

**TAYKWA TAGAMOU NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

TAYKWA TAGAMOU NATION

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YEAR ENDED MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Taykwa Tagamou Nation.

We have audited the accompanying consolidated financial statements of Taykwa Tagamou Nation which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of financial activities and accumulated surplus, change 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 Consolidated Financial Statements

Management is responsible for the preparation and fair representation 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

The First Nation is owner of several limited partnerships and related general partner corporations. These entities as described in Note 2 do not qualify as government business enterprises due to the First Nation's ongoing requirement to financially support the entities. As such, these entities require consolidation under Canadian public sector accounting standards. The financial statements of these entities were not made available to us, therefore these entities are not fully consolidated. Consequently, we were unable to determine what adjustments, if any, may be necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 23 of the financial statements which describes the restatement of comparative figures to include a previously unconsolidated entity. Our opinion is not qualified in respect of this matter.

Other Matters

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Schedules is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements taken as a whole.

Ross Pope LLP
Chartered Professional Accountants
Licensed Public Accountants

TAYKWA TAGAMOU NATION

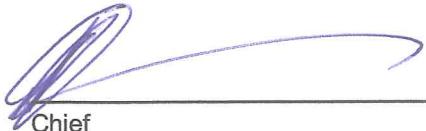
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2014	2013 Restated (Note 23)
FINANCIAL ASSETS		
Cash	\$ 493,682	\$ 430,749
Temporary investments (Note 4)	790,575	2,143,567
Accounts receivable (Note 5)	712,772	1,292,985
Due from related parties (Note 6)	832,729	1,245,847
Funds held in Trust (Note 8)	391,406	381,603
	3,221,164	5,494,751
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	2,229,572	1,864,353
Deferred revenue (Note 11)	41,090	153,651
Due to related parties (Note 6)	280,663	278,068
Due to Mushkegowuk Council (Note 12)	50,000	50,000
	2,601,325	2,346,072
NET FINANCIAL ASSETS	619,839	3,148,679
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule A)	2,799,335	2,463,460
Investment in related corporation (Note 9)	1	1
Investment in True North Hardwood Plywood Inc. (Note 7)	1	1
Prepaid expenses	121,508	142,296
	2,920,845	2,605,758
ACCUMULATED SURPLUS (Note 13)	\$ 3,540,684	\$ 5,754,437

CONTINGENCIES (Note 15)

Approved by:



Chief



Councillor

TAYKWA TAGAMOU NATION**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS****YEARS ENDED MARCH 31**

	2014	2013 Restated (Note 23)
REVENUES		
Aboriginal Affairs and Northern Development Canada (Note 18)	\$ 1,369,213	\$ 1,496,344
Coral Rapids expense recoveries	566,641	473,601
Detour Gold	819,096	1,545,316
Donations	-	532,250
Health Canada	282,185	303,318
Ontario First Nations Limited Partnership	491,966	490,673
Ontario Power Generation	475,322	1,857,935
Other	444,019	409,441
TOTAL REVENUES	4,448,442	7,108,878
EXPENDITURES (Note 17) (Schedule B)		
Band government	1,771,347	1,330,972
Community services	1,258,064	1,403,646
Economic development	1,693,873	2,590,596
Education	1,201,311	1,265,703
Employment programs	2,195	30,752
Health	499,956	530,171
Housing	31,314	18,148
Land claim	30,732	209,888
Public works	76,872	106,446
Technical services	35,003	48,024
TOTAL EXPENDITURES	6,600,667	7,534,346
ANNUAL DEFICIT		
Accumulated surplus, beginning of year	(2,152,225)	(425,468)
Unrealized loss on temporary investments	5,754,437	6,065,076
Realized loss on temporary investments, reclassified to operations	(121,244)	(59,716)
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,540,684	\$ 5,754,437

TAYKWA TAGAMOU NATION**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS****YEARS ENDED MARCH 31**

	2014	2013
		Restated (Note 23)
ANNUAL DEFICIT	\$ (2,152,225)	\$ (425,468)
Acquisition of tangible capital assets	(576,046)	(660,487)
Proceeds of disposal of tangible capital assets	19,000	-
Investment in True North Hardwood Plywood Inc.	-	(1)
Amortization of tangible capital assets	221,171	184,276
Decrease (increase) in prepaid expenses	20,788	(9,005)
	(315,087)	(485,217)
CHANGE IN NET FINANCIAL ASSETS	(2,467,312)	(910,685)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,148,679	3,944,535
NET REMEASUREMENT GAINS (LOSSES)	(61,528)	114,829
NET FINANCIAL ASSETS, END OF YEAR	\$ 619,839	\$ 3,148,679

TAYKWA TAGAMOU NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31

	2014	2013 Restated (Note 23)
OPERATIONS		
Annual deficit	\$ (2,152,225)	\$ (425,468)
Net remeasurement gain (loss)	(61,528)	114,829
Proceeds of disposal of tangible capital assets	19,000	-
Amortization of tangible capital assets	221,171	184,276
	(1,973,582)	(126,363)
USES:		
Increase in True North Hardwood Plywood Inc. investment	-	(1)
Increase in prepaid expenses	-	(9,005)
Increase in funds held in trust - AANDC	(9,803)	(6,946)
Decrease in accounts payable and accrued liabilities	-	(135,544)
Decrease in due from AANDC	-	(50,834)
Decrease in deferred revenue	(112,561)	-
	(122,364)	(202,330)
SOURCES:		
Decrease in accounts receivable	580,214	99,181
Decrease in OFNLP receivable	-	364,683
Decrease in temporary investments	1,352,992	468,973
Decrease in prepaid expenses	20,788	-
Increase in accounts payable and accrued liabilities	365,219	-
Increase in deferred revenue	-	84,660
	2,319,213	1,017,497
NET INCREASE IN CASH FROM OPERATIONS	223,267	688,804
CAPITAL		
Acquisition of tangible capital assets	(576,046)	(660,487)
FINANCING		
Advances from (to) related parties	415,712	(307,710)
NET INCREASE (DECREASE) IN CASH FROM FINANCING	415,712	(307,710)
NET CHANGE IN CASH	62,933	(279,393)
CASH, beginning of year	430,749	710,142
CASH, end of year	\$ 493,682	\$ 430,749

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2014

1. NATURE OF ORGANIZATION

Taykwa Tagamou Nation (the First Nation) is a local government entity, located in Northern Ontario, whose principal purpose is to provide for the well-being of its band members. The First Nation operates under the Indian Act and is exempt from income taxes.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representation of management and, except as noted below, have been prepared in accordance with generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of CPA Canada.

Public sector accounting standards require that assets be 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, inventories of supplies and certain investments.

The reporting entity includes the Taykwa Tagamou Nation government and all related entities controlled by the First Nation. These consolidated financial statements include the activities of the First Nation, Coral Rapids Power Limited Partnership, Coral Rapids Power General Partner Inc. and 2284327 Ontario Inc (TTN-Detour Education and Training Fund Corp.).

These consolidated financial statements do not include all the activities of several wholly-owned Limited Partnerships. Pahquataskkahmekook Limited Partnership, Apitisawin Limited Partnership, Amisk Construction Limited Partnership, New Post Constructors Limited Partnership along with their respective general partner corporations require ongoing financial support from the First Nation in order to operate. Public Sector Accounting Standards require the consolidation of such entities. The activities included in the consolidated financial statements are limited to expenditures incurred by the First Nation on behalf of these related entities.

Significant accounting policies are as follows:

(a) FUND ACCOUNTING

The First Nation uses fund accounting to account for activity related to the following funds:

Operating Fund - Reports the accountable program activities of the First Nation administration.

Capital Fund - Reports the capital assets owned by the First Nation and financing related thereto.

AANDC Trust Fund - Reports trust funds owned by the First Nation that are held in trust by Aboriginal Affairs and Northern Development Canada.

OFNLP Fund - Reports the distributions received from Ontario First Nations Limited Partnership and related expenditure of those distributions.

(b) NET FINANCIAL ASSETS

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

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) LOANS RECEIVABLE

Loans receivable are recorded at amortized cost less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectable.

(d) TANGIBLE CAPITAL ASSETS

Tangible capital assets are amortized over their expected useful life using the straight line method at the following rates:

Land	Infinite
Buildings	25 years
Transportation equipment	5 years
Trailers	10 years
Fire vehicle and equipment	10 years
Computer equipment	3 years
Furniture and fixtures	5 years

(e) LONG-TERM INVESTMENTS

The wholly owned investments in Island Falls Forestry Limited Partnership and the related general partner are accounted for using the modified equity method. As they are both currently in deficit positions, no equity is recorded in these financial statements.

The wholly owned investments in Coral Rapids Power Limited Partnership and the related general partner, do not meet the criteria of a government business enterprise and are therefore consolidated into the results of the First Nation.

(f) MEASUREMENT UNCERTAINTY

In preparing the consolidated financial statements for Taykwa Tagamou Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. The main estimates used in preparing these consolidated financial statements include the write-down of the investment in True North Hardwood Plywood Inc., allowance for doubtful accounts and amortization of tangible capital assets. Actual results could differ from these estimates.

(g) REVENUErecognition AND GOVERNMENT TRANSFERS

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue. Funding received under the terms of contribution agreements with federal and provincial governments is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the funding government for a stated purpose, such as a specific program or the acquisition of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

On April 1, 2013, the First Nation adopted Public Sector Accounting Standard PS 3410, Government Transfers. This standard was adopted on a prospective basis from the date of adoption. Under PS 3410, government transfers received or receivable are recognized in revenue once the eligibility criteria, if any, are met unless they meet the definition of a liability. There were no adjustments as a result of the adoption of this standard.

(h) FINANCIAL INSTRUMENTS

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains or losses charged to the accumulated surplus.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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. These adjustments are charged to operations in the year they become known.

(j) FUTURE CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

CPA Canada has issued a number of standards that are not yet effective. The First Nation expects no impact on the consolidated financial statements from these future standards.

3. GOING CONCERN

These consolidated financial statements have been prepared on the basis of a going concern which assumes the First Nation will be able to realize its assets and settle its obligations in the normal course of operations. At the date of these consolidated financial statements, the First Nation, pursuant to AANDC directives, was operating under a co-management arrangement. The First Nation was released from co-management subsequent to year-end.

4. TEMPORARY INVESTMENTS

	2014	2013
		Restated (Note 23)
Detour Gold (60,000 shares @ \$9.57 per share)	\$ 574,200	\$ 195,300
RBC mutual funds	5,568	1,538,895
<u>Various other equity investments</u>	<u>210,807</u>	<u>409,372</u>
	\$ 790,575	\$ 2,143,567

As of September 25, 2014, the Detour Gold shares were trading at \$9.59 per share.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

5. ACCOUNTS RECEIVABLE

	2014	2013
Due from government:		
Aboriginal Affairs and Northern Development Canada	\$ 166,915	\$ 609,718
Aboriginal Affairs and Northern Development Canada (CRP)	-	98,223
Canada Mortgage and Housing Corporation	-	19,591
Health Canada	-	45,000
Total due from government	166,915	772,532
Due from members:		
Advances receivable	698,715	685,605
Rent receivable	195,821	195,821
Less: allowance for doubtful accounts	(691,520)	(719,680)
Total due from members	203,016	161,746
Due from others:		
Algonquin Power	90,000	-
Detour Gold	-	86,753
Mushkegowuk Council	5,250	10,519
Nishnawbe Aski Nation	5,165	-
Ontario Power Generation	218,676	237,497
Xeneca	19,790	5,125
Others	3,960	18,813
Total due from others	342,841	358,707
Total accounts receivable	\$ 712,772	\$ 1,292,985

6. DUE FROM/TO RELATED PARTIES

	2014	2013
Due from Related Parties		
Due from Island Falls Forestry Limited Partnership re: First Nation	\$ 337,691	\$ 757,542
Due from Apitisawin Limited Partnership re: First Nation	495,038	488,305
	\$ 832,729	\$ 1,245,847
Due to Related Parties		
Due to PGP re: First Nation	\$ 223,129	224,593
Due to Inahepanik	53,475	53,475
Due to New Post Constructors Limited Partnership re: First Nation	4,059	-
	\$ 280,663	\$ 278,068

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

7. INVESTMENT IN TRUE NORTH HARDWOOD PLYWOOD INC.

	2014	2013
		Restated (Note 23)
Note receivable bearing interest at 8%	\$ 350,000	\$ 200,000
Class 2 common shares	<u>982,229</u>	688,500
Investment before write down	<u>1,332,229</u>	888,500
Write down of investment	<u>(1,332,228)</u>	(888,499)
	\$ 1	\$ 1

At March 31, 2014, True North Hardwood Plywood Inc. (TNHPI) was in default on the note receivable. On April 15, 2013, a note receivable of \$100,000 and cash of \$393,729 were converted to 493,729 class 2 common shares due to a capital call. On August 6, 2013, a promissory note was issued to True North Hardwood Plywood Inc. in the amount of \$250,000. On November 25 2013, TNHPI commenced court-supervised restructuring proceedings under the Bankruptcy and Insolvency Act. As a result, the value of the investment was written down to \$1 as at March 31, 2014. The loss in investment is included in the economic development segment.

8. FUNDS HELD IN TRUST - AANDC

Funds held in trust - AANDC consists of funds on deposit with AANDC generated from land that is leased to non-native parties and interest earned on the related lease rentals.

9. INVESTMENT IN RELATED CORPORATION

The First Nation's investment in Island Falls Forestry General Partner Inc., a company incorporated to act as the general partner for forestry operations of the First Nation, consists of 100% of the outstanding shares in the corporation. Island Falls Forestry Limited Partnership, for which Island Falls Forestry General Partner Inc. acts as general partner, assumed all operations of 1498356 Ontario Limited effective April 1, 2007. The following represents a summary of Island Falls Forestry Limited Partnership financial position as at March 31, 2014 and 2013 and its results of operations for the years then ended.

	2014	2013
FINANCIAL POSITION		
Cash	\$ 273,023	\$ 522,134
Accounts receivable	<u>493,705</u>	383,654
Prepaid expenses	<u>6,123</u>	10,659
Due from Amisk LP	<u>-</u>	42,312
Capital assets	<u>46,819</u>	63,548
	<u>\$ 819,670</u>	\$ 1,022,307
Accounts payable and deferred revenue	<u>\$ 1,428,987</u>	\$ 1,737,223
Due to Taykwa Tagamou Nation	<u>337,692</u>	763,306
Deficiency	<u>(947,009)</u>	(1,478,222)
	<u>\$ 819,670</u>	\$ 1,022,307
RESULTS OF OPERATIONS AND PARTNERS' DEFICIENCY		
Revenue	\$ 7,248,272	\$ 7,497,617
Cost of sales	<u>6,044,886</u>	6,713,648
Gross profit	<u>1,203,386</u>	783,969
Expenses	<u>672,173</u>	456,145
Net Income	<u>531,213</u>	327,824
Partners' deficiency - beginning of year	<u>(1,478,222)</u>	(1,806,046)
Partners' deficiency - end of year	<u>\$ (947,009)</u>	\$ (1,478,222)

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade accounts payable	\$ 1,025,020	\$ 1,088,845
Government remittances payable	380,547	123,264
Payable to school boards	824,005	652,244
	\$ 2,229,572	\$ 1,864,353

As discussed in note 22, subsequent to year-end the First Nation secured financing to pay down the past due portion of accounts payable.

11. DEFERRED REVENUE

Deferred revenue consists of funding received in the current and prior years for expenditures which were not incurred in the current and prior fiscal years and will be applied against the applicable future expenditures in the fiscal year incurred or repaid.

Details of the deferred revenue balance are as follows:

	2014	2013
Ministry of Aboriginal Affairs	\$ -	\$ 13,224
AANDC Special Services	-	99,337
Ontario Power Generation grave restoration	41,090	41,090
	\$ 41,090	\$ 153,651

12. DUE TO MUSHKEGOWUK COUNCIL

The balance due to Mushkegowuk Council is non-interest bearing, unsecured and repayable upon demand. The balance was paid in full subsequent to year end.

13. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2014	2013
Unrestricted surplus		Restated (Note 23)
Operating fund	\$ 464,815	\$ 2,820,511
Restricted surplus		
OFNLP fund (Note 14)	6,373	148,579
AANDC trust fund (Note 8)	391,406	381,603
Equity in tangible capital assets	2,799,334	2,463,460
Accumulated surplus before remeasurement gains/losses	3,661,928	5,814,153
Remeasurement losses	(121,244)	(59,716)
Accumulated Surplus	\$ 3,540,684	\$ 5,754,437

During the year, the First Nation combined the social housing fund into the operating fund.

14. OFNLP FUND

The First Nation is entitled to a percentage of net revenues earned at gaming facilities located in the Province of Ontario. Net revenues are distributed in accordance with a formula agreed to by the participating First Nation Bands.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

15. CONTINGENCIES

(a) The First Nation is involved in claims and potential claims arising in the normal course of operations. At this stage in the litigations, it is not possible to determine the likely outcome of these matters. Any settlements, awards or determination of loss will be reflected in the accounts as the matters are resolved.

(b) The First Nation has entered into contribution agreements with various federal and provincial 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.

16. SEGMENTED INFORMATION

Taykwa Tagamou Nation is a diversified local government that provides a wide range of services to its members, including water, fire protection, roadworks, technical services, recreation, social services, health services, education, social housing and economic development among others. 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 specific regulations, requirements or limitations.

The First Nation's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

BAND GOVERNMENT

-Undertakes First Nation operated governance initiatives through the activities of Chief and Council and other activities relating to membership matters and other governance initiatives.

COMMUNITY SERVICES

-Provides services to the Taykwa Tagamou Nation members including workshops, awareness programs and events that benefit the community.

ECONOMIC DEVELOPMENT

-Manages the development of economic opportunities for First Nation entities and provides support to member entities.

EDUCATION

-Provides elementary and secondary education instructional services by way of tuition agreement and provides financial support to post-secondary students.

EMPLOYMENT PROGRAMS

-Administers the provision of employment and training assistance to qualifying members looking for employment opportunities.

HEALTH

-Provides a variety of health care programs and support to First Nation members.

HOUSING

-Provides housing to members under various programs and reports on the respective revenue and expenditures.

LAND CLAIMS

-Undertakes First Nation operated governance initiatives through the activities of Chief and Council and other activities relating to reserve lands.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

16. SEGMENTED INFORMATION (CONT'D)

PUBLIC WORKS

-Manages First Nation infrastructure programs including facilities operations and maintenance, capital projects, water and waste water plant operations and other related activities.

TECHNICAL SERVICES

-Provides contract management services, general labour services and other related activities.

For each reported segment, revenues and expenditures represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

17. EXPENDITURES BY OBJECT

The following is a summary of expenditures by object.

	2014	2013
		Restated (Note 23)
Amortization	\$ 221,171	\$ 184,276
Bank charges and interest	59,090	34,976
Honoraria	113,150	90,508
Insurance	59,889	54,107
Loss on investment	531,281	1,352,426
Office and other	390,275	490,695
Professional fees	635,806	603,789
Rental and leasing expenses	50,605	51,654
Repair and maintenance	11,764	19,735
Social assistance	106,314	231,713
Student tuition	1,052,633	986,174
Student supplies	24,446	49,693
Subcontracts	102,258	26,858
Supplies	145,229	141,062
Telephone and internet	75,346	70,299
Tradition and culture	636	4,895
Travel	676,136	692,690
Utilities	80,872	39,911
Wages and benefits	2,194,426	2,150,774
Writedown of receivables	69,340	258,111
 Total	 \$ 6,600,667	 \$ 7,534,346

18. AANDC FUNDING RECONCILIATION

	2014	2013
Funding per confirmation	\$ 1,269,876	\$ 1,375,563
Funding provided directly to Coral Rapids Power	-	220,118
Deferred revenue - beginning	99,337	-
Deferred revenue - ending	-	(99,337)
 AANDC funding for year	 \$ 1,369,213	 \$ 1,496,344

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2014

19. ECONOMIC DEPENDENCE

The First Nation received 31% (2013 - 21%) of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada. The continuation of the First Nation is dependent on this funding.

20. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments. The following analysis provides information about the First Nations's risk exposure and concentration as of March 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from customers and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Fair value

The company's carrying value of cash, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of amounts due from/to related parties is less than carrying value because the amounts are non-interest bearing. However, because the amounts have no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

Commodity risk

The company is exposed to fluctuations in the price of gold due to the agreement with Detour Gold Corporation. The First Nation had no financial hedges or price commodity contracts in place at year end.

Interest Rate Risk

The First Nation has interest bearing credit facilities on which prevailing interest rate fluctuations apply and fixed rate interest bearing credit facilities which are renewable before maturity. Accordingly, there is a financial risk to the First Nation's annual surplus that arises from fluctuations in prevailing interest rates and the degree of volatility of these rates. The First Nation does not utilize derivative instruments to reduce its exposure to interest rate risk.

21. BUDGET FIGURES

Budget figures are not presented because the First Nation did not provide an annual budget for the 2014 fiscal year.

22. SUBSEQUENT EVENTS

On August 7, 2014 the First Nation executed 2 new credit facilities with Royal Bank of Canada. Facility 1 is a fixed rate term loan totaling \$1,282,500, bearing interest at 4.90% per annum, repayable in monthly payments of \$29,480. Facility 2 is a Royal Bank prime loan totaling \$637,500, bearing interest at 1.90% plus bank prime, repayable in full on March 31, 2015. The funds will be used to pay overdue accounts payable. The First Nation assigned the OFNLP revenue to the bank as security.

23. PRIOR PERIOD RESTATEMENT AND COMPARATIVE FIGURES

Prior period balances have been adjusted to reflect the consolidation of 2284327 Ontario Inc. (TTN-Detour Education and Training Fund Corp.) which was previously unreported. Opening accumulated surplus in 2013 increased by \$279,506, 2013 expenses increased by \$289,439 and 2013 revenue increased by \$433,550 resulting in 2013 ending accumulated surplus increasing by \$332,094.

Certain comparative figures have been restated and reclassified to conform with the current year's presentation.

SCHEDULE A

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED MARCH 31, 2014

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing		
Land	\$ 568,000	\$ -	\$ -	\$ 568,000	\$ -	\$ -	\$ -	\$ -	\$ 568,000	
Buildings	2,484,774	451,750		2,936,524	1,081,038	99,390		-	1,180,428	1,756,096
Transportation equipment	302,154	53,170	63,495	291,829	148,291	46,343	44,495	150,139		141,690
Fire vehicle and equipment	224,308	-	-	224,308	22,431	22,431	-		44,862	179,446
Trailers	238,369	-	-	238,369	163,900	10,639	-		174,539	63,830
Furniture and fixtures	165,523	31,491	-	197,014	107,538	25,626	-		133,164	63,850
Computer equipment	97,138	39,635	-	136,773	93,608	16,742	-		110,350	26,423
Total 2014	\$ 4,080,266	\$ 576,046	\$ 63,495	\$ 4,592,817	\$ 1,616,806	\$ 221,171	\$ 44,495	\$ 1,793,482	\$ 2,799,335	
Total 2013	\$ 3,419,779	\$ 660,487	\$ -	\$ 4,080,266	\$ 1,432,531	\$ 184,275	\$ -	\$ 1,616,806	\$ 2,463,460	

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Education		Health		Economic development	
	2014	2013	2014	2013	2014	2013
REVENUES						
Ontario Power Generation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aboriginal Affairs and Northern Development Canada	643,126	742,769	-	-	42,000	262,119
Detour Gold	300,885	433,550	-	-	518,211	1,111,766
Donations	-	-	-	-	-	-
Ontario First Nations Limited Partnership	6,977	151,489	51,313	47,372	9,295	1,654
Coral Rapids expense recoveries	-	-	-	-	566,641	473,601
Health and Welfare Canada	-	-	282,185	303,318	-	-
Other	683	-	80,453	130,154	43,091	1,460
Total revenues	951,671	1,327,808	413,951	480,844	1,179,238	1,850,600
EXPENDITURES						
Amortization	-	-	14,141	14,141	32	39
Bank charges and interest	549	4,324	-	15	101	10
Honoraria	-	-	-	2,800	16,050	11,150
Insurance	-	-	-	-	-	-
Loss on investment (Note 7)	-	133,485	-	-	531,281	1,218,941
Office and other	28,250	13,365	19,715	47,506	54,548	284,322
Professional fees	-	360	500	9,030	344,808	306,550
Rental and leasing expenses	-	-	195	385	6,964	7,827
Repair and maintenance	-	-	3,309	736	-	3,098
Social assistance	5,662	7,774	6,787	9,685	3,415	1,810
Student tuition	1,010,007	976,382	3,850	-	500	4,732
Student supplies	4,300	27,032	19,302	22,661	-	-
Subcontracts	-	-	650	-	8,295	1,844
Supplies	8,420	524	24,119	17,267	20,512	3,958
Telephone and internet	741	1,201	1,537	390	7,345	10,032
Tradition and culture	-	-	-	-	636	700
Travel	72,040	29,713	93,553	81,891	141,246	109,585
Utilities	-	-	3,552	-	15,483	-
Wages and benefits	71,342	71,543	308,746	323,664	542,657	625,998
Writedown of receivables	-	-	-	-	-	-
Total expenditures	1,201,311	1,265,703	499,956	530,171	1,693,873	2,590,596
Surplus (deficit) for year	\$ (249,640)	\$ 62,105	\$ (86,005)	\$ (49,327)	\$ (514,635)	\$ (739,996)

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Housing		Community services		Band government	
	2014	2013	2014	2013	2014	2013
REVENUES						
Ontario Power Generation	\$ -	\$ -	\$ 419,484	\$ 354,340	\$ -	\$ -
Aboriginal Affairs and Northern Development Canada	-	-	294,460	183,155	236,958	236,681
Detour Gold	-	-	-	-	-	-
Donations	-	-	-	-	-	532,250
Ontario First Nations Limited Partnership	-	-	424,381	290,158	-	-
Coral Rapids expense recoveries	-	-	-	-	-	-
Health and Welfare Canada	-	-	-	-	-	-
Other	24,800	27,780	27,225	40,112	267,767	209,935
Total revenues	24,800	27,780	1,165,550	867,765	504,725	978,866
EXPENDITURES						
Amortization	-	-	115,622	117,105	21,604	9,164
Bank charges and interest	96	239	1,028	1,438	57,226	28,950
Honoraria	-	-	29,500	30,408	64,100	46,150
Insurance	-	-	-	192	59,889	53,915
Loss on investment (Note 7)	-	-	-	-	-	-
Office and other	-	719	93,672	92,320	182,557	49,331
Professional fees	-	-	72,067	98,706	210,619	187,028
Rental and leasing expenses	-	-	32,236	36,018	11,210	7,424
Repair and maintenance	2,082	38	2,967	13,079	3,406	2,784
Social assistance	-	-	69,283	13,582	-	750
Student tuition	-	-	38,276	4,427	-	633
Student supplies	-	-	479	-	365	-
Subcontracts	3,461	747	64,759	21,773	25,093	2,494
Supplies	3,516	3,716	72,638	99,272	14,904	14,529
Telephone and internet	-	-	3,896	9,345	61,827	49,331
Tradition and culture	-	-	-	4,195	-	-
Travel	-	2,170	293,328	296,818	66,439	164,698
Utilities	-	-	61,837	31,729	-	8,182
Wages and benefits	22,159	10,519	306,476	533,239	922,768	447,498
Writedown of receivables	-	-	-	-	69,340	258,111
Total expenditures	31,314	18,148	1,258,064	1,403,646	1,771,347	1,330,972
Surplus (deficit) for year	\$ (6,514)	\$ 9,632	\$ (92,514)	\$ (535,881)	\$ (1,266,622)	\$ (352,106)

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Employment programs		Public works		Land claim	
	2014	2013	2014	2013	2014	2013
REVENUES						
Ontario Power Generation	\$ -	\$ -	\$ -	\$ -	\$ 55,838	\$ 1,503,595
Aboriginal Affairs and Northern Development Canada	-	5,500	149,069	62,620	3,600	3,500
Detour Gold	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Ontario First Nations Limited Partnership	-	-	-	-	-	-
Coral Rapids expense recoveries	-	-	-	-	-	-
Health and Welfare Canada	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	5,500	149,069	62,620	59,438	1,507,095
EXPENDITURES						
Amortization	-	-	69,772	43,827	-	-
Bank charges and interest	-	-	-	-	90	-
Honoraria	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Loss on investment (Note 7)	-	-	-	-	-	-
Office and other	2,195	-	-	-	1,758	1,742
Professional fees	-	-	6,402	-	1,410	2,115
Rental and leasing expenses	-	-	-	-	-	-
Repair and maintenance	-	-	-	-	-	-
Social assistance	-	-	-	-	21,167	198,112
Student tuition	-	-	-	-	-	-
Student supplies	-	-	-	-	-	-
Subcontracts	-	-	-	-	-	-
Supplies	-	-	698	1,796	312	-
Telephone and internet	-	-	-	-	-	-
Tradition and culture	-	-	-	-	-	-
Travel	-	-	-	120	120	649
Utilities	-	-	-	-	-	-
Wages and benefits	-	30,752	-	60,703	5,875	7,270
Writedown of receivables	-	-	-	-	-	-
Total expenditures	2,195	30,752	76,872	106,446	30,732	209,888
Surplus (deficit) for year	\$ (2,195)	\$ (25,252)	\$ 72,197	\$ (43,826)	\$ 28,706	\$ 1,297,207

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Technical services		Total	
	2014	2013	2014	2013
REVENUES				
Ontario Power Generation	\$ -	\$ -	\$ 475,322	\$ 1,857,935
Aboriginal Affairs and Northern Development Canada	-	-	1,369,213	1,496,344
Detour Gold	-	-	819,096	1,545,316
Donations	-	-	-	532,250
Ontario First Nations Limited Partnership	-	-	491,966	490,673
Coral Rapids expense recoveries	-	-	566,641	473,601
Health and Welfare Canada	-	-	282,185	303,318
Other	-	-	444,019	409,441
Total revenues	-	-	4,448,442	7,108,878
EXPENDITURES				
Amortization	-	-	221,171	184,276
Bank charges and interest	-	-	59,090	34,976
Honoraria	3,500	-	113,150	90,508
Insurance	-	-	59,889	54,107
Loss on investment (Note 7)	-	-	531,281	1,352,426
Office and other	7,580	1,390	390,275	490,695
Professional fees	-	-	635,806	603,789
Rental and leasing expenses	-	-	50,605	51,654
Repair and maintenance	-	-	11,764	19,735
Social assistance	-	-	106,314	231,713
Student tuition	-	-	1,052,633	986,174
Student supplies	-	-	24,446	49,693
Subcontracts	-	-	102,258	26,858
Supplies	110	-	145,229	141,062
Telephone and internet	-	-	75,346	70,299
Tradition and culture	-	-	636	4,895
Travel	9,410	7,046	676,136	692,690
Utilities	-	-	80,872	39,911
Wages and benefits	14,403	39,588	2,194,426	2,150,774
Writedown of receivables	-	-	69,340	258,111
Total expenditures	35,003	48,024	6,600,667	7,534,346
Surplus (deficit) for year	\$ (35,003)	\$ (48,024)	\$ (2,152,225)	\$ (425,468)