

**TAYKWA TAGAMOU NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2016**

# **TAYKWA TAGAMOU NATION**

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**YEAR ENDED MARCH 31, 2016**

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying consolidated financial statements of Taykwa Tagamou Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada and as such include amounts that are the best estimates and judgments of management.



Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Taykwa Tagamou Nation and meet when required.

On behalf of Taykwa Tagamou Nation:

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
Executive Director

September 27, 2016

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## INDEPENDENT AUDITOR'S REPORT

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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, 2016 and the consolidated statements of operations, change in net debt 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. Budget figures were also not available for all consolidated entities and as such have not been disclosed.

### Qualified Opinion

In our opinion, except for the possible effects of the matters 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

The financial statements of Taykwa Tagamou Nation for the year ended March 31, 2015 were audited by Ross Pope LLP of Timmins, Ontario, Canada, prior to its merger with MNP LLP. Ross Pope LLP expressed a qualified opinion on those statements on September 14, 2015.

Timmins, Ontario  
September 27, 2016



MNP LLP  
Chartered Professional Accountants  
Licensed Public Accountants

## TAYKWA TAGAMOU NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 859,479	\$ 1,985,607
Temporary investments (Note 3)	153,933	157,842
Accounts receivable (Note 4)	1,037,326	1,043,825
Due from related parties (Note 5)	142,182	395,143
Funds held in Trust - INAC (Note 6)	141,444	138,506
	<b>2,334,364</b>	<b>3,720,923</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	1,308,305	1,852,884
Deferred revenue (Note 9)	310,501	607,508
Advance from Weekashin Domco Limited Partnership (Note 10)	250,000	-
Due to related parties (Note 5)	305,012	276,604
Long-term debt (Note 11)	778,529	1,085,905
	<b>2,952,347</b>	<b>3,822,901</b>
<b>NET DEBT</b>	<b>(617,983)</b>	<b>(101,978)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule A)	3,292,459	3,488,297
Investment in Island Falls Forestry (Note 7)	512,720	1
Equity in Weekashin Domco Limited Partnership	1,026,619	872,577
Prepaid expenses	52,084	90,053
	<b>4,883,882</b>	<b>4,450,928</b>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<b>\$ 4,265,899</b>	<b>\$ 4,348,950</b>
<b>CONTINGENCIES (Note 14)</b>		

Approved by:

  
 Chief

  
 Councillor

See accompanying notes.

**TAYKWA TAGAMOU NATION****CONSOLIDATED STATEMENT OF OPERATIONS****YEARS ENDED MARCH 31**

	2016	2015
<b>REVENUES</b>		
Indigenous and Northern Affairs Canada (Note 17)	\$ 1,860,673	\$ 2,049,419
Ontario Power Generation	1,567,389	2,080,336
Coral Rapids expense recoveries	716,202	623,848
Detour Gold	644,864	729,791
Ontario First Nations Limited Partnership	519,681	489,203
Equity in Island Falls Forestry	512,719	-
Share of Weekashin Domco Limited Partnership income	489,042	554,144
Health and Welfare Canada	279,873	268,008
Boralex Corporation	92,322	554,288
Other (Note 18)	1,036,600	1,131,056
<b>TOTAL REVENUES</b>	<b>7,719,365</b>	<b>8,480,093</b>
<b>EXPENDITURES (Note 16) (Schedule B)</b>		
Band government	1,760,102	2,078,231
Community services	1,303,672	1,588,588
Economic development	2,658,910	2,693,802
Education	1,132,540	1,386,380
Health	461,367	527,595
Housing	242,282	98,363
Land claim	17,875	8,028
Public works and technical services	207,631	48,411
<b>TOTAL EXPENDITURES</b>	<b>7,784,379</b>	<b>8,429,398</b>
<b>ANNUAL (DEFICIT) SURPLUS BEFORE UNDERNOTED</b>	<b>(65,014)</b>	<b>50,695</b>
Health and Welfare Canada prior period funding adjustment	(8,637)	(33,962)
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>(73,651)</b>	<b>16,733</b>
Accumulated surplus, beginning of year	4,348,950	4,187,310
Unrealized gain on temporary investments	14,263	23,663
Realized (loss) gain on temporary investments, reclassified to operations	(23,663)	121,244
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 4,265,899</b>	<b>\$ 4,348,950</b>

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

	2016	2015
<b>ANNUAL (DEFICIT) SURPLUS</b>	<b>\$ (73,651)</b>	<b>\$ 16,733</b>
Acquisition of tangible capital assets	(109,403)	(293,318)
Investment in Island Falls Forestry	(512,719)	-
Equity in Weekashin Domco Limited Partnership	(154,042)	(326,144)
Amortization of tangible capital assets	305,241	270,584
Utilization of prepaid expenses	37,969	36,616
Net remeasurement (loss) gain	(9,400)	144,907
	<b>(442,354)</b>	<b>(167,355)</b>
CHANGE IN NET DEBT	<b>(516,005)</b>	<b>(150,622)</b>
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR	<b>(101,978)</b>	<b>48,644</b>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (617,983)</b>	<b>\$ (101,978)</b>

## TAYKWA TAGAMOU NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31

	2016	2015
<b>OPERATIONS</b>		
Annual (deficit) surplus	\$ (73,651)	\$ 16,733
Adjustments for non-cash items:		
Net remeasurement (loss) gain	(9,400)	144,907
Increase in investment in Island Falls Forestry	(512,719)	-
Share of income in Weekashin Domco Limited Partnership	(489,042)	(554,144)
Amortization of tangible capital assets	305,241	270,584
	(779,571)	(121,920)
<b>USES:</b>		
Increase in accounts receivable	-	(177,890)
Decrease in due to Mushkegowuk Council	-	(50,000)
Increase in funds held in trust - INAC	(2,938)	-
Decrease in accounts payable and accrued liabilities	(544,579)	(629,043)
Decrease in deferred revenue	(297,007)	-
	(844,524)	(856,933)
<b>SOURCES:</b>		
Decrease in accounts receivable	6,499	-
Decrease in temporary investments	3,909	632,734
Decrease in prepaid expenses	37,969	36,616
Decrease in funds held in Trust - INAC	-	252,900
Increase in deferred revenue	-	564,224
	48,377	1,486,474
<b>NET (DECREASE) INCREASE IN CASH FROM OPERATIONS</b>	<b>(1,575,718)</b>	<b>507,621</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(109,403)	(293,318)
Drawings from Weekashin Domco Limited Partnership	335,000	228,000
<b>NET INCREASE (DECREASE) IN CASH FROM INVESTING ACTIVITIES</b>	<b>225,597</b>	<b>(65,318)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds of long-term debt	-	1,282,500
Repayment of long-term debt	(307,376)	(196,595)
Advances from Weekashin Domco Limited Partnership	250,000	-
Advances from (to) related parties	281,369	(61,510)
<b>NET INCREASE IN CASH FROM FINANCING ACTIVITIES</b>	<b>223,993</b>	<b>1,024,395</b>
<b>NET CHANGE IN CASH</b>	<b>(1,126,128)</b>	<b>1,466,698</b>
CASH, beginning of year	1,985,607	518,909
<b>CASH, end of year</b>	<b>\$ 859,479</b>	<b>\$ 1,985,607</b>



# **TAYKWA TAGAMOU NATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2016**

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### **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. Further, the financial statements are prepared on the going concern assumption that the First Nation will be able to realize its assets and discharge its liabilities in the normal course of operations. Significant accounting policies are as follows:

#### **(a) REPORTING ENTITY**

The reporting entity includes the First Nation government and all related entities controlled by the First Nation.

#### **(b) PRINCIPLES OF CONSOLIDATION**

All controlled entities are to be fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprises, which are included in the consolidated financial statements on a modified equity basis whereby the First Nation's investment is adjusted for its proportionate share of earnings (losses) of the government business enterprise. In the event accumulated losses exceed the cost of investment, the balance is written down to a nominal amount and not increased until losses are recouped by a proportionate share of income sufficient to bring the investment balance to a positive amount.

Organizations consolidated in the financial statements are as follows:

Taykwa Tagamou Band  
Coral Rapids Power Corporation  
Apitisawin Limited Partnership  
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 (dissolved in December 2014), 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.

Island Falls Forestry Limited Partnership is accounted for on a modified equity basis.

#### **(c) ASSET CLASSIFICATION**

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 and certain investments.

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

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

#### (d) 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.

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

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

#### (e) NET DEBT

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

#### (f) 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

#### (g) TEMPORARY INVESTMENTS

Temporary investments, comprised of shares in publicly traded entities and mutual fund units, are recorded at their market value. Any changes in market value are reported as remeasurement gains and losses until realized.

#### (h) REVENUE RECOGNITION AND GOVERNMENT TRANSFERS

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon, when restricted by agreement or legislation, are accounted for as deferred revenue until used for the purpose specified. Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

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

#### (h) REVENUE RECOGNITION AND GOVERNMENT TRANSFERS (CONT'D)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the First Nation. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

#### (i) MEASUREMENT UNCERTAINTY

In preparing the consolidated financial statements for the First 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 allowance for doubtful accounts and amortization of tangible capital assets. Actual results could differ from these estimates.

#### (j) FINANCIAL INSTRUMENTS

Financial instruments include cash, temporary investments, accounts receivable, accounts payable, and long-term debt. 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.

#### (k) 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.

#### (l) 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. TEMPORARY INVESTMENTS

	2016	2015
RBC mutual funds	\$ 6,702	\$ 6,646
Equity investments	147,231	151,196
	<b>\$ 153,933</b>	<b>\$ 157,842</b>

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

### 4. ACCOUNTS RECEIVABLE

	2016	2015
<b>Due from government:</b>		
Indigenous and Northern Affairs Canada	\$ 95,903	\$ 165,843
Receiver General	111,533	36,988
<b>Total due from government</b>	<b>207,436</b>	<b>202,831</b>
<b>Due from members:</b>		
Advances receivable - Chief and Council	129,791	131,329
Advances receivable - All other members	625,484	603,322
Rent receivable	176,277	176,277
Less: allowance for doubtful accounts	(745,775)	(723,876)
<b>Total due from members</b>	<b>185,777</b>	<b>187,052</b>
<b>Due from others:</b>		
Algonquin Power	90,000	90,000
Detour Gold	165,250	25,656
Health Canada	6,535	86,828
Mushkegowuk Council	10,570	39,871
Nishnawbe Aski Nation	11,270	7,105
Northland Power	8,750	21,393
Ontario Power Generation	175,317	283,441
Xeneca	19,790	19,790
Others	156,631	79,858
<b>Total due from others</b>	<b>644,113</b>	<b>653,942</b>
<b>Total accounts receivable</b>	<b>\$ 1,037,326</b>	<b>\$ 1,043,825</b>

### 5. DUE FROM/TO RELATED PARTIES

	2016	2015
<b>Due from Related Parties:</b>		
Island Falls Forestry Limited Partnership	\$ -	\$ 280,751
New Post Constructors Limited Partnership	142,182	114,392
	<b>\$ 142,182</b>	<b>\$ 395,143</b>
<b>Due to Related Parties:</b>		
Island Falls Forestry Limited Partnership	\$ 28,408	\$ -
PGP	223,129	223,129
Inahepanik	53,475	53,475
	<b>\$ 305,012</b>	<b>\$ 276,604</b>

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

### 6. FUNDS HELD IN TRUST - INAC

Funds held in trust - INAC consist of funds on deposit with INAC generated from land leased to non-native parties and interest earned thereon.

### 7. INVESTMENT IN ISLAND FALLS FORESTRY

The First Nation's 100% interest in Island Falls Forestry, a government business enterprise, consists of Island Falls Forestry General Partner Inc. (IFFGPI), a company incorporated to act as the general partner for forestry operations of the First Nation and Island Falls Forestry Limited Partnership (IFFLP), for which IFFGPI acts as general partner, IFFLP assumed all operations of 1498356 Ontario Limited effective April 1, 2007. The following represents a summary of Island Falls Forestry's financial position as at March 31, 2016 and 2015 and its results of operations for the years then ended.

	2016	2015
<b>FINANCIAL POSITION</b>		
Cash	\$ 45,613	\$ 191,938
Accounts receivable	1,153,759	1,072,993
Prepaid expenses	29,546	11,681
Due from related parties	30,435	5,250
Capital assets	264,377	189,187
	<b>\$ 1,523,730</b>	<b>\$ 1,471,049</b>
Accounts payable and deferred revenue	\$ 1,011,010	\$ 1,847,940
Due to related parties	-	286,001
Surplus (deficiency)	512,720	(662,892)
	<b>\$ 1,523,730</b>	<b>\$ 1,471,049</b>
<b>RESULTS OF OPERATIONS AND PARTNERS' SURPLUS (DEFICIENCY)</b>		
Revenue	\$ 8,845,275	\$ 8,101,105
Cost of sales	7,726,012	7,109,709
Gross profit	1,119,263	991,396
Expenses	762,169	707,279
Income from operations	357,094	284,117
Other income	818,518	-
Net Income	1,175,612	284,117
Partners' deficiency - beginning of year	(662,892)	(947,009)
Partners' surplus (deficiency) - end of year	<b>\$ 512,720</b>	<b>\$ (662,892)</b>

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade accounts payable	\$ 790,301	\$ 1,226,693
Government remittances payable	212,980	377,676
Payable to school boards	305,024	248,515
	<b>\$ 1,308,305</b>	<b>\$ 1,852,884</b>

### 9. 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:

	2016	2015
INAC Water over \$1.5M (RE: Water treatment plant upgrade)	\$ 271,076	\$ -
INAC Economic Development Opportunities	-	567,880
Apitisawin rent revenue	1,277	-
Ontario Power Generation grave restoration	38,148	39,628
	<b>\$ 310,501</b>	<b>\$ 607,508</b>

### 10. ADVANCE FROM WEEKASHIN DOMCO LIMITED PARTNERSHIP

Weekashin Domco Limited Partnership provided Apitisawin Limited Partnership with a loan for \$250,000 payable in full on March 31, 2019 including interest charged annually at the Royal Bank prime rate, plus 1%. The principal and interest are immediately due and payable in full in the event the contract between Detour Gold Corporation and Weekashin Domco Limited Partnership is not renewed on or before June 30, 2016. The contract was not renewed.

### 11. LONG-TERM DEBT

The balance of the net long-term liabilities reported on the consolidated statement of financial position at the end of the year are as follows:

	2016	2015
Royal Bank of Canada fixed term loan bearing interest at 4.9%, repayable in blended monthly payments of \$29,480, maturing July 31, 2018 and secured by ONFLP funding and a general security agreement.	\$ 778,529	\$ 1,085,905

Principal payable in the next three years is approximately as follows:

2017	\$ 324,045
2018	339,893
2019	114,591
	<b>\$ 778,529</b>

# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

### 12. ACCUMULATED SURPLUS

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

	2016	2015
Unrestricted surplus		
Operating fund	\$ 789,311	\$ 698,484
Restricted surplus		
OFNLP fund (Note 13)	28,422	-
Funds held in trust - INAC (Note 6)	141,444	138,506
Equity in tangible capital assets	3,292,459	3,488,297
Accumulated surplus before remeasurement gains/losses	4,251,636	4,325,287
Remeasurement gains	14,263	23,663
Accumulated Surplus	\$ 4,265,899	\$ 4,348,950

### 13. 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.

### 14. 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.

# **TAYKWA TAGAMOU NATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2016**

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### **15. 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 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.

#### **EDUCATION**

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

#### **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.

#### **PUBLIC WORKS AND TECHNICAL SERVICES**

-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.



# TAYKWA TAGAMOU NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2016

### 16. EXPENDITURES BY OBJECT

The following is a summary of expenditures by object.

	2016	2015
Amortization	\$ 305,241	\$ 270,584
Bank charges and interest	68,361	83,243
Honoraria	169,110	148,631
Insurance	66,370	69,079
Gain on investment	(1,312)	(145,156)
Office and other	554,201	743,984
Professional fees	1,004,398	876,355
Rental and leasing expenses	9,489	33,585
Repair and maintenance	80,476	39,616
Social assistance	35,044	57,651
Student tuition	898,060	1,145,593
Student supplies	60,751	56,112
Subcontracts	628,777	803,500
Supplies	164,006	129,582
Telephone and internet	58,101	57,472
Tradition and culture	9,480	13,473
Travel	695,468	721,824
Utilities	87,550	120,384
Wages and benefits	2,868,909	3,157,530
Writedown of receivables	21,899	46,356
Total	\$ 7,784,379	\$ 8,429,398

### 17. INAC FUNDING RECONCILIATION

	2016	2015
Funding per confirmation	\$ 1,563,869	\$ 2,617,299
Deferred revenue - beginning	567,880	-
Deferred revenue - ending	(271,076)	(567,880)
INAC funding for year	\$ 1,860,673	\$ 2,049,419

### 18. OTHER REVENUE

	2016	2015
Training and tuition	\$ 243,672	\$ 401,337
Fundraising/donations	139,788	26,007
Rent	106,757	128,220
Algonquin Power	90,000	90,000
Ministry of Aboriginal Affairs	90,000	90,000
Tisdale joint venture	70,321	89,105
TransCanada Corporation	55,999	15,000
Kiewit Alarie	50,741	-
Nishnawbe Aski Nation	40,306	34,620
GoWest Gold Ltd.	35,924	-
Independent Electricity System Operator	26,603	-
Ministry of Health and Long-Term Care	17,470	17,470
Northland Power Solar	8,750	88,075
Miscellaneous	60,269	151,222
Total other revenue	\$ 1,036,600	\$ 1,131,056

# **TAYKWA TAGAMOU NATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED MARCH 31, 2016**

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### **19. ECONOMIC DEPENDENCE**

The First Nation received 24% (2015 - 24%) of its revenues pursuant to funding arrangements with Indigenous and Northern Affairs 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 Nation's risk exposure and concentration as of March 31, 2016.

#### 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 First Nation'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 First Nation 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 not all consolidated entities provided an annual budget for the 2016 fiscal year.

**SCHEDULE A**

**TAYKWA TAGAMOU NATION**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**YEAR ENDED MARCH 31, 2016**

	Cost				Accumulated Amortization				Net Book Value
	Opening	Additions	Disposals	Closing	Opening	Amortization	Disposals	Closing	
Land	\$ 568,000	\$ -	\$ -	\$ 568,000	\$ -	\$ -	\$ -	\$ -	\$ 568,000
Buildings	3,728,459	24,949		3,753,408	1,387,097	145,546	-	1,532,643	2,220,765
Transportation equipment	304,329	11,583		315,912	173,815	26,148		199,963	115,949
Fire vehicle and equipment	224,308	-	-	224,308	67,292	22,431	-	89,723	134,585
Trailers	238,369	-	-	238,369	185,177	10,638	-	195,815	42,554
Furniture and fixtures	396,479	38,374	-	434,853	215,313	54,785	-	270,098	164,755
Computer equipment	200,821	34,497	-	235,318	143,774	45,693	-	189,467	45,851
<b>Total 2016</b>	<b>\$ 5,660,765</b>	<b>\$ 109,403</b>	<b>\$ -</b>	<b>\$ 5,770,168</b>	<b>\$ 2,172,468</b>	<b>\$ 305,241</b>	<b>\$ -</b>	<b>\$ 2,477,709</b>	<b>\$ 3,292,459</b>
Total 2015	\$ 5,371,715	\$ 293,318	\$ 4,268	\$ 5,660,765	\$ 1,906,152	\$ 270,584	\$ 4,268	\$ 2,172,468	\$ 3,488,297

## TAYKWA TAGAMOU NATION

## CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Band government		Community services		Economic development	
	2016	2015	2016	2015	2016	2015
REVENUES						
Indigenous and Northern Affairs Canada	\$ 241,057	\$ 235,776	\$ 232,905	\$ 237,470	\$ 615,780	\$ 762,200
Ontario Power Generation	-	-	-	-	1,567,389	2,080,336
Coral Rapids expense recoveries	-	-	-	-	716,202	623,848
Detour Gold	800	131,395	-	-	344,064	298,396
Ontario First Nations Limited Partnership	-	-	473,058	409,297	6,003	11,354
Equity in Government Business Enterprise	-	-	-	-	512,719	-
Share of WDLP income	-	-	-	-	489,042	554,144
Health and Welfare Canada	-	-	-	-	-	-
Boralex Corporation	-	-	-	-	92,322	554,288
Other	288,826	119,140	142,456	215,351	511,767	608,645
Total revenues	530,683	486,311	848,419	862,118	4,855,288	5,493,211
EXPENDITURES						
Amortization	44,892	38,228	138,313	118,560	58,385	49,166
Bank charges and interest	66,567	80,585	1,155	1,590	-	622
Honoraria	85,682	84,850	32,046	16,690	51,382	46,256
Insurance	66,370	69,079	-	-	-	-
Gain on investment	-	-	-	-	(1,312)	(208,196)
Office and other	58,152	159,187	126,541	87,864	285,077	450,105
Professional fees	306,427	322,912	137,162	210,544	544,900	326,069
Rental and leasing expenses	8,611	27,780	878	1,245	-	4,560
Repair and maintenance	128	2,078	60,139	25,026	9,797	8,216
Social assistance	1,527	4,879	14,402	26,868	1,501	1,497
Student tuition	11,930	11,972	59,260	21,709	100	625
Student supplies	-	-	-	-	-	-
Subcontracts	16,796	7,330	5,732	27,243	581,487	754,691
Supplies	13,574	14,203	43,268	59,035	29,605	26,466
Telephone and internet	33,217	38,597	4,785	4,197	13,337	7,411
Tradition and culture	-	-	6,330	12,773	3,150	700
Travel	167,188	240,442	190,430	198,801	171,983	143,776
Utilities	5,024	617	35,565	65,104	38,641	39,809
Wages and benefits	852,118	929,136	447,666	711,339	870,877	1,042,029
Writedown of receivables	21,899	46,356	-	-	-	-
Total expenditures	1,760,102	2,078,231	1,303,672	1,588,588	2,658,910	2,693,802
Surplus (deficit) for year before recoveries	\$ (1,229,419)	\$ (1,591,920)	\$ (455,253)	\$ (726,470)	\$ 2,196,378	\$ 2,799,409

## TAYKWA TAGAMOU NATION

## CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Education		Health		Housing	
	2016	2015	2016	2015	2016	2015
REVENUES						
Indigenous and Northern Affairs Canada	\$ 634,378	\$ 661,035	\$ -	\$ -	\$ -	\$ -
Ontario Power Generation	-	-	-	-	-	-
Coral Rapids expense recoveries	-	-	-	-	-	-
Detour Gold	300,000	300,000	-	-	-	-
Ontario First Nations Limited Partnership	10,604	-	30,016	68,552	-	-
Equity in Government Business Enterprise	-	-	-	-	-	-
Share of WDLP income	-	-	-	-	-	-
Health and Welfare Canada	-	-	279,873	268,008	-	-
Boralex Corporation	-	-	-	-	-	-
Other	17,375	10,788	59,776	67,532	16,400	109,600
Total revenues	962,357	971,823	369,665	404,092	16,400	109,600
EXPENDITURES						
Amortization	-	-	16,219	16,219	-	-
Bank charges and interest	131	118	-	-	429	328
Honoraria	-	100	-	735	-	-
Insurance	-	-	-	-	-	-
Gain on investment	-	63,040	-	-	-	-
Office and other	38,418	18,165	16,540	26,679	3,899	1,129
Professional fees	10,520	10,170	3,389	-	-	5,250
Rental and leasing expenses	-	-	-	-	-	-
Repair and maintenance	-	-	3,799	2,089	6,613	2,207
Social assistance	15,993	17,412	1,621	6,995	-	-
Student tuition	825,795	1,101,692	150	9,595	825	-
Student supplies	43,125	36,021	17,626	20,091	-	-
Subcontracts	-	-	-	12,293	20,762	1,943
Supplies	9,842	3,955	15,167	20,624	33,095	5,299
Telephone and internet	1,131	1,227	5,631	5,578	-	-
Tradition and culture	-	-	-	-	-	-
Travel	118,916	63,437	42,353	69,932	2,443	3,422
Utilities	-	-	4,379	3,948	3,941	10,906
Wages and benefits	68,669	71,043	334,493	332,817	170,275	67,879
Writedown of receivables	-	-	-	-	-	-
Total expenditures	1,132,540	1,386,380	461,367	527,595	242,282	98,363
Surplus (deficit) for year before recoveries	\$ (170,183)	\$ (414,557)	\$ (91,702)	\$ (123,503)	\$ (225,882)	\$ 11,237

## TAYKWA TAGAMOU NATION

## CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Land claims		Public works and Technical services		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Indigenous and Northern Affairs Canada	\$ 4,180	\$ 3,900	\$ 132,373	\$ 149,038	\$ 1,860,673	\$ 2,049,419
Ontario Power Generation	-	-	-	-	1,567,389	2,080,336
Coral Rapids expense recoveries	-	-	-	-	716,202	623,848
Detour Gold	-	-	-	-	644,864	729,791
Ontario First Nations Limited Partnership	-	-	-	-	519,681	489,203
Equity in Government Business Enterprise	-	-	-	-	512,719	-
Share of WDLP income	-	-	-	-	489,042	554,144
Health and Welfare Canada	-	-	-	-	279,873	268,008
Boralex Corporation	-	-	-	-	92,322	554,288
Other	-	-	-	-	1,036,600	1,131,056
Total revenues	4,180	3,900	132,373	149,038	7,719,365	8,480,093
EXPENDITURES						
Amortization	-	-	47,432	48,411	305,241	270,584
Bank charges and interest	-	-	79	-	68,361	83,243
Honoraria	-	-	-	-	169,110	148,631
Insurance	-	-	-	-	66,370	69,079
Gain on investment	-	-	-	-	(1,312)	(145,156)
Office and other	574	855	25,000	-	554,201	743,984
Professional fees	-	1,410	2,000	-	1,004,398	876,355
Rental and leasing expenses	-	-	-	-	9,489	33,585
Repair and maintenance	-	-	-	-	80,476	39,616
Social assistance	-	-	-	-	35,044	57,651
Student tuition	-	-	-	-	898,060	1,145,593
Student supplies	-	-	-	-	60,751	56,112
Subcontracts	-	-	4,000	-	628,777	803,500
Supplies	15,458	-	3,997	-	164,006	129,582
Telephone and internet	-	462	-	-	58,101	57,472
Tradition and culture	-	-	-	-	9,480	13,473
Travel	1,843	2,014	312	-	695,468	721,824
Utilities	-	-	-	-	87,550	120,384
Wages and benefits	-	3,287	124,811	-	2,868,909	3,157,530
Writedown of receivables	-	-	-	-	21,899	46,356
Total expenditures	17,875	8,028	207,631	48,411	7,784,379	8,429,398
Surplus (deficit) for year before recoveries	\$ (13,695)	\$ (4,128)	\$ (75,258)	\$ 100,627	\$ (65,014)	\$ 50,695