -	\$	_____ <u>50,150</u>
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Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

10. Mortgages receivable

The mortgages from Lands are secured by leaseholds (land and/or buildings), bear interest ranging from 7% -10% per annum and have maturity dates ranging from one to five years.

The rent to own mortgages from CMHC are secured by the property and are interest free and have maturity date of 30 years.

Estimated principal repayments due in the next five years assuming renewal on the same terms are as follows:

2014	76,947
2015	69,294
2016	67,014
2017	67,056
2018	65,136

11. Inventories for resale

2013

2012

The First Nation had the following inventories for resale:

Lands	\$ 4,833	\$ 2,304
Social Housing	168,825	133,510
Marina	17,204	21,292
	<u>\$ 190,862</u>	<u>\$ 157,106</u>

12. Payable and accruals

2013

2012

Accrued liabilities	\$ 474,311	\$ 892,081
Accrued salaries and employee benefits payable	25,725	23,720
Per Capita Distributions to Members	561,278	-
Provincial Government	2,900	-
	<u>\$ 1,064,214</u>	<u>\$ 915,801</u>

13. Deferred revenue

	<u>2012</u>	Funding <u>received</u>	Revenue <u>recognized</u>	<u>2013</u>
AANDC	\$ -	\$ 4,304,100	\$ 4,271,300	\$ 32,800
Bell Alliant	-	4,593	-	4,593
Enbridge	-	13,016	-	13,016
Lands	289,575	280,197	265,693	304,079
	<u>\$ 289,575</u>	<u>\$ 4,601,906</u>	<u>\$ 4,536,993</u>	<u>\$ 354,488</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

14. Landfill closure and post closure costs

Solid waste landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, management of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$164,628 (2012 - \$145,141) and represents the present value of closure and post-closure costs, using an estimated long term borrowing rate of 4% and inflation rate of 2.5%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures representing the sum of the discounted future cash flows for closure and post-closure care are \$600,972 (2012- \$813,420) leaving an amount to be recognized of \$436,344 (2012- \$668,279). Post-closure care is estimated to continue for a period of 25 years.

Management expects these future costs to be funded by AANDC when incurred at a future date.

The First Nation has changed the estimate discount rate to 4% (2012- 6%) and the estimated inflation rate to 2.5% (2012- 4%). As a result of this change, the 2013 liability for the landfill is \$116,696 lower than it would have been without the change. The effect on future periods is not practical to estimate.

15. Promissory notes

As part of the Chippewas Tri-Council for the Coldwater Reservation Specific Claim Negotiations the First Nation had signed promissory notes with Aboriginal Affairs Northern Development Canada. The promissory notes were interest free and repaid during the fiscal year. It is shown as a direct net change in accumulated surplus as it relates to multiple First Nations and not just the Chippewas of Georgina Island First Nation.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

16. Long term debt	<u>2013</u>	<u>2012</u>
Mortgage, 1.65%, due 2022, renewal date 2017, payable in blended monthly payments of \$1,532	\$ 154,950	\$ 170,146
Mortgage, 2.69%, due 2030, renewal date 2015 payable in blended monthly payments of \$ 2,909	483,677	505,355
Mortgage, 4.31% due 2033, renewal date 2033, payable in blended monthly payments of \$3,163	505,201	521,245
Mortgage, 2.84% due 2035, renewal date 2015, payable in blended monthly payments of \$1,688	380,973	343,308
Mortgage, 2.37% due 2036, renewal date 2016, payable in blended monthly payments of \$1,770	332,585	393,103
Mortgage, 1.04%, no fixed terms of repayment	106,734	-
Term loan bears interest at 5.5%, due 2014 payable in monthly payments of \$648 principal plus interest,	10,885	21,223
Term loan bears interest at 4.9%, due 2013, payable in blended monthly payments of \$766. As security the First Nation has pledged the vehicle to which the loan relates.	-	6,706
	<u>\$ 1,975,005</u>	<u>\$ 1,961,086</u>

The mortgages are authorized by First Nation Council Resolution and are guaranteed by Aboriginal Affairs and Northern Development Canada.

The term loan due in 2014 is unsecured and authorized by First Nation Council Resolution.

Estimated principal repayments due in the next five years, assuming renewal on the same terms, are as follows:

2014	\$ 89,253
2015	80,571
2016	82,840
2017	85,181
2018	87,595

	<u>2013</u>	<u>2012</u>
Interest on long term debt	\$ 56,927	\$ 61,896

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

17. Tangible capital assets			<u>2013</u>	<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 973,594	\$ -	\$ 973,594	\$ 973,594
Buildings	5,572,319	2,148,046	3,424,273	3,558,046
Equipment	1,552,304	1,356,586	195,718	161,141
Boats	5,385,950	4,387,907	998,043	646,816
Vehicles	1,114,014	994,031	119,983	82,676
Water system	2,172,975	1,825,300	347,675	564,973
Parking lot	216,250	89,606	126,644	137,457
Roads	1,513,097	650,317	862,780	963,705
Docks	1,861,203	1,816,437	44,766	85,198
	<u>\$ 20,361,706</u>	<u>\$ 13,268,230</u>	<u>\$ 7,093,476</u>	<u>\$ 7,173,606</u>

Government assistance was received and applied against property and equipment recorded in the Virginia Beach Marina, there are no terms or conditions and the funds are not required to be repaid. This assistance is being amortized at the same rate as the related tangible capital asset.

18. Accumulated surplus (deficit)

	<u>2013</u>	<u>2012</u>
The accumulated surplus (deficit) is represented by:		
Unrestricted		
Operating	\$ 3,919,904	\$ 4,173,078
Virginia Beach Marina	(512,643)	(426,054)
Georgina Island Tourism Co. Ltd.	-	101,097
Georgina Island First Nation Communications	(24,208)	(19,130)
Lands	3,001,190	3,274,528
Restricted		
Social Housing	256,225	261,141
Trust Funds Held by Federal Government	12,905	12,905
Coldwater Narrows Trust Funds		
Held by CanadaTrust Company	69,672,289	-
Equity in Chippewas Tri-Council for the Coldwater		
Reservation Specific Claim Negotiation	1,431	(10,410,906)
Casino Rama	2,520,057	2,337,108
Per Capita Distribution Fund	31,225	-
Trust Revenue Fund	2,857,138	-
	<u>\$ 81,735,513</u>	<u>\$ (696,233)</u>

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

19. Economic relationship

The Chippewas of Georgina Island First Nation receive a major portion of its revenue pursuant to a funding arrangements from various government sources.

20. Change in non-cash working capital	2013	2012
Receivables	\$ 355,396	\$ 803,684
Due from related party	50,150	(150)
Prepays	(23,959)	20,000
Inventories for resale	(33,756)	207,597
Payables and accruals	148,420	37,605
Deferred revenue	64,913	(47,748)
Mortgage receivable allowance	20,778	-
	<u>\$ 581,942</u>	<u>\$ 1,020,988</u>
Interest paid during the year	<u>\$ 63,768</u>	<u>\$ 69,922</u>
Interest received during the year	<u>\$ 307,794</u>	<u>\$ 46,556</u>

21. Financial instruments

The First Nation's financial instruments consist of cash and cash equivalents, receivables, inventory, investments, mortgages receivable, payables and accruals, deferred revenue, promissory notes and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair market value of these financial instruments approximates their carrying value unless otherwise noted.

22. Contingencies

- Where differences exist between the First Nation's net approved expenditures and their actual net expenditures, the resolution of these variances will be negotiated between funding agencies and the First Nation. Any resulting adjustment will be recognized in the year in which the changes are confirmed by the funding agency and will be recorded at that time on the statement of revenue and expenditures for the applicable program.
- The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

Chippewas of Georgina Island First Nation

Notes to the Consolidated Financial Statements

March 31, 2013

23. Pension agreement

The First Nation's provides defined contribution plan for eligible members of its staff. Members may contribute a range of 2.25% to 7.5% of their basic salary. The First Nation matches the member's contributions which are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Chippewas of Georgina Island contributed during the year \$36,122 (2012 - \$15,113) for retirement benefits.

24. Segmented reporting/Expenses by object

The First Nation provides a wide range of services to its members. For management reporting purposes, the First Nation's operations and activities are organized and reported by Fund. The First Nation's services are provided by programs and their activities are reported in these funds.

25. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by Council.

26. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with the presentation adopted in the current year.
