

Taykwa Tagamou Nation
Consolidated Financial Statements
March 31, 2018

Taykwa Tagamou Nation

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For the year ended March 31, 2018

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Management's Responsibility

To the Members of Taykwa Tagamou Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Taykwa Tagamou Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council are also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council of behalf of the Members to audit the consolidated financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

November 6, 2018


On behalf of Chief and Council
On behalf of management

Independent Auditors' 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, 2018, and the consolidated statements of operations and accumulated surplus, changes 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 presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

The First Nation controls 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. As described in note 21, 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 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 Taykwa Tagamou Nation as at March 31, 2018 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Timmins, Ontario
November 6, 2018

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

Taykwa Tagamou Nation
Consolidated Statement of Financial Position
As at March 31, 2018

| | 2018 | 2017 |
|--|--------------------|------------------|
| Financial assets | | |
| Cash and cash equivalents (Note 3) | 2,106,526 | 869,671 |
| Accounts receivable (Note 5) | 297,682 | 663,569 |
| Investments (Note 4) | 189,760 | 169,427 |
| Advances to related First Nation entities (Note 8) | 484,973 | 139,392 |
| Due from funding agencies (Note 6) | 1,404,031 | 1,073,374 |
| Investments in First Nation partnership (Note 9) | 1 | 670,715 |
| Investment in First Nation business entities (Note 9) | 1,215,777 | 1,146,786 |
| Funds held in Ottawa trust fund (Note 7) | 147,124 | 144,066 |
| | 5,845,874 | 4,877,000 |
| Liabilities | | |
| Accounts payable and accruals (Note 11) | 1,465,819 | 1,964,151 |
| Deferred revenue (Note 12) | 891,590 | 1,373,890 |
| Advances from related First Nation entities (Note 14) | 319,039 | 822,506 |
| Advance from Weekashin Domco Limited Partnership (Note 13) | - | 250,000 |
| Due to funding agencies (Note 6) | 287,001 | 78,164 |
| Debt (Note 15) | 3,928,311 | 1,128,903 |
| | 6,891,760 | 5,617,614 |
| Net debt | (1,045,886) | (740,614) |
| Contingencies (Note 16) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 10) (Schedule 1) | 6,157,144 | 4,729,784 |
| Prepaid expenses | 96,551 | 42,516 |
| | 6,253,695 | 4,772,300 |
| Accumulated surplus | 5,207,809 | 4,031,686 |

Approved on behalf of Chief and Council



Chief



Councillor

Taykwa Tagamou Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|------------------|
| Revenue | | |
| Indigenous and Northern Affairs Canada | | |
| Grant funding | 290,505 | 207,221 |
| Fixed funding | 1,781,555 | 1,963,322 |
| Set funding | 249,683 | 370,110 |
| Canada Mortgage and Housing Corporation | 52,118 | 6,171 |
| Health Canada | 494,010 | 276,885 |
| Mushkegowuk Council | 247,425 | 157,993 |
| Coral Rapids expense recoveries | (36,668) | 626,685 |
| Detour Gold Corporation | 1,238,780 | 842,156 |
| Earnings from investment in First Nation business entities | 1,068,637 | 634,066 |
| Loss from investment in First Nation partnerships | - | (355,904) |
| Management and administration fees | 125,000 | - |
| Nishnawbe Aski Nation | 124,338 | 119,263 |
| Ontario First Nations Limited Partnership | 614,861 | 600,773 |
| Ontario Power Generation | 428,334 | 714,000 |
| Other revenue (Note 20) | 1,076,076 | 898,215 |
| Province of Ontario | 226,512 | - |
| Rental income | 118,939 | 125,013 |
| Repayment of funding | (249,743) | (35,042) |
| Deferred revenue - prior year | 1,373,890 | 271,076 |
| Deferred revenue - current year | (854,922) | (1,373,890) |
| | 8,369,330 | 6,048,113 |
| Expenses (Schedule 2) | | |
| Band government | 1,894,262 | 1,721,615 |
| Community services | 880,629 | 726,533 |
| Economic development | 1,863,906 | 2,135,782 |
| Education | 1,292,842 | 990,222 |
| Health | 653,916 | 437,730 |
| Housing | 519,006 | 222,402 |
| Public works and technical services | 81,936 | 59,223 |
| | 7,186,497 | 6,293,507 |
| Surplus (deficit) | 1,182,833 | (245,394) |
| Accumulated surplus, beginning of year | 4,031,686 | 4,265,900 |
| Unrealized gain on temporary investments | 18,733 | 25,443 |
| Realized loss on temporary investments, reclassified to operations | (25,443) | (14,263) |
| Accumulated surplus, end of year (Note 18) | 5,207,809 | 4,031,686 |

The accompanying notes are an integral part of these financial statements

Taykwa Tagamou Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2018

| | 2018 | 2017 |
|--|--------------------|--------------------|
| Annual surplus (deficit) | 1,182,833 | (245,394) |
| Purchase/construction of tangible capital assets | (1,832,239) | (1,709,354) |
| Amortization of tangible capital assets | 404,879 | 272,029 |
| Acquisition of prepaid expenses | (54,035) | - |
| Use of prepaid expenses | - | 9,568 |
| Net remeasurement loss (gain) | (6,710) | 11,180 |
| Increase in net debt | (305,272) | (1,661,971) |
| Net debt, beginning of year | (740,614) | 921,357 |
| Net debt, end of year | (1,045,886) | (740,614) |

Taykwa Tagamou Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|-------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Surplus (deficit) | 1,182,833 | (245,394) |
| Non-cash items | | |
| Amortization | 404,879 | 272,029 |
| Loss from investment in First Nation partnerships | - | 355,904 |
| Earnings from investment in First Nation business enterprises | (1,068,637) | (634,066) |
| Write down of investment in First Nation partnership | 420,715 | - |
| | 939,790 | (251,527) |
| Changes in working capital accounts | | |
| Accounts receivable | 365,887 | 277,854 |
| Prepaid expenses | (54,035) | 9,568 |
| Funds held in Ottawa trust fund | (3,056) | (2,622) |
| Due from funding agencies | (330,657) | (977,471) |
| Accounts payable and accruals | (498,336) | 645,494 |
| Deferred revenue | (482,300) | 1,063,389 |
| Due to funding agencies | 208,837 | 35,042 |
| | 146,130 | 799,727 |
| Financing activities | | |
| Advances of debt | 4,282,881 | 673,102 |
| Repayment of debt | (1,483,473) | (322,728) |
| Advances from related First Nation entities | - | 573,760 |
| Repayment of advances from related First Nation entities | (249,670) | - |
| | 2,549,738 | 924,134 |
| Capital activities | | |
| Purchase/construction of tangible capital assets | (1,832,239) | (1,709,354) |
| Investing activities | | |
| Purchase of investments | (27,043) | (4,316) |
| Dividends received | 400,269 | - |
| | 373,226 | (4,316) |
| Increase in cash resources | 1,236,855 | 10,191 |
| Cash resources, beginning of year | 869,671 | 859,480 |
| Cash resources, end of year | 2,106,526 | 869,671 |

1. Operations

The Taykwa Tagamou Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. The First Nation includes its members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards. Further, the consolidated 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:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Taykwa Tagamou Nation Band
- Apitawin Limited Partnership and its general partner corporation
- 2284327 Ontario Inc. (TTN-Detour Education and Training Fund Corp.)
- Thomas Archibald Senior Institute
- CRP Opportunities Limited Partnership and its general partner corporation

All inter-entity balances have been eliminated on consolidation. 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 and Pahquataaskahmekook GP Inc. which 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.

First Nation business entities, owned or controlled by the First Nation but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Island Falls Forestry Limited Partnership and its general partner corporation
- Coral Rapids Power Corporation

Investments in First Nation partnerships are accounted for using the proportionate consolidation method. The First Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the First Nation partnership have been combined on a line-by-line basis with similar items of the First Nation.

Asset classification

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

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

The collectability of accounts receivable is assessed as at the balance sheet date and an appropriate allowance for doubtful accounts is provided when considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year-end.

Net debt

The First Nation's 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 liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Portfolio investments

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

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. Contributed tangible assets are recorded at their fair value at the date of contribution. 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.

Amortization

The cost, less residual value, of the tangible capital assets are amortized using the straight line method as follows:

| | Rate |
|----------------------------|-------------|
| Buildings | 25 years |
| Furniture and equipment | 5 years |
| Computers | 3 years |
| Vehicles & Heavy equipment | 5-10 years |

Financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in debt.

Repayments of debt are recognized as a decrease in debt.

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus for the year.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

2. Significant accounting policies *(Continued from previous page)*

Government Transfers

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 organization. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

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.

Prior period funding adjustments

The First Nation has entered into accountable contribution arrangements with several government funding agencies. These programs are subject to audit by the various governments, with potential audit adjustments repayable to the government. These adjustments are recorded in the financial statements in the year they become known.

Segments

The First Nation conducts its business through eight reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses 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 22.

3. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation (CMHC), the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the CMHC with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. At the year-end date, the respective monies on hand in the amount of \$2,610 were sufficient to meet the CMHC reserve fund requirements.

| | 2018 | 2017 |
|-------------------------------------|------------------|-------------|
| Petty cash | 100 | - |
| Cash - Unrestricted | 1,969,877 | 869,671 |
| CMHC Reserve Fund - Restricted | 2,610 | - |
| FNFA Debt Reserve Fund - Restricted | 133,939 | - |
| | 2,106,526 | 869,671 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Investments

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

Investments subject to significant influence are recorded at their market value. Any changes in market value are reported as remeasurements gains and losses until realized.

| | 2018 | 2017 |
|--|----------------|-------------|
| Portfolio investments | | |
| Widely held shares in publicly traded entities | 183,881 | 163,498 |
| Mutual funds | 5,777 | 5,727 |
| | 189,658 | 169,225 |
| Investments subject to significant influence | | |
| True North Hardwood Plywood Inc. | 1 | 1 |
| CRP Opportunities Inc. and LP | 100 | 200 |
| Kisis Aki Energy Inc. | 1 | 1 |
| | 102 | 202 |
| | 189,760 | 169,427 |

5. Accounts receivable

| | 2018 | 2017 |
|---|-----------------|-------------|
| Due from government: | | |
| Receiver General for Canada | 18,833 | 75,664 |
| Total due from government | 18,833 | 75,664 |
| Due from members: | | |
| Advances receivable - Chief and Council | - | 145,862 |
| Advances receivable - All other members | 79,400 | 593,105 |
| Rent receivable | 8,610 | 158,932 |
| Less: allowance for doubtful accounts | (79,400) | (761,552) |
| Total due from members - net | 8,610 | 136,347 |
| Due from others: | | |
| Algonquin Power | - | 90,000 |
| Detour Gold Corporation | 168,163 | 38,632 |
| Hydro One | 20,643 | - |
| Northland Power Inc. | - | 8,750 |
| Ontario Power Generation | - | 132,934 |
| Rockshield | 10,500 | - |
| Other trade receivables | 73,838 | 181,242 |
| Less: allowance for doubtful accounts | (2,905) | - |
| Total due from others - net | 270,239 | 451,558 |
| | 297,682 | 663,569 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Due from/to funding agencies

| | 2018 | 2017 |
|---|------------------|------------------|
| Due from funding agencies: | | |
| Canada Mortgage and Housing Corporation | 21,439 | - |
| Health Canada | - | 5,949 |
| Indigenous and Northern Affairs Canada | 1,069,108 | 1,035,695 |
| Mushkegowuk Council | 126,734 | 5,246 |
| Nishnawbe Aski Nation | 58,660 | 26,485 |
| Province of Ontario | 128,090 | - |
| | 1,404,031 | 1,073,375 |
| Due to funding agencies: | | |
| Health Canada | 90,249 | - |
| Indigenous and Northern Affairs Canada | 153,630 | 35,042 |
| Province of Ontario | 43,122 | 43,122 |
| | 287,001 | 78,164 |

7. Funds held in Ottawa trust fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| Capital Trust | | |
| Balance, beginning and end of year | 134,388 | 134,388 |
| Revenue Trust | | |
| Balance, beginning of year | 9,678 | 7,056 |
| Interest | 3,058 | 2,623 |
| Balance, end of year | 12,736 | 9,678 |
| | 147,124 | 144,066 |

The Ottawa trust funds arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

8. Due from related First Nation entities

The balances bear no interest and have no fixed terms of repayment.

| | 2018 | 2017 |
|-----------------------|----------------|----------------|
| New Post Constructors | 139,392 | 139,392 |
| Coral Rapids Power | 345,581 | - |
| | 484,973 | 139,392 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

9. Investments in First Nation partnership and business entities

The First Nation has interests in First Nation Business Enterprises. Unless otherwise noted, the First Nation's interest is 100% of the shares or units of the respective entity.

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, 2018 and its results of operations for the year then ended.

The First Nation's 100% interest in Coral Rapids Power Corporation, a government business enterprise, a company incorporated to share in the profits from hydro-electric stations across Northern Ontario. The following represents a summary of Coral Rapids Power Corporation's financial position as at March 31, 2018 and its results of operations for the year then ended. Coral Rapids Power Corporation was consolidated as at March 31, 2017 since it did not meet the requirements at the time to be recorded as a government business enterprise.

The First Nation has investments in the following entities:

The First Nation's investment in Weekashin Domco Limited Partnership was established for the purposes of providing catering services.

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, is as follows:

| | |
|---|---|
| | <i>Weekashin Domco Limited Partnership As at December 31, 2017</i> |
| Capital at the beginning of the year | 670,715 |
| Distributions made | 263,000 |
| Capital at the end of the year | 407,715 |
| Provision for impairment | (407,714) |
| Book value, end of year | 1 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

9. Investments in First Nation partnership and business entities (continued from previous page)

Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

| | <i>Island Falls Forestry As at March 31, 2018</i> | <i>Coral Rapids Power Corporation As at March 31, 2018</i> |
|----------------------------|---|--|
| Assets | | |
| Current assets | 1,012,306 | 1,696,490 |
| Non-current assets | 1,789,524 | 19,358,452 |
| Total assets | 2,801,830 | 21,054,942 |
| Liabilities | | |
| Current liabilities | 986,934 | 1,579,668 |
| Long-term debt | 796,527 | 19,277,866 |
| Total liabilities | 1,783,461 | 20,857,534 |
| Accumulated surplus | 1,018,369 | 197,408 |
| Total revenue | 9,170,613 | 1,581,585 |
| Total expenses | 8,699,656 | 983,908 |
| | 470,957 | 597,677 |

During the year, the following First Nation business enterprises had transactions with other organizations of the First Nation:

| <i>Name of business enterprise</i> | <i>Name of organization</i> | <i>Nature of transactions/balances</i> |
|---|-----------------------------|--|
| Island Falls Forestry Limited Partnership | Taykwa Tagamou Nation | Sales for services rendered and payment of expenses to Taykwa Tagamou Nation |
| Coral Rapids Power Corporation | Taykwa Tagamou Nation | Distribution of dividends to Taykwa Tagamou Nation |

10. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Buildings include costs associated to INAC and CMHC housing projects with a carrying value of \$1,249,457 (2017 - \$1,360,498). A CMHC housing project was completed during the year and, as such, amortization has been recorded. No amortization of the INAC housing project has been recorded during the year because it is currently under construction.

The First Nation holds works of art and historical treasures which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

11. Accounts payable and accruals

| | 2018 | 2017 |
|--------------------------------|------------------|------------------|
| Trade accounts payable | 1,139,940 | 1,495,282 |
| Government remittances payable | 46,945 | 62,237 |
| Payable to school boards | 278,934 | 406,632 |
| | 1,465,819 | 1,964,151 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

| | <i>Balance, beginning of year</i> | <i>Revenue received</i> | <i>Revenue recognized</i> | <i>Balance, end of year</i> |
|--|---|-----------------------------|-------------------------------|---------------------------------|
| INAC: | | | | |
| Water Filtration Project | 69,805 | - | 69,805 | - |
| New Lagoon Upgrade | - | 156,250 | - | 156,250 |
| Comprehensive Community Planning | 75,000 | - | 32,722 | 42,278 |
| Financial Management Capacity Development | 86,800 | - | - | 86,800 |
| FN Water Management Strategy: Wastewater O&M | - | 46,444 | - | 46,444 |
| FN Water Management Strategy: Water O&M | - | 44,324 | - | 44,324 |
| Planning Design and Construction | 63,414 | 63,401 | - | 126,815 |
| Construction of Multiunits | 669,636 | - | 669,636 | - |
| Renovations and additions | 196,773 | - | 196,773 | - |
| Innovation | 81,000 | - | 2,500 | 78,500 |
| Lot Servicing | 75,000 | - | 75,000 | - |
| Education | - | 86,800 | - | 86,800 |
| Homecare | - | 40,500 | - | 40,500 |
| Language and Culture | - | 125,950 | - | 125,950 |
| Rental deposits | 11,794 | 25,184 | 34,944 | 2,034 |
| Ontario Power Generation grave restoration | 36,668 | - | - | 36,668 |
| Right to Play | 8,000 | - | 8,000 | - |
| Service Canada | - | 18,227 | - | 18,227 |
| | 1,373,890 | 607,080 | 1,089,380 | 891,590 |

13. Advance from Weekashin Domco Limited Partnership

Weekashin Domco Limited Partnership (WDLP) provided Apatisawin 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 plus accrued interest was repaid through a shareholder distribution.

14. Advances from related First Nation entities

During the year, loans were received from related First Nation entities. The advances bears no interest and have no fixed terms of repayment

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| Island Falls Forestry | 132,665 | 599,377 |
| Coral Rapids Power | (36,755) | - |
| Pahquataaskahmekook General Partner | 223,129 | 223,129 |
| | 319,039 | 822,506 |

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

15. Debt

| | 2018 | 2017 |
|---|------------------|-------------|
| Royal Bank of Canada fixed term loan repaid during the year | - | 455,802 |
| CMHC mortgage bearing interest at 1.97%, repayable in blended monthly payments of \$5,616, maturing December 1, 2042 and secured by Band Council Resolution and Ministerial Guarantee from Indigenous and Northern Affairs Canada | 1,320,374 | 673,101 |
| First Nations Finance Authority promissory note bearing interest at 3.41%, repayable in blended monthly payments of \$13,495, amortized over twenty five years, renewable December 1, 2027 and secured by ONFLP funding and a general security agreement. | 2,607,937 | - |
| | 3,928,311 | 1,128,903 |

Principal repayments on debt in each of the next five years and thereafter , assuming debt subject to refinancing is renewed, are estimated as follows:

| | Total |
|------------|-----------|
| 2019 | 114,049 |
| 2020 | 114,822 |
| 2021 | 115,777 |
| 2022 | 116,584 |
| 2023 | 117,364 |
| Thereafter | 3,349,715 |

16. Contingencies

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.

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.

17. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Risk management

The First Nation its credit risk by having a significant number of members/customers. The First Nation records allowances for potentially uncollectible accounts receivable.

Fair Value of Financial Instruments

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The First Nation is exposed to interest rate risk with respect to operating lines of credit and term loans subject to refinancing. Management negotiates financing terms with its creditors in order to minimize interest rate risk.

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.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to borrow funds from financial institutions or other creditors, for which repayment is required by maturity.

Contractual maturities of debt are disclosed in Note 15.

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Accumulated operating surplus

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

| | 2018 | 2017 |
|-----------------------------------|------------------|-----------|
| Equity in Ottawa Trust Funds | 147,124 | 144,067 |
| Equity in CMHC operating reserve | 2,610 | - |
| Equity in tangible capital assets | 4,747,493 | 4,729,781 |
| Unrestricted surplus (deficit) | 269,353 | (890,103) |
| OFNLP Fund | 22,496 | 22,496 |
| Remeasurement gains | 18,733 | 25,443 |
| | 5,207,809 | 4,031,684 |

19. Distributions from Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore not recorded in these consolidated financial statements.

The First Nation's monthly payments are required to be used to service the debt balance with First Nation Finance Authority (FNFA). OFNLP transfers the payment to the FNFA who retain the monthly service cost and the excess is returned to the First Nation.

Taykwa Tagamou Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

20. Other revenue

The balance reported as "Other Revenue" on the Consolidated Statement of Operations and Accumulated Surplus consists of the following:

| | 2018 | 2017 |
|---|------------------|-------------|
| Algonquin Power and Utilities Corporation | - | 91,982 |
| Boralex Corporation | 27,777 | 89,867 |
| Donations and fundraising | 67,952 | 26,444 |
| Education (TASI) | 323,627 | - |
| GoWest Gold Ltd. | 13,687 | - |
| GST/HST Rebates | 44,004 | 121,824 |
| Hydro One | 35,000 | - |
| Independent Electricity System Operator | 31,178 | 35,470 |
| Ministry of Aboriginal Affairs | 90,005 | 181,583 |
| Ministry of Health and Long-Term Care | 72,770 | 17,470 |
| Right to Play | 19,777 | 18,169 |
| Tembec | 10,000 | 5,000 |
| Tisdale joint venture | 90,108 | 80,694 |
| Training and tuition | 863 | 173,968 |
| TransCanada Corporation | 107,663 | - |
| Miscellaneous | 141,665 | 55,744 |
| | 1,076,076 | 898,215 |

21. Economic dependence

Taykwa Tagamou Nation receives 53% (2017 - 52%) of its revenue from Indigenous and Northern Affairs Canada, Health Canada, the Province of Ontario and other funding agencies. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

22. Budget information

Canadian public sector accounting standards (PSAS) require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSAS.

23. Segments

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 with area school boards 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.

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.

24. Change in accounting policies

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively and prior periods have not been restated. There was no material impact on the consolidated financial statements as a result of adopting the new Sections.

25. Comparative figures

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

Taykwa Tagamou Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

| | <i>Land</i> | <i>Buildings</i> | <i>Buildings under construction</i> | <i>Computer equipment</i> | <i>Furniture and equipment</i> | <i>Subtotal</i> |
|--|----------------|------------------|---|-------------------------------|------------------------------------|------------------|
| Cost | | | | | | |
| Balance, beginning of year | 568,000 | 3,753,409 | 1,360,498 | 247,316 | 771,710 | 6,700,933 |
| Acquisition of tangible capital assets | - | 104,184 | - | 43,181 | 98,897 | 246,262 |
| Construction-in-progress | - | - | 1,540,978 | - | - | 1,540,978 |
| Tangible capital assets placed in use | - | 1,652,019 | (1,652,019) | - | - | - |
| Balance, end of year | 568,000 | 5,509,612 | 1,249,457 | 290,497 | 870,607 | 8,488,173 |
| Accumulated amortization | | | | | | |
| Balance, beginning of year | - | 1,677,736 | - | 227,610 | 300,630 | 2,205,976 |
| Annual amortization | - | 213,050 | - | 10,117 | 124,122 | 347,289 |
| Balance, end of year | - | 1,890,786 | - | 237,727 | 424,752 | 2,553,265 |
| Net book value of tangible capital assets | 568,000 | 3,618,826 | 1,249,457 | 52,770 | 445,855 | 5,934,908 |
| 2017 | | | | | | |
| Net book value of tangible capital assets | 568,000 | 2,075,673 | 1,360,498 | 19,706 | 471,080 | 4,494,957 |

Taykwa Tagamou Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

| | <i>Subtotal</i> | <i>Vehicles and moveable equipment</i> | <i>2018</i> | <i>2017</i> |
|--|------------------|--|------------------|------------------|
| Cost | | | | |
| Balance, beginning of year | 6,700,933 | 778,589 | 7,479,522 | 5,770,168 |
| Acquisition of tangible capital assets | 246,262 | 45,000 | 291,262 | 348,856 |
| Construction-in-progress | 1,540,978 | - | 1,540,978 | 1,360,498 |
| Tangible capital assets placed in use | - | - | - | - |
| Balance, end of year | 8,488,173 | 823,589 | 9,311,762 | 7,479,522 |
| Accumulated amortization | | | | |
| Balance, beginning of year | 2,205,976 | 543,762 | 2,749,738 | 2,477,709 |
| Annual amortization | 347,289 | 57,591 | 404,880 | 272,029 |
| Balance, end of year | 2,553,265 | 601,353 | 3,154,618 | 2,749,738 |
| Net book value of tangible capital assets | 5,934,908 | 222,236 | 6,157,144 | 4,729,784 |
| | | | | |
| | | | | 2017 |
| Net book value of tangible capital assets | 4,494,957 | 234,827 | 4,729,784 | |

Taykwa Tagamou Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|-------------|
| Consolidated expenses by object | | |
| Amortization | 404,879 | 272,029 |
| Bad debts | 154,053 | 41,929 |
| Bank charges and interest | 38,008 | 59,068 |
| Honouraria | 141,035 | 188,186 |
| Insurance | 63,308 | 57,697 |
| Interest on long-term debt | 95,343 | - |
| Writedown of interest limited partnership | 407,714 | - |
| Office and other | 396,154 | 370,658 |
| Post secondary - Tuition, travel and allowances | 1,021,050 | 851,052 |
| Professional fees | 604,038 | 1,079,304 |
| Repairs and maintenance | 17,491 | 27,262 |
| Salaries and benefits | 2,540,791 | 2,420,590 |
| Social assistance | 96,467 | 68,625 |
| Subcontracts | 231,576 | 121,109 |
| Supplies | 389,813 | 128,256 |
| Telephone and internet | 42,209 | 46,946 |
| Tradition and culture | 8,400 | 16,100 |
| Travel | 403,520 | 434,930 |
| Utilities | 130,648 | 109,766 |
| | 7,186,497 | 6,293,507 |

Taykwa Tagamou Nation
Schedule 3 - Consolidated Schedule of Segmented Disclosure
For the year ended March 31, 2018

| | <i>INAC Revenue</i> | <i>Other Revenue</i> | <i>Deferred Revenue</i> | <i>Total Revenue</i> | <i>Total Expenses</i> | <i>Current Surplus</i> | <i>Prior Year Deficit</i> |
|-------------------------------------|---------------------|----------------------|-------------------------|----------------------|-----------------------|------------------------|---------------------------|
| Band Government | 295,008 | 233,258 | 32,722 | 560,989 | 1,894,262 | (1,333,273) | (1,354,784) |
| Community Services | 257,118 | 542,022 | 77,805 | 876,945 | 880,629 | (3,684) | 127,644 |
| Economic Development | 50,250 | 3,333,984 | 48,462 | 3,432,696 | 1,863,906 | 1,568,790 | 796,371 |
| Education | 796,074 | 643,220 | (105,027) | 1,334,267 | 1,292,842 | 41,425 | 289,809 |
| Health | 166,450 | 678,700 | (166,450) | 678,700 | 653,916 | 24,784 | (6,332) |
| Housing | 446,424 | 97,433 | 941,875 | 1,485,732 | 519,006 | 966,726 | (67,066) |
| Public works and Technical services | 310,419 | - | (310,419) | - | 81,936 | (81,936) | (31,036) |
| Total | 2,321,743 | 5,528,617 | 518,968 | 8,369,329 | 7,186,497 | 1,182,832 | (245,394) |