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26 July 2016.

Chief, Algonquins of Pikwakanagan and  
Council of the Algonquins of Pikwakanagan,  
PIKWAKANAGAN, Ontario.

Dear Chief and Council:

Re: Audit of 2016 Financial Statements

The objective of our audit was to express an opinion on the financial statements. Included in our audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

During our review of your accounting system and system of internal controls, the following issue came to our attention. Our comments should not be construed as a criticism, but rather a means to further strengthen your internal controls.

We still have concerns related to the limited succession plans for the Manager of Financial Services (Cathy Bernard) due to the volume of programs and her direct involvement in the financial area of each program. We understand that you are in the process of addressing this issue.

The accounting records are maintained very well with only minor adjustments being made to the accounting records during the audit with the prior approval of the Manager of Financial Services.

We would like to thank management and staff for their cooperation during the year.

Yours very truly,

MacKillochan & Associates,

Per:

(Jason D. Healey)

JDH:tb

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Algonquins of Pikwakanagan

Consolidated Financial Statements

For the year ended 31 March 2016

MACKILLCAN & ASSOCIATES  
CHARTERED PROFESSIONAL ACCOUNTANTS

Algonquins of Pikwakanagan

As at 31 March 2016

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Algonquins of Pikwakanagan and all the information in this annual report are the responsibility of management and have been approved by the Chief and Executive Director of Operations on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

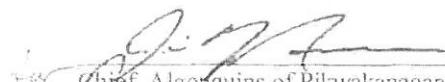
The Algonquins of Pikwakanagan maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Standing Committee of Council on Finance, Administration and Personnel (FAP).

The Standing Committee (FAP) reviews the financial statements and recommends their approval to Council. The Standing Committee (FAP) 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 annual report, the consolidated financial statements and the external auditor's report. Standing Committee (FAP) reports its findings to the Council for consideration when approving the consolidated financial statements for issuance to the members. The Standing Committee (FAP) also considers, for review by Council and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by MacKillican & Associates in accordance with Canadian Generally Accepted Auditing Standards on behalf of the members. MacKillican & Associates have full and free access to the Standing Committee (FAP).

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for Chief, Algonquins of Pikwakanagan

U. Two-Axe  
Executive Director of Operations



# MACKILLCAN & ASSOCIATES

CHARTERED PROFESSIONAL  
ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Chief, Algonquins of Pikwakanagan and  
The Council of the Algonquins of Pikwakanagan,  
PIKWAKANAGAN, Ontario.

We have audited the accompanying consolidated financial statements of the Algonquins of Pikwakanagan, which comprise the statement of financial position as at 31 March 2016, and the consolidated statements of accumulated surplus, operations, changes in net financial assets, cash flows, related schedules and the statement of Band Trust Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 financial statements.

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

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Algonquins of Pikwakanagan as at 31 March 2016, and the results of their operations, cash flows, accumulated surplus and the changes in net financial assets for the year then ended in accordance with Canadian Public Sector Accounting Standards and the accounting policies disclosed in Note 2 to the consolidated financial statements.

*Mackillican + Associates*

RENFREW, Ontario.  
26 July 2016.

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Algonquins of Pikwakanagan

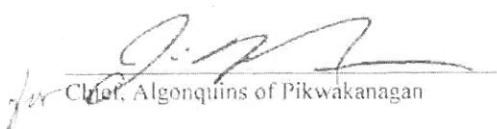
Consolidated Statement of Financial Position

As at 31 March 2016

(with 2015 figures for comparison)

	2016	2015
Financial assets:		
Cash in bank - administration	\$ 2,815,370	\$ 2,634,538
- Gaming Distribution Fund	5,259,092	5,311,467
- Section 95 Social Housing Operation	218,939	184,617
Accounts receivable - administration (Note 6)	397,177	494,326
Investment in solar project #1 (Note 2 (g))	28,500	28,500
Investment in Business Enterprises (Notes 2 (g) and 8)	<u>598,985</u>	<u>67,765</u>
	<u>\$ 9,318,063</u>	<u>\$ 8,721,213</u>
Financial liabilities:		
Accounts payable	\$ 580,188	\$ 512,120
Rental deposits	535	535
Deferred revenue (Note 4)	2,466,023	2,362,544
Funded reserves - operating (Note 10 (a))	118,443	104,358
Funded reserves - replacement (Note 10 (b))	106,251	83,949
Mortgages payable (Note 9)	<u>1,198,158</u>	<u>868,927</u>
	<u>\$ 4,469,598</u>	<u>\$ 3,932,433</u>
Net financial assets	<u>\$ 4,848,465</u>	<u>\$ 4,788,780</u>
Non-financial assets:		
Tangible capital assets (Notes 2 (b) and 11)	<u>\$ 7,996,537</u>	<u>\$ 8,070,136</u>
Accumulated surplus	<u>\$ 12,845,002</u>	<u>\$ 12,858,916</u>
Accumulated surplus comprised of:		
General Operations	\$ 188,545	\$ 323,475
Gaming Distribution Fund	5,285,954	5,293,329
Business Enterprises	<u>572,124</u>	<u>40,903</u>
Total fund balances	<u>\$ 6,046,623</u>	<u>\$ 5,657,707</u>
Equity in tangible capital assets (Note 11 (d))	<u>6,798,379</u>	<u>7,201,209</u>
Total accumulated surplus	<u>\$ 12,845,002</u>	<u>\$ 12,858,916</u>

Approved on behalf of the Band:

  
for Cheif, Algonquins of Pikwakanagan

W. Two. Axe  
Executive Director of Operations

(See accompanying notes)

Algonquins of Pikwakanagan

Consolidated Statement of Accumulated Surplus

For the year ended 31 March 2016  
(with 2015 figures for comparison)

	2016			2015		
	General Operations	Gaming Distribution Fund	Business Enterprises	Total	General Operations	Gaming Distribution Fund
Accumulated surplus at the beginning of the year	\$ 323,475	\$ 5,293,329	\$ 40,903	\$ 5,657,707	\$ 417,614	\$ 4,556,047
Surplus (deficit) for the year	(134,920)	(7,375)	531,221	388,916	(94,139)	737,282
Accumulated surplus at the end of the year	\$ 188,545	\$ 5,285,954	\$ 572,124	\$ 6,046,623	\$ 323,475	\$ 5,293,329

(See accompanying notes)

Algonquins of Pikwakanagan

Consolidated Statement of Operations

For the year ended 31 March 2016

Fund	Revenue				Total Revenue	Total Expenditures	Current Year Surplus (Deficit)	D
	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario	Other				
Economic Development	\$ 102,400	\$ 2,310	\$ 99,456	\$ 287,347	\$ 491,513	\$ 491,558	\$ (45)	
Education	1,961,994	42,000	24,968	139,871	2,168,833	2,168,602	231	\$
General Government	518,424		35,000	152,824	706,248	820,820	(114,572)	
Health Services	41,800	965,036	1,073,954	153,466	2,234,256	2,234,256		
Lands, Revenues and Trusts	108,905			120,591	229,496	229,496		
Public Works	524,395		124,400	299,355	948,150	968,694	(20,544)	
Social Services	108,274		928,947	175,953	1,213,174	1,213,174		
Total before Gaming Operations and Section 95 Social Housing Operation	\$ 3,366,192	\$ 1,009,346	\$ 2,286,725	\$ 1,329,407	\$ 7,991,670	\$ 8,126,600	\$ (134,930)	\$
Gaming Operations					1,146,658	1,154,033	(7,375)	
Section 95 Social Housing Operation					182,448	182,448		
Change in government business enterprises					531,221		531,221	
Total before tangible capital assets	\$ 3,366,192	\$ 1,009,346	\$ 2,286,725	\$ 1,329,407	\$ 9,851,997	\$ 9,463,081	\$ 388,916	\$
Acquisition of tangible capital assets						(79,116)	79,116	
Amortization of tangible capital assets						467,842	(467,842)	
Loss on disposal of tangible capital assets						14,104	(14,104)	
Grand Total	<u>\$ 3,366,192</u>	<u>\$ 1,009,346</u>	<u>\$ 2,286,725</u>	<u>\$ 1,329,407</u>	<u>\$ 9,851,997</u>	<u>\$ 9,865,911</u>	<u>\$ (13,914)</u>	<u>\$</u>

(See accompanying notes)

Algonquins of Pikwakanagan

Consolidated Statement of Changes in Net Financial Assets

For the year ended 31 March 2016  
(with 2015 figures for comparison)

	<u>2016</u>	<u>2015</u>
Net surplus (deficit) for the year	\$ (13,914)	\$ 887,248
Amortization of tangible capital assets	542,348	529,070
Loss on disposal of tangible capital assets	14,104	
Acquisition of tangible capital assets and construction in progress	<u>(482,853)</u>	<u>(693,399)</u>
Increase in net financial assets	\$ 59,685	\$ 722,919
Net financial assets, beginning of year	<u>4,788,780</u>	<u>4,065,861</u>
Net financial assets, end of year	<u>\$ 4,848,465</u>	<u>\$ 4,788,780</u>

(See accompanying notes)

**MACKILLCAN & ASSOCIATES**  
CHARTERED PROFESSIONAL ACCOUNTANTS

Algonquins of Pikwakanagan

Consolidated Statement of Cash Flows

For the year ended 31 March 2016  
(with 2015 figures for comparison)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net surplus (deficit) for the year	\$ (13,914)	\$ 887,248
Add loss on disposal which does not involve cash	14,104	
Add amortization which does not involve cash	<u>542,348</u>	<u>529,070</u>
	<u>\$ 542,538</u>	<u>\$ 1,416,318</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable	\$ 97,149	\$ 3,640
- (decrease) increase in accounts payable	68,068	(172,169)
- (decrease) increase in deferred revenue	<u>103,479</u>	<u>78,151</u>
	<u>\$ 268,696</u>	<u>\$ (90,378)</u>
Cash flows from operating activities	<u>\$ 811,234</u>	<u>\$ 1,325,940</u>
Cash flows from (used for) financing activities:		
- proceeds from mortgages payable	\$ 403,737	
- repayment of mortgages payable	(74,506)	\$ (58,188)
- (decrease) increase in funded reserves	<u>36,387</u>	<u>33,764</u>
Cash flows from (used for) financing activities	<u>\$ 365,618</u>	<u>\$ (24,424)</u>
Cash flows used for investing activities:		
Decrease (increase) in investment in business enterprises	\$ (531,220)	\$ (21,588)
Additions to tangible capital assets:		
Economic Development	(38,918)	
Education	(63,841)	(31,800)
Health Services	(111,183)	
Public Works	<u>(268,911)</u>	<u>(661,599)</u>
Cash flows used for investing activities	<u>\$ (1,014,073)</u>	<u>\$ (714,987)</u>
Increase in cash and cash equivalents during the year	<u>\$ 162,779</u>	<u>\$ 586,529</u>
Cash and cash equivalents at the beginning of the year	<u>8,130,622</u>	<u>7,544,093</u>
Cash and cash equivalents at the end of the year	<u>\$ 8,293,401</u>	<u>\$ 8,130,622</u>
Comprised of:		
Cash in bank - administration	\$ 2,815,370	\$ 2,634,538
- Gaming Distribution Fund	5,259,092	5,311,467
- Section 95 Social Housing Operation	<u>218,939</u>	<u>184,617</u>
	<u>\$ 8,293,401</u>	<u>\$ 8,130,622</u>

(See accompanying notes)

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

**1. NATURE OF ORGANIZATION**

The Algonquins of Pikwakanagan are a First Nation located in Pikwakanagan, Ontario. The First Nation receives funding from various Federal and Provincial agencies along with generating other income in order to provide support to the members of the community in their daily endeavours and overall well being. The operations of the First Nation are controlled and managed by Chief and Council.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Algonquins of Pikwakanagan are prepared in accordance with the Public Sector Accounting Board (PSAB) using the Canadian generally accepted accounting principles as set out in the Year End Reporting Handbook - Funding Agreements covering 2015 - 2016.

**a) Non-Financial Assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the change in net financial assets for the year.

**b) Tangible Capital Assets:**

i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Consumer Price Index (CPI) for land, machinery and equipment and vehicles or the Non-Residential Building Construction Price Index (NRBCPI) for land improvements, buildings and linear assets. All land is valued at \$ 1.00 per segment. Certain assets which have historical or cultural value are not recognized as tangible capital assets.

ii) Amortization:

The TCAs are amortized annually with a corresponding reduction in equity in tangible capital assets. Amortization is calculated on the straight-line basis over the useful lives of the assets in varying amounts as follows:

Buildings	25 - 40 years
Machinery and equipment	4 - 15 years
Vehicles	5 years
Land improvements	10 - 25 years
Linear assets	10 - 40 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization expense will be charged against the operating unit. Capital work in progress is not amortized until it is put into service.

The Algonquins of Pikwakanagan have a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

iii) Contribution of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer. There were no such transactions during the year.

c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating and the related lease payments are charged to expenses as incurred.

d) Use of Estimates:

The preparation of 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

e) Basis of Accounting:

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that give rise to the revenue; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

f) Deferred Revenue:

The Algonquins of Pikwakanagan receive restricted contributions under the authority of the provincial and federal governments. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

g) Business Enterprises:

Government Business enterprises (and partnerships) are included in the consolidated statement of financial position on a modified equity basis. Under the modified equity method of accounting, only the Algonquins of Pikwakanagan's investment in the business enterprises and the enterprises' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Algonquins of Pikwakanagan.

h) Cash and Cash Equivalents:

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

i) Financial Instruments:

Financial instruments include cash in bank, accounts receivable, investment in solar project #1, accounts payable and mortgages payable. Unless otherwise noted, it is management's opinion that the Algonquins of Pikwakanagan are not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. FINANCIAL INSTRUMENTS

The carrying amounts reported on the statement of financial position for cash in bank, accounts receivable and accounts payable approximate their fair values, due to the immediate and short term nature of these financial instruments.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

The fair value of investment in solar project #1, Investment in Business Enterprises and mortgages payable, including the current portion, is based on rates currently available to the Algonquins of Pikwakanagan with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

**4. DEFERRED REVENUE**

The portion of contributions that has been deferred to be applied to expenditures of subsequent years is as follows:

	<u>2016</u>	<u>2015</u>
Government of Canada:		
- Health Services	\$ 1,052,806	\$ 983,138
Indian and Northern Affairs Canada:		
- Education	142,452	188,316
- Public Works	417,014	366,718
- General Government	43,235	49,006
- Lands, Revenues and Trusts	27,322	30,000
Provincial - Ontario:		
- Economic Development	1,578	
- Education	9,169	4,716
- Health Services	16,151	11,180
Other:		
- Health Services	2,589	5,026
- Economic Development	62,665	65,602
- Public Works	110,077	122,977
- Social Services	73,186	75,518
- General Government	135,189	136,489
- Education	100,972	55,383
- Lands, Revenues and Trusts	<u>273,196</u>	<u>266,897</u>
	<u>\$ 2,466,023</u>	<u>\$ 2,362,544</u>

**5. CONTINGENT LIABILITIES**

The Algonquins of Pikwakanagan, under the guaranteed loan management system, has guaranteed loans obtained by members for the purpose of financing their portion of the housing costs. The total of the guarantees amount to \$ 539,656 (2015 - \$ 1,086,343).

**6. ACCOUNTS RECEIVABLE**

Included in accounts receivable is a balance owing on a mortgage in the amount of \$ 3,469.

**7. INTERFUND TRANSFERS**

The total expenditure of \$ 9,865,911 (2015 - \$ 8,476,796) and total revenue of \$ 9,851,997 (2015 - \$ 9,342,456) includes interfund transfers of \$ 326,570 (2015 - \$ 351,777) (net of transfers to deferred revenue) from the Gaming Distribution Fund along with \$ 141,664 (2015 - \$ 197,105) relating to interfund transfers.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

**8. BUSINESS ENTERPRISES**

a) AOPFN General Partner Inc.:

- AOPFN General Partner Inc. is the general partner for AOPFN Limited Partnership with its head office located on Algonquins of Pikwakanagan First Nation.
- the Algonquins of Pikwakanagan own 100% of the voting shares

- financial position:	<u>2016</u>	<u>2015</u>
- total assets at cost	\$ 193	\$ 129
- total liabilities at cost	15	
- total revenue	64	29
- total expenditures	15	

b) AOPFN Limited Partnership:

- AOPFN Limited Partnership holds interests in other partnerships and is located on Algonquins of Pikwakanagan First Nation.
- 99.99% of the partnership units (limited units) are owned by the Algonquins of Pikwakanagan and 0.01% of the partnership units (general units) are owned by AOPFN General Partner Inc. which is owned 100% by the Algonquins of Pikwakanagan.

- financial position:	<u>2016</u>	<u>2015</u>
- total assets at cost	\$ 672,205	\$ 42,903
- total liabilities at cost	1,067	2,229
- total revenue	697,059	73,192
- total expenditures	66,595	36,251

c) AOPFN HVAC Inc.:

- AOPFN HVAC Inc. holds interests in AOPFN HVAC Limited Partnership and is located on Algonquins of Pikwakanagan First Nation.
- AOPFN Limited Partnership owns 100% of the voting shares

- financial position:	<u>2016</u>	<u>2015</u>
- total assets at cost	\$ 101	\$ 100
- total liabilities at cost	1	1
- total revenue	27	23
- total expenditures	26	24

d) AOPFN HVAC Limited Partnership:

- AOPFN HVAC Limited Partnership operates a heating contracting business located on Algonquins of Pikwakanagan First Nation with contracts being completed on and off the First Nation.
- 99.99% of the partnership units (limited units) are owned by the AOPFN Limited Partnership and 0.01% of the partnership units (general units) are owned by AOPFN HVAC Inc. which is owned 100% by the AOPFN Limited Partnership.

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

- financial position:	<u>2016</u>	<u>2015</u>
- total assets at cost	\$ 65,815	\$ 79,340
- total liabilities at cost	60,488	75,607
- total revenue	256,731	231,256
- total expenditures	255,137	237,521

e) Goshen Solar Inc.:

- Goshen Solar Inc. generates electricity from solar panels and is located in Renfrew County
- During the year, AOPFN Limited Partnership acquired 51% of the voting shares

- financial position:	<u>2016</u>	<u>2015</u>
- total assets at cost	\$ 1,291,452	\$ -
- total liabilities at cost	1,486,145	
- total revenue	76,580	
- total expenditures	268,900	

f) The financial statements of each of the business enterprises are unaudited.

9. MORTGAGES PAYABLE

- a) Loan of \$ 246,181 (2015 - \$ 283,793) at 1.65% interest is repayable in blended monthly payments of \$ 3,501 including principal and interest, is due May 2022 and is renewable 1 June 2017. The amount is guaranteed by the Indian Affairs and Northern Development Canada.
- b) Loan of \$ 560,995 (2015 - \$ 585,134) at a rate of prime plus 1.08% interest is repayable in blended monthly payments of \$ 2,680 including principal and interest, is due July 2035 and is renewable 1 August 2020. The amount is guaranteed by the Indian Affairs and Northern Development Canada.
- c) Loan of \$ 390,982 (2015 - \$ Nil) at a rate of prime plus 1.05% interest is repayable in blended monthly payments of \$ 1,531 including principal and interest, is due May 2040 and is renewable 1 May 2020. The amount is guaranteed by the Indian Affairs and Northern Development Canada.
- d) The amounts repayable over the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 74,837	\$ 23,221	\$ 98,058
2018	76,252	21,806	98,058
2019	77,696	20,362	98,058
2020	79,169	18,889	98,058
2021	80,675	17,383	98,058
	<u>\$ 388,629</u>	<u>\$ 101,661</u>	<u>\$ 490,290</u>

Algonquins of Pikwakanagan

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

10. FUNDED RESERVES (ESTABLISHED UNDER SECTION 95 SOCIAL HOUSING OPERATION)

- a) Operating reserve is established under Section 95 Social Housing Operation program to offset future operating deficits.
- b) The replacement reserve is established for the purpose of replacing items of a capital nature. The replacement reserve account is funded by an annual charge against earnings or approved to an appropriation of surplus. Interest earned and expenditures are charged against the reserve as incurred.

11. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Algonquins of Pikwakanagan by major asset class and by operational division, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

a) Contributed Tangible Capital Assets:

The Algonquins of Pikwakanagan records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. There were no such transactions during the year.

b) Tangible Capital Assets Recognized at Nominal Value:

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such asset is land which has been valued at \$ 1.00 per segment.

c) Section 95 Social Housing Operation:

Amortization for Section 95 Social Housing Operation assets are \$ 74,506 (2015 - \$ 58,188). Current year additions to Section 95 Social Housing Operation assets are \$ 403,737.

d) Equity in Tangible Capital Assets:	<u>2016</u>	<u>2015</u>
Tangible capital assets - net	\$ 7,996,537	\$ 8,070,136
Net long term liabilities	<u>(1,198,158)</u>	<u>(868,927)</u>
Equity in tangible capital assets	<u>\$ 6,798,379</u>	<u>\$ 7,201,209</u>

Algonquins of Pikwakanagan  
Consolidated Financial Statements  
For the year ended 31 March 2016  
Schedules of Revenue and Expenditure  
and Supplementary Financial Information

SCHEDULE I - Economic Development  
SCHEDULE II - Education  
SCHEDULE III - General Government  
SCHEDULE IV - Health Services and Attachment 1  
SCHEDULE V - Lands, Revenues and Trusts  
SCHEDULE VI - Public Works  
SCHEDULE VII - Social Services  
SCHEDULE VIII - Gaming Distribution Fund  
SCHEDULE IX - Salaries, Honoraria and Travel Expenses Paid to Chief and Council  
SCHEDULE X - Salaries, Honoraria, Travel Expenses and Other Remuneration Paid to Administration  
SCHEDULE XI - Schedule of Tangible Capital Assets (Segmented by Asset Class)  
SCHEDULE XII - Schedule of Tangible Capital Assets (Segmented by Function)  
STATEMENT OF - Band Trust Funds

Algonquins of P'ikwakanagan

Economic Development

Schedule of Operations

For the year ended 31 March 2016

SCHEDULE I

Project	Revenue				Total Revenue	Operational Costs	Surplus (Deficit)	INAC Open Deferred
	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario	Other				
<b>Kagita Mikam:</b>								
- Development Officer					\$ 58,659	\$ 58,659	\$ 58,659	
- KM - S (ED03)					8,211	8,211	8,211	
- KM - K (ED04)					10,430	10,430	10,430	
- KM - B (ED08)					2,385	2,385	2,385	
- KM - Skills (ED15)					12,475	12,475	12,475	
INAC:	\$ 10,800	\$ 63,900	\$ 2,310	\$ 3,795	44,838	61,743	61,743	
					5,874	69,774	69,774	
					16,935	44,635	44,680	\$ (45)
OTHER:								
- Summer Students (SET)					95	95	95	
- Service Delivery (FIXED)					43,187	43,187	43,187	
- Youth Experience (FN&Inuit) (SET)					27,359	27,359	27,359	
- Youth Council					6,578	6,578	6,578	
- OPG - Joint Capacity					89,083	89,083	89,083	
- C. Professional Consultation					21,588	21,588	21,588	
- Earthwalkers					1,131	1,131	1,131	
- New Relationship Fund					34,180	34,180	34,180	
- O/M Retail								
- G - Art "N" Music Festival								
- O/M Industrial								
Total before tangible capital assets	\$ 102,400	\$ 2,310	\$ 99,456	\$ 287,347	\$ 491,513	\$ 491,558	\$ (45)	\$ -
Acquisition of tangible capital assets						\$ (38,918)	38,918	
Amortization of tangible capital assets						\$ 81,599	\$ (81,599)	
<b>Total</b>	<b>\$ 102,400</b>	<b>\$ 2,310</b>	<b>\$ 99,456</b>	<b>\$ 287,347</b>	<b>\$ 491,513</b>	<b>\$ 534,239</b>	<b>\$ (42,726)</b>	<b>\$ -</b>

Algonquins of Pikwakanagan

Education

Schedule of Operations

For the year ended 31 March 2016

**SCHEDULE II**

<u>Project</u>	<u>Revenue</u>			<u>Total Revenue</u>	<u>Operational Costs</u>	<u>Surplus (Deficit)</u>	<u>INAC Open Deferred</u>	<u>INAC Close Deferec</u>
	<u>Indian and Northern Affairs Canada</u>	<u>Government of Canada</u>	<u>Province of Ontario</u>					
INAC:								
- Ancillary (FIXED)	\$ 107,042			\$ 41,966	\$ 149,008	\$ 149,008		\$ 8,2
- Management (FIXED)	79,100				79,100	79,100		
- New Paths (After School) (SET)	8,003			2,362	10,365	10,134	231	
- Post Secondary (FIXED)	551,811				551,811	551,811		
- Transportation (FIXED)	217,554				217,554	217,554		
- Tuition (SET)	869,342				869,342	869,342		
- Special ED (SET)	129,142				129,142	129,142		
- Special ED (FTP)							5,486	5,4
OTHER:								
- War Memorial	\$ 42,000					42,000	42,000	
- Cultural					1,002	1,002	1,002	
- Library					5,831	30,799	30,799	
- G-Councillor					45,000	45,000	45,000	
- G-Awards					9,800	9,800	9,800	
- KM-Stay In School (14/15)					11,264	11,264	11,264	
- KM-Stay In School (15/16)					22,646	22,646	22,646	
Total before tangible capital assets	\$ 1,961,994	\$ 42,000	\$ 24,968	\$ 139,871	\$ 2,168,833	\$ 2,168,602	\$ 231	\$ 188,316
Acquisition of tangible capital assets						(63,841)	63,841	
Amortization of tangible capital assets						8,873	(8,873)	
Total	\$ 1,961,994	\$ 42,000	\$ 24,968	\$ 139,871	\$ 2,168,833	\$ 2,113,634	\$ 55,199	\$ 188,316
								\$ 142,4

(See accompanying notes)

Algonquins of Pikwakanagan

General Government

Schedule of Operations

For the year ended 31 March 2016

SCHEDULE III

Project	Revenue			Total Revenue	Operational Costs	Surplus (Deficit)	INAC Open Deferred
	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario				
INAC:							
- BSF/CC (GRANT)	\$ 392,723	\$ -	\$ 130,461	\$ 523,184	\$ 637,756	\$ (114,572)	
- Band Employee Ben. (STAT) (SET)	53,300			53,300	53,300		
- Band Employee Ben. (NON) (FIXED)	22,401			22,401	22,401		
- Self Government (SET)	50,000		\$ 35,000	85,000	85,000		
OTHER:							
- ANR - Flow				556	556	556	
- G - Little NHL				8,875	8,875	8,875	
- C - Remembrance				2,929	2,929	2,929	
- C - Promotional				395	395	395	
- G - Adhoc Awareness				857	857	857	
- G - Land Acquisition				5,595	5,595	5,595	
- G - Microfit Solar				1,514	1,514	1,514	
- G - Cultural/Spiritual				1,642	1,642	1,642	
Total	\$ 518,424	\$ -	\$ 35,000	\$ 152,824	\$ 706,248	\$ 820,820	\$ (114,572) \$ 49,006 \$

(See accompanying notes)



**MACKILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

**ATTACHMENT 1**

**INDEPENDENT AUDITOR'S DERIVATIVE REPORT**

To the Minister of Health,  
c/o Regional Director,  
East Region,  
First Nations and Inuit Health Branch,  
Health Canada.

At the request of the Algonquins of Pikwakanagan First Nation and in accordance with the Reporting and Audit Guidelines established by your department, we have reviewed the financial information contained in The Report on Health Expenditures and in The Report on Moveable Capital Assets Replacement Reserve. This information was found to be consistent with the audited financial statements for the year ended 31 March 2016 which we have reported on without reservation.

We have also reviewed the terms and conditions of your agreement with the Algonquins of Pikwakanagan First Nation and during the course of our audit did not encounter any instances where the terms and conditions were not met. In addition, we have certified that the services of a Medical Officer of Health are available, that nurses are registered with their provincial association and that mandatory reporting concerning immunization and communicable diseases has been completed and sent to the Province.\*

This report is provided solely for the purpose of assisting Health Canada in discharging its responsibilities and should not be referred to or used for any other purpose.

\* NOTE: The mandatory program requirements listed in this opinion may or may not be applicable depending on the programs transferred.

*Mackilligan + Associate*

RENFREW, Ontario.

26 July 2016.

Chartered Professional Accountants,

Licensed Public Accountants.

ALGONQUINS OF PIKWAKANAGAN  
ON-1516-ON-000095  
(Flexible/Set Funding)

2015-2016

STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS/DEFICIT  
FOR PERIOD ENDING 31 MARCH, 2016

**REVENUE**

FNIHB Funding Agreement	
- Flexible (less MCAR)	803520
- Set	225014
- Other	26
	<b><u>1028560</u></b>

**EXPENDITURE**

Flexible Funding Model

- Community Programs - Children and Youth	
Canada Prenatal Nutrition Program	58922
Early Childhood Development	<b><u>29781</u></b>
	<b><u>88703</u></b>
- Community Programs - Mental Health & Addiction	
Brighter Futures	39224
Building Healthier Communities	28856
NNADAP	48301
ELCC	<b><u>116382</u></b>
- Community Programs - Chronic Disease & Injury Prevention	
Aboriginal Diabetes Initiative	35059
- Primary Care	
CHPIIP	58062
Home & Community Care	100762
HCC - Pal Care End of Life	13821
HCC - Chronic one time	1910
Facility	62991
Facility AHS	<b><u>242876</u></b>
- Health Governance and Management	
Management	256454
- Evaluation	
Evaluation	<b><u>0</u></b>
	<b><u>739473</u></b>

Set Funding Model

- Non-Insured Health - Medical Transportation	97933
- Primary - Children's Oral Health	21307
- Health Protection - EH/DWSP	27500
- Health Governance - Pandemic Planning	2000
- Medical transportation - one time vehicle	37158
- Roof	37694
	<b><u>223592</u></b>

**EXCESS REVENUE (EXPENDITURE)**

**65495**

EXPENDITURE LESS - EXPENSES PRIOR CONTRIBUTION AGREEMENT's

0

**0**

LESS - Accounts Payable to Health Canada - Set (1x Vehicle)

**1423**

ACCUMULATED SURPLUS AT BEGINNING OF YEAR

**958152**

ACCUMULATED SURPLUS AT END OF YEAR

**1022224**

HEALTH - MCAR SUMMARY 15/16

ON

	Opening Revenue	Fiscal Allocation	Expense	Balance
--	--------------------	----------------------	---------	---------

4TSF #ON0800446	opening	23576.26			23576.26
ON#1000011	15/16 allocation	0.00	9005.00	2000.00	7005.00

CLOSING BALANCE

30581.26

SCHEDULE V

Algonquins of Pikwakanagan

Lands, Revenues and Trusts

Schedule of Operations

For the year ended 31 March 2016

Project	Revenue			Total Revenue	Operational Costs	Surplus (Deficit)	INAC Open-Deferred
	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario				
INAC:							
- LEM (FIXED)	\$ 51,227	\$ -	\$ -	\$ 26,963	\$ 78,190	\$ 78,190	
- FNLMIA (Pilot) (FIXED)	40,000				40,000	40,000	
- FNLMIA (FIXED)	17,678				17,678	17,678	
OTHER:							
- G - Harvest				\$ 93,628	\$ 93,628	\$ 93,628	
Total before tangible capital assets	\$ 108,905	\$ -	\$ -	\$ 120,591	\$ 229,496	\$ 229,496	\$ 30,000
Amortization of tangible capital assets						2,519	(2,519)
Total	\$ 108,905	\$ -	\$ -	\$ 120,591	\$ 229,496	\$ 232,015	\$ 30,000

(See accompanying notes)

## Algonquins of Pikwakanagan

## Public Works

### Schedule of Operations

For the year ended 31 March 2016

Algonquins of Pikwakanagan

Social Services

Schedule of Operations

For the year ended 31 March 2016

SCHEDULE

Project	Revenue			Total Revenue	Operational Costs	Surplus (Deficit)	INAC Open Deferred
	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario				
<b>INAC:</b>							
- OW - Service Agreement (FIXED)	\$ 32,200	\$ -	\$ 90,800	\$ 123,000	\$ 123,000	\$ -	\$ -
- Day Care (FIXED)	44,600	\$ 228,864	\$ 3,871	277,335	277,335		
- GWA - regular/sole/special (SET)	19,274	230,828		250,102	250,102		
- NCB (SET)	12,200		1,209	13,409	13,409		
<b>OTHER:</b>							
- OW - transitional support			48,400	48,400	48,400		
- Childrens Mental Health		21,000		21,000	21,000		
- G - Generator			149	149	149	149	
- ASETS			64,614	64,614	64,614	64,614	
- Day Care Wage Enhancement		13,353		13,353	13,353	13,353	
- DC - Health & Safety		3,012		3,012	3,012	3,012	
- AHWS			30,091	30,091	30,091	30,091	
- RCC Initiative			3,168	3,168	3,168	3,168	
- FVP			12,406	12,406	12,406	12,406	
- Prevention			153,568	153,568	153,568	153,568	
- Foster (O&M)			13,089	13,089	13,089	13,089	
- D/C - Capacity Funding		11,322		11,322	11,322	11,322	
- D/C - Transformational Funding		82,900		82,900	82,900	82,900	
- D/C - Special Needs Resourcing		44,900		44,900	44,900	44,900	
- G - Day Care Language			47,356	47,356	47,356	47,356	
<b>Total before tangible capital assets</b>							
<b>Amortization of tangible capital assets</b>							
\$ 108,274	\$ -	\$ 928,947	\$ 175,953	\$ 1,213,174	\$ 1,213,174	\$ -	\$ -
						32,639	(32,639)

Algonquins of Pikwakanagan

Gaming Distribution Fund

Schedule of Operations

For the year ended 31 March 2016

SCHEDULE VIII

Project	Indian and Northern Affairs Canada	Government of Canada	Province of Ontario	Other	Total Revenue	Total Operational Costs	Current Year Surplus (Deficit)
							Revenue
Funding	\$ -	\$ -	\$ -	\$ 1,146,658	\$ 1,146,658		
Program Development Expenses:							
- Community Development						\$ 237,832	
- Education, Bursaries and Awards						9,000	
- Language and Culture						247,701	
- Economic Development						659,500	
Total	\$ -	\$ -	\$ -	\$ 1,146,658	\$ 1,146,658	\$ 1,154,033	\$ (7,375)

(See accompanying notes)

SCHEDULE IX

Algonquins of Pikwakanagan

Schedule of Salaries, Honoraria and Travel Expenses Paid to

Chief and Council

For the year ended 31 March 2016

Name of Individual Chief/Council <u>Member</u>	Number of <u>Months</u>	Salaries and <u>Honoraria</u>	Travel <u>Expenses</u>	Bonuses	Pension	Health	Total
Kirby Whiteduck	12	\$ 19,000	\$ 12,211	\$ -	\$ -	\$ -	\$ 31,211
Daniel Kohoko	12		12,590				12,590
Sherrilyn Sarazin	12		3,189				3,189
Clifford Meness	12		5,570				5,570
H. Jerrow Lavallee	12		5,464				5,464
James Méness	12	714	3,767				4,481
Ronald Bernard	12		3,104				3,104

(See accompanying notes)

SCHEDULE X

Algonquins of Pikwakanagan

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration Paid to

Administration

For the year ended 31 March 2016

<u>Employee</u>	<u>Salary Range</u>			<u>Travel</u>	<u>Bonuses</u>	<u>Pension</u>	<u>Health</u>	<u>Number of Months</u>
	<u>From</u>	<u>To</u>						
Christine Lightbody	\$ 48,544	\$ 60,682		\$ 3,685	\$ -	\$ 3,090	\$ 1,071	12
Merv Sarazin	48,544	60,682		4,302		3,418	1,408	12
Danny Sarazin	48,544	60,682		3,010		2,574	402	12
Teresa M. Kohoko	48,544	60,682		4,512		3,418	1,471	12
Maureen Kauffeldt	48,544	60,682		4,250		3,621	1,024	12
Catherine Bernard	53,205	66,503		2,892		3,746	1,711	12
Vicky Two-Axe	51,972	64,965		2,207		3,897	1,405	12
Della Meness	48,544	60,682		7,287		2,734		12

Note - Salary range has remained the same however cost of living increases have been granted to employees.

(See accompanying notes)

## SCHEDULE XI

Algonquins of PikwakanaganSchedule of Tangible Capital Assets

As at 31 March 2016

(with 2015 figures for comparison)

Segmented by asset class:	Balance at 31 March 2015	Additions	Disposals, write-offs and adjustments	Balance at 31 March 2016
Cost				
Land	\$ 407,424			\$ 407,424
Land improvements	199,682			199,682
Buildings	10,773,326	\$ 147,364		10,920,690
Machinery and equipment	1,054,300	34,225		1,088,525
Vehicles	259,717	42,324	\$ (35,263)	266,778
Linear assets	1,491,152	229,324		1,720,476
Capital work in progress	28,000	29,616		57,616
Total	\$ 14,213,601	\$ 482,853	\$ (35,263)	\$ 14,661,191

Accumulated amortization	Balance at 31 March 2015	Amortization	Disposals, write-offs and adjustments	Balance at 31 March 2016
Land improvements	\$ 118,237	\$ 9,906		\$ 128,143
Buildings	4,840,389	381,480		5,221,869
Machinery and equipment	598,878	67,567		666,445
Vehicles	114,271	24,864	\$ (21,159)	117,976
Linear assets	471,690	58,531		530,221
Total	\$ 6,143,465	\$ 542,348	\$ (21,159)	\$ 6,664,654

Net book value	Balance at 31 March 2015	Balance at 31 March 2016
Land	\$ 407,424	\$ 407,424
Land improvements	81,445	71,539
Buildings	5,932,937	5,698,821
Machinery and equipment	455,422	422,080
Vehicles	145,446	148,802
Linear assets	1,019,462	1,190,255
Capital work in progress	28,000	57,616
Total	\$ 8,070,136	\$ 7,996,537

(See accompanying notes)

Algonquins of Pikwakanagan  
Schedule of Tangible Capital Assets  
As at 31 March 2016  
 (with 2015 figures for comparison)

Segmented by function:	Cost	Balance at 31 March 2015	Additions	Disposals, write-offs and adjustments	Balance at 31 March 2016
Economic development	\$ 2,039,953	\$ 38,918			\$ 2,078,871
Education	143,190	63,841			207,031
Health services	2,427,710	111,183	\$ (35,263)		2,503,630
Lands, revenues and trusts	445,209				445,209
Public works	8,341,559	268,911			8,610,470
Social services	<u>815,980</u>				<u>815,980</u>
Total	<u>\$ 14,213,601</u>	<u>\$ 482,853</u>	<u>\$ (35,263)</u>		<u>\$ 14,661,191</u>
Accumulated amortization		Balance at 31 March 2015	Amortization	Disposals, write-offs and adjustments	Balance at 31 March 2016
Economic development	\$ 244,797	\$ 81,599			\$ 326,396
Education	26,636	8,873			35,509
Health services	1,189,976	119,284	\$ (21,159)		1,288,101
Lands, revenues and trusts	2,519	2,519			5,038
Public works	4,115,131	297,434			4,412,565
Social services	<u>564,406</u>	<u>32,639</u>			<u>597,045</u>
Total	<u>\$ 6,143,465</u>	<u>\$ 542,348</u>	<u>\$ (21,159)</u>		<u>\$ 6,664,654</u>
Net book value				Balance at 31 March 2015	Balance at 31 March 2016
Economic development			\$ 1,795,156	\$ 1,752,475	
Education			116,554	171,522	
Health services			1,237,734	1,215,529	
Lands, revenues and trusts			442,690	440,171	
Public works			4,226,428	4,197,905	
Social services			<u>251,574</u>	<u>218,935</u>	
Total			<u>\$ 8,070,136</u>	<u>\$ 7,996,537</u>	

(See accompanying notes)

Algonquins of Pikwakanagan

Statement of Band Trust Funds

For the year ended 31 March 2016

	<u>Capital</u>	<u>Revenue</u>
Balance 1 April 2015	\$ 237	\$ 5,306
Addition:		
Interest	—	117
Balance 31 March 2016	<u>\$ 237</u>	<u>\$ 5,423</u>

(See accompanying notes)