

**TAYKWA TAGAMOU NATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017**

TAYKWA TAGAMOU NATION

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YEAR ENDED MARCH 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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 and Chief and council of Taykwa Tagamou Nation and meet when required.

On behalf of Taykwa Tagamou Nation:


Chief
Executive Director

December 15, 2017

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, 2017 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 controls 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. Canadian public sector accounting standards require budget figures be reported in the statement of operations and accumulated surplus and change in net debt. No budget figures were available.

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, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

Timmins, Ontario
December 15, 2017

TAYKWA TAGAMOU NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 869,671	\$ 859,479
Temporary investments (Note 3)	169,224	153,933
Accounts receivable (Note 4)	1,736,944	1,037,326
Due from related parties (Note 5)	139,392	142,182
Funds held in trust - INAC (Note 6)	144,067	141,444
	3,059,298	2,334,364
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 8)	1,964,155	1,318,658
Repayable to funders	78,164	43,122
Deferred revenue (Note 9)	1,373,890	310,501
Advance from Weekashin Domco Limited Partnership (Note 10)	250,000	250,000
Due to related parties (Note 5)	822,506	251,537
Long-term debt (Note 11)	1,128,903	778,529
	5,617,618	2,952,347
NET DEBT	(2,558,320)	(617,983)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule A)	4,729,784	3,292,459
Investment in Island Falls Forestry (Note 7)	1,146,786	512,720
Investments - Other (Note 19)	202	
Equity in Weekashin Domco Limited Partnership	670,715	1,026,619
Prepaid expenses	42,516	52,084
	6,590,003	4,883,882
ACCUMULATED SURPLUS (Note 12)	\$ 4,031,683	\$ 4,265,899

CONTINGENCIES (Note 14)

Approved by:



Chief



Councillor

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

	2017	2016
REVENUES		
Indigenous and Northern Affairs Canada (Note 17)	\$ 1,494,301	\$ 1,860,673
Ontario Power Generation	714,000	1,567,389
Coral Rapids expense recoveries	590,017	716,202
Detour Gold Corporation	842,156	644,864
Ontario First Nations Limited Partnership	600,773	519,681
Equity in Island Falls Forestry	634,066	512,719
Share of Weekashin Domco Limited Partnership (loss) income	(355,904)	489,042
Health Canada	276,885	279,873
Boralex Corporation	89,867	92,322
Other (Note 18)	1,196,992	1,036,600
TOTAL REVENUES	6,083,153	7,719,365
EXPENDITURES (Note 16) (Schedule B)		
Band government	1,680,365	1,755,365
Community services	640,003	1,164,058
Economic development	1,923,460	2,658,910
Education	990,216	1,132,540
Health	486,486	466,104
Housing	401,796	242,282
Land claim	8,211	17,875
Public works and technical services	162,970	347,245
TOTAL EXPENDITURES	6,293,507	7,784,379
ANNUAL DEFICIT BEFORE UNDERNOTED	(210,354)	(65,014)
Prior period funding adjustment	(35,042)	(8,637)
ANNUAL DEFICIT	(245,396)	(73,651)
Accumulated surplus, beginning of year	4,265,899	4,348,950
Unrealized gain on temporary investments	25,443	14,263
Realized loss on temporary investments, reclassified to operations	(14,263)	(23,663)
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,031,683	\$ 4,265,899

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

	2017	2016
ANNUAL DEFICIT	\$ (245,396)	\$ (73,651)
Acquisition of tangible capital assets	(1,709,354)	(109,402)
Investment in Island Falls Forestry	(634,066)	(512,719)
Investments - Other	(201)	-
Equity in Weekashin Domco Limited Partnership	355,904	(154,042)
Amortization of tangible capital assets	272,028	305,241
Utilization of prepaid expenses	9,568	37,970
Net remeasurement gain (loss)	11,180	(9,400)
	(1,694,941)	(442,352)
CHANGE IN NET DEBT	(1,940,337)	(516,003)
NET DEBT, BEGINNING OF YEAR	(617,983)	(101,980)
NET DEBT, END OF YEAR	\$ (2,558,320)	\$ (617,983)

TAYKWA TAGAMOU NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31

	2017	2016
OPERATIONS		
Annual deficit	\$ (245,396)	\$ (73,651)
Adjustments for non-cash items:		
Net remeasurement gain (loss)	-	-
Increase in investment in Island Falls Forestry	(634,066)	(512,719)
Share of loss (income) in Weekashin Domco Limited Partnership	355,904	(489,042)
Amortization of tangible capital assets	272,028	305,241
	(251,530)	(770,171)
USES:		
Increase in accounts receivable	(699,618)	-
Increase in funds held in trust - INAC	(2,622)	(2,938)
Increase in temporary investments	(4,111)	(5,491)
Decrease in accounts payable and accrued liabilities	-	(587,702)
Decrease in deferred revenue	-	(297,007)
	(706,351)	(893,138)
SOURCES:		
Decrease in accounts receivable	-	6,499
Increase in due to funders	35,042	43,122
Decrease in temporary investments	-	-
Decrease in prepaid expenses	9,568	37,969
Decrease in funds held in trust - INAC	-	-
Increase in accounts payable and accrued liabilities	645,497	-
Increase in deferred revenue	1,063,388	-
	1,753,495	87,590
NET (DECREASE) INCREASE IN CASH FROM OPERATIONS	795,614	(1,575,719)
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(1,709,354)	(109,402)
Drawings from Weekashin Domco Limited Partnership	-	335,000
Investment in Rockshield Engineered Wood Products ULC	(1)	-
Investment in Coral Rapids Opportunities	(200)	-
NET INCREASE (DECREASE) IN CASH FROM INVESTING ACTIVITIES	(1,709,555)	225,598
FINANCING ACTIVITIES		
Proceeds of long-term debt	673,101	-
Repayment of long-term debt	(322,728)	(307,376)
Advances from Weekashin Domco Limited Partnership	-	250,000
Advances from related parties	573,760	281,369
NET INCREASE IN CASH FROM FINANCING ACTIVITIES	924,133	223,993
NET CHANGE IN CASH	10,192	(1,126,128)
CASH, beginning of year	859,479	1,985,607
CASH, end of year	\$ 869,671	\$ 859,479

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

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 recovered 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. Amisk Construction Limited Partnership and 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, 2017

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 tangible 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 recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on the declining balance and straight line methods as follows:

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

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(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) REVENUErecognition 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 or repaid. 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, 2017

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

(h) REVENUErecognition 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 of 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 useful lives 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

	2017	2016
RBC mutual funds	\$ 6,736	\$ 6,702
Equity investments	162,488	147,231
	\$ 169,224	\$ 153,933

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
Due from government:		
Indigenous and Northern Affairs Canada	\$ 1,035,695	\$ 95,903
Receiver General for Canada	<u>75,664</u>	<u>111,533</u>
Total due from government	1,111,359	207,436
Due from members:		
Advances receivable - Chief and Council	145,862	129,791
Advances receivable - All other members	<u>593,105</u>	<u>625,484</u>
Rent receivable	<u>158,932</u>	<u>176,277</u>
Less: allowance for doubtful accounts	<u>(761,552)</u>	<u>(745,775)</u>
Total due from members (net)	136,347	185,777
Due from others:		
Algonquin Power	90,000	90,000
Detour Gold Corporation	<u>38,632</u>	<u>165,250</u>
Health Canada	<u>5,949</u>	<u>6,535</u>
Mushkegowuk Council	<u>5,246</u>	<u>10,570</u>
Nishnawbe Aski Nation	<u>26,360</u>	<u>11,270</u>
Northland Power Inc.	<u>8,750</u>	<u>8,750</u>
Ontario Power Generation	<u>132,934</u>	<u>175,317</u>
Xeneca Power Development Inc.	-	19,790
Other trade receivables	<u>181,367</u>	<u>156,631</u>
Total due from others	489,238	644,113
Total accounts receivable	\$ 1,736,944	\$ 1,037,326

5. DUE FROM/TO RELATED PARTIES

	2017	2016
Due from Related Parties:		
New Post Constructors Limited Partnership	\$ 139,392	\$ 142,182
Due to Related Parties:		
Island Falls Forestry Limited Partnership	\$ 599,377	\$ 28,408
Pahquataskkahmekook General Partner Inc.	<u>223,129</u>	<u>223,129</u>
	\$ 822,506	\$ 251,537

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

6. FUNDS HELD IN TRUST - INAC

Trust funds held by the federal government arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act, specifically land leased to non-native parties and interest earned thereon. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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. The following represents a summary of Island Falls Forestry's financial position as at March 31, 2017 and 2016 and its results of operations for the years then ended.

	2017	2016
FINANCIAL POSITION		
Cash	\$ 43,770	\$ 45,613
Accounts receivable	997,040	1,153,759
Inventory	110,400	-
Prepaid expenses	28,323	29,546
Due from related parties	599,377	30,435
Government remittances receivable	31,030	-
Tangible capital assets	645,597	264,377
	\$ 2,455,537	\$ 1,523,730
Accounts payable and deferred revenue	\$ 1,106,994	\$ 1,011,010
Obligations under capital lease	201,757	-
Surplus	1,146,786	512,720
	\$ 2,455,537	\$ 1,523,730
RESULTS OF OPERATIONS AND EQUITY (DEFICIENCY)		
Revenue	\$ 12,517,964	\$ 8,845,275
Cost of sales	10,868,838	7,726,012
Gross profit	1,649,126	1,119,263
Expenses	1,015,060	762,169
Income from operations	634,066	357,094
Debt forgiveness	-	818,518
Net Income	634,066	1,175,612
Equity (deficiency) - beginning of year	512,720	(662,892)
Equity - end of year	\$ 1,146,786	\$ 512,720

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade accounts payable	\$ 1,495,286	\$ 800,654
Government remittances payable	62,237	212,980
Payable to school boards	406,632	305,024
	\$ 1,964,155	\$ 1,318,658

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:

	2017	2016
INAC Water Filtration Project	\$ 69,805	\$ 271,076
INAC Comprehensive Community Planning	75,000	-
INAC Financial Management Capacity Development	86,800	-
INAC Planning Design and Construction	63,414	-
INAC Construction of Multiunits	669,636	-
INAC Renovations and additions	196,773	-
INAC Innovation	81,000	-
INAC Lot Servicing	75,000	-
Apitisawin rent revenue	11,794	1,277
Ontario Power Generation grave restoration	36,668	38,148
Right to Play	8,000	-
	\$ 1,373,890	\$ 310,501

10. ADVANCE FROM WEEKASHIN DOMCO LIMITED PARTNERSHIP

Weekashin Domco Limited Partnership (WDLP) provided Apitisawin Limited Partnership (ALP) 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. On September 8, 2017, the loan was repaid through a shareholder distribution.

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:

	2017	2016
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.	\$ 455,802	\$ 778,529
CMHC mortgage advance bearing temporary interest at 0.95% until the interest adjustment date and is guaranteed by INAC (ministerial loan guarantee). The loan was approved for \$1,330,800.	673,101	-
	\$ 1,128,903	\$ 778,529

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

11. LONG-TERM DEBT (CONT'D)

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

2018	\$ 339,891
2019	115,911
	455,802
Indeterminable	673,101
	\$ 1,128,903

12. ACCUMULATED SURPLUS

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

	2017	2016
Unrestricted surplus (deficit)		
Operating fund	\$ (890,104)	\$ 789,311
Restricted surplus		
OFNLP fund (Note 13)	22,496	28,422
Funds held in trust - INAC (Note 6)	144,067	141,444
Equity in tangible capital assets	4,729,781	3,292,459
Accumulated surplus before remeasurement gains	4,006,240	4,251,636
Remeasurement gains	25,443	14,263
Accumulated Surplus	\$ 4,031,683	\$ 4,265,899

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.
- (c) Apitisawin Limited Partnership is under numerous Canada Revenue Agency reviews for HST spanning over multiple periods. It is not possible to determine the likely outcome of these matters. Results of the reviews will be reflected in the accounts as they are finalized by Canada Revenue Agency.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

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 agreements 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, 2017

16. EXPENDITURES BY OBJECT

	2017	2016
Bank charges and interest	59,068	\$ 67,049
Honoraria	188,186	169,110
Insurance	57,697	66,370
Office and other	365,835	554,201
Professional fees	1,079,304	1,004,398
Rental and leasing expenses	8,973	9,489
Repair and maintenance	19,601	80,476
Social assistance	72,317	35,044
Student tuition	851,053	898,060
Student supplies	36,234	60,751
Subcontracts	121,108	628,777
Supplies	93,331	164,006
Telephone and internet	46,944	58,101
Tradition and culture	25,932	9,480
Travel	433,443	695,468
Utilities	99,934	87,550
Wages and benefits	2,420,590	2,868,909
Writedown of receivables	41,929	21,899
	\$ 6,293,507	\$ 7,784,379

17. INAC FUNDING RECONCILIATION

	2017	2016
Funding per confirmation	\$ 2,540,653	\$ 1,563,869
Deferred revenue - beginning	271,076	567,880
Deferred revenue - ending	(1,317,428)	(271,076)
INAC funding for year	\$ 1,494,301	\$ 1,860,673

18. OTHER REVENUE

	2017	2016
Training and tuition	\$ 272,332	\$ 243,672
Rent	113,219	106,757
Algonquin Power and Utilities Corporation	91,982	90,000
Ministry of Aboriginal Affairs	90,005	90,000
Tisdale joint venture	80,694	70,321
TransCanada Corporation	-	55,999
GoWest Gold Ltd.	-	35,924
GST/HST Rebates	121,824	-
Independent Electricity System Operator	35,470	26,603
Ministry of Health and Long-Term Care	17,470	17,470
Nishnawbe Aski Nation	178,891	40,306
Northland Power Solar	-	8,750
Miscellaneous	195,105	250,798
	\$ 1,196,992	\$ 1,036,600

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

19. INVESTMENTS - OTHER

	2017	2016
Kisis Aki Energy Inc.	1	-
Coral Rapids Opportunities	200	-
Rockshield Engineered Wood Products ULC	1	-
	\$ 202	\$ -

20. ECONOMIC DEPENDENCE

The First Nation received 25% (2016 - 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.

21. 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, 2017.

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.

22. BUDGET FIGURES

Budget figures are not presented because not all consolidated entities provided an annual budget for the 2017 fiscal year.

TAYKWA TAGAMOU NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED MARCH 31, 2017

23. SUBSEQUENT EVENTS

On April 10, 2017, the First Nation renegotiated its Royal Bank of Canada term loan with the same terms and conditions. \$543,029 was advanced which resulted in a balance outstanding of \$1,000,000. The funds advanced were used for working capital, primarily to reduce accounts payable.

On June 13, 2017, the First Nation approved the enactment of a Financial Administration Law (FAL). The FAL was required in order to become an eligible borrower with First Nations Finance Authority.

On September 8, 2017, the First Nation borrowed \$2,632,000 from the First Nations Finance Authority. The loan has a term of 25 years and bears interest at a rate of 2.85%. \$132,000 was designated as a reserve. With the proceeds of \$2,500,000 the First Nation repaid the Royal Bank term loan of \$924,296 and the balance is to be used for working capital.

Subsequent to March 31, 2017, The First Nation has entered into a contract to construct 3 duplex housing units in the amount of \$1,266,000 with an expected completion date of January 2018.

On April 1, 2017, the First Nation received 77,942 units of Rockshield Engineered Wood Products ULC (REWP), pursuant to an agreement with an effective date of July 28, 2016. Each Unit consists of one Class A common share and one common share purchase warrant of the company. Each warrant is exercisable to acquire one class A common share at a price between \$1.00 and \$1.50 per share for a period of three years from the date of issuance of the units. On November 17, 2017, REWP issued a capital call notice of \$15,625 to the First Nation which was paid on December 6, 2017. The shares have been recorded at a nominal value at March 31, 2017.

Subsequent to March 31, 2017, Coral Rapids Power, a consolidated subsidiary of the First Nation, made a contribution of \$19,534,285 to the PSS Generating Station Limited Partnership for a 33% interest in the limited partnership and \$495 as consideration for shares in PSS Generating Station Inc. (the general partner of PSS Generating Station LP).

Coral Rapids Power, a consolidated subsidiary of the First Nation, borrowed \$17,621,748 from TD Commercial Bank to finance 75% of its equity contribution, related fees, closing costs and minimum reserve account requirements. The loan is secured by a first charge on the the First Nation's interest in the limited partnership and general partner corporation, and guaranteed by the Province of Ontario (via the Aboriginal Loan Guarantee Program administered by the Ontario Financing Authority).

The balance of the equity contribution was financed with a loan from Ontario Power Generation in the amount \$4,152,183. The loan is secured by a second charge on Coral Rapids Power's interest in the limited partnership and general partner corporation.

24. COMPARATIVE FIGURES

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, 2017

	Cost			Accumulated Amortization			Net Book Value
	Opening	Additions	Closing	Opening	Amortization	Closing	
Land	\$ 568,000	\$ -	\$ 568,000	\$ -	\$ -	\$ -	\$ 568,000
Buildings	3,753,409	-	3,753,409	1,532,644	145,092	1,677,736	2,075,673
Building under construction	-	1,360,498	1,360,498	-	-	-	1,360,498
Transportation equipment	315,912	-	315,912	199,963	25,191	225,154	90,758
Fire vehicle and equipment	224,308	-	224,308	89,723	22,431	112,154	112,154
Trailers	238,369	-	238,369	195,815	10,639	206,454	31,915
Furniture and fixtures	434,852	336,858	771,710	270,098	30,532	300,630	471,080
Computer equipment	235,318	11,998	247,316	189,467	38,143	227,610	19,706
Total 2017	\$ 5,770,168	\$ 1,709,354	\$ 7,479,522	\$ 2,477,710	\$ 272,028	\$ 2,749,738	\$ 4,729,784
Total 2016	\$ 5,660,766	\$ 109,402	\$ 5,770,168	\$ 2,172,468	\$ 305,241	\$ 2,477,709	\$ 3,292,459

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Band government		Community services		Economic development	
	2017	2016	2017	2016	2017	2016
REVENUES						
Indigenous and Northern Affairs Canada	\$ 207,221	\$ 241,057	\$ 334,105	\$ 126,967	\$ 100,670	\$ 615,780
Ontario Power Generation	-	-	-	-	714,000	1,567,389
Coral Rapids expense recoveries	-	-	-	-	590,017	716,202
Detour Gold Corporation	-	800	25,000	-	517,156	344,064
Ontario First Nations Limited Partnership	-	-	281,411	473,058	480	6,003
Equity in Government Business Enterprise	-	-	-	-	634,066	512,719
Share of WDLP income	-	-	-	-	(355,904)	489,042
Health and Welfare Canada	-	2,255	-	-	-	-
Boralex Corporation	-	-	-	-	89,867	92,322
Other	141,617	288,825	47,100	141,220	697,611	511,767
Total revenues	348,838	532,937	687,616	741,245	2,987,963	4,855,288
EXPENDITURES						
Amortization	35,679	44,892	129,765	138,313	52,902	58,385
Bank charges and interest	59,030	66,567	8	1,182	-	(1,312)
Honoraria	91,400	85,682	20,500	32,046	74,236	51,382
Insurance	57,697	66,370	-	-	-	-
Office and other	30,342	58,152	72,497	126,089	250,749	285,077
Professional fees	517,119	306,427	40,752	135,966	521,433	544,900
Rental and leasing expenses	3,704	8,611	459	878	4,810	-
Repair and maintenance	4,915	128	2,062	6,473	7,743	9,797
Social assistance	14,207	1,527	7,813	14,402	1,127	1,501
Student tuition	2,249	11,930	31,245	59,260	-	100
Student supplies	-	-	-	-	-	-
Subcontracts	500	16,796	637	5,732	45,547	581,487
Supplies	7,586	13,574	22,470	36,396	10,692	29,605
Telephone and internet	24,955	33,217	1,265	2,577	8,375	13,337
Tradition and culture	-	-	9,832	6,330	16,100	3,150
Travel	148,116	167,188	49,874	182,844	117,619	171,983
Utilities	7,555	5,024	27,303	26,051	38,569	38,641
Wages and benefits	633,382	847,381	223,521	389,519	773,558	870,877
Writedown of receivables	41,929	21,899	-	-	-	-
Total expenditures	1,680,365	1,755,365	640,003	1,164,058	1,923,460	2,658,910
Surplus (deficit) for year before recoveries	\$ (1,331,527)	\$ (1,222,428)	\$ 47,613	\$ (422,813)	\$ 1,064,503	\$ 2,196,378

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Education		Health		Housing	
	2017	2016	2017	2016	2017	2016
REVENUES						
Indigenous and Northern Affairs Canada	\$ 671,089	\$ 634,378	\$ -	\$ -	\$ 53,227	\$ -
Ontario Power Generation	-	-	-	-	-	-
Coral Rapids expense recoveries	-	-	-	-	-	-
Detour Gold Corporation	300,000	300,000	-	-	-	-
Ontario First Nations Limited Partnership	308,942	10,604	9,940	30,016	-	-
Equity in Government Business Enterprise	-	-	-	-	-	-
Share of WDLP income	-	-	-	-	-	-
Health and Welfare Canada	-	-	276,885	277,618	-	-
Boralex Corporation	-	-	-	-	-	-
Other	-	17,375	201,861	59,776	104,449	16,400
Total revenues	1,280,031	962,357	488,686	367,410	157,676	16,400
EXPENDITURES						
Amortization	-	-	16,219	16,219	-	-
Bank charges and interest	(5)	131	-	-	29	429
Honoraria	-	-	1,550	-	-	-
Insurance	-	-	-	-	-	-
Office and other	7,991	38,418	3,842	16,540	-	3,899
Professional fees	-	10,520	-	3,389	-	-
Rental and leasing expenses	-	-	-	-	-	-
Repair and maintenance	-	-	187	3,799	3,905	6,613
Social assistance	23,312	15,993	25,858	1,621	-	-
Student tuition	815,064	825,795	2,495	150	-	825
Student supplies	33,956	43,125	2,278	17,626	-	-
Subcontracts	-	-	14,754	-	59,420	20,762
Supplies	845	9,842	8,725	15,167	32,198	33,095
Telephone and internet	983	1,131	5,689	5,631	2,713	-
Tradition and culture	-	-	-	-	-	-
Travel	37,926	118,916	74,405	42,353	2,192	2,443
Utilities	-	-	4,360	4,379	9,777	3,941
Wages and benefits	70,144	68,669	326,124	339,230	291,562	170,275
Writedown of receivables	-	-	-	-	-	-
Total expenditures	990,216	1,132,540	486,486	466,104	401,796	242,282
Surplus (deficit) for year before recoveries	\$ 289,815	\$ (170,183)	\$ 2,200	\$ (98,694)	\$ (244,120)	\$ (225,882)

TAYKWA TAGAMOU NATION

CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION

YEARS ENDED MARCH 31

	Land claims		Public works and Technical services		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Indigenous and Northern Affairs Canada	\$ 4,479	\$ 4,180	\$ 123,510	\$ 238,311	\$ 1,494,301	\$ 1,860,673
Ontario Power Generation	-	-	-	-	714,000	1,567,389
Coral Rapids expense recoveries	-	-	-	-	590,017	716,202
Detour Gold Corporation	-	-	-	-	842,156	644,864
Ontario First Nations Limited Partnership	-	-	-	-	600,773	519,681
Equity in Government Business Enterprise	-	-	-	-	634,066	512,719
Share of WDLP income	-	-	-	-	(355,904)	489,042
Health and Welfare Canada	-	-	-	-	276,885	279,873
Boralex Corporation	-	-	-	-	89,867	92,322
Other	-	-	4,354	1,237	1,196,992	1,036,600
Total revenues	4,479	4,180	127,864	239,548	6,083,153	7,719,365
EXPENDITURES						
Amortization	-	-	37,463	47,432	272,028	305,241
Bank charges and interest	-	-	6	52	59,068	67,049
Honoraria	-	-	500	-	188,186	169,110
Insurance	-	-	-	-	57,697	66,370
Office and other	414	574	-	25,452	365,835	554,201
Professional fees	-	-	-	3,196	1,079,304	1,004,398
Rental and leasing expenses	-	-	-	-	8,973	9,489
Repair and maintenance	-	-	789	53,666	19,601	80,476
Social assistance	-	-	-	-	72,317	35,044
Student tuition	-	-	-	-	851,053	898,060
Student supplies	-	-	-	-	36,234	60,751
Subcontracts	-	-	250	4,000	121,108	628,777
Supplies	147	15,458	10,668	10,869	93,331	164,006
Telephone and internet	68	-	2,896	2,208	46,944	58,101
Tradition and culture	-	-	-	-	25,932	9,480
Travel	-	1,843	3,311	7,898	433,443	695,468
Utilities	-	-	12,370	9,514	99,934	87,550
Wages and benefits	7,582	-	94,717	182,958	2,420,590	2,868,909
Writedown of receivables	-	-	-	-	41,929	21,899
Total expenditures	8,211	17,875	162,970	347,245	6,293,507	7,784,379
Surplus (deficit) for year before recoveries	\$ (3,732)	\$ (13,695)	\$ (35,106)	\$ (107,697)	\$ (210,354)	\$ (65,014)