

**Ojibways of the Pic River First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2014

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## Ojibways of the Pic River First Nation Management's Responsibility for Financial Reporting

March 31, 2014

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The accompanying consolidated financial statements of Ojibways of the Pic River First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles for governments in Canada. Financial statements are not precise since they include certain amounts based on estimates and 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 First Nation maintains systems of internal control and administrative controls of quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Council, composed of council members, reviews the First Nation's consolidated financial statements and recommends their approval. The Council 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 its responsibilities, and to review the annual report, the consolidated financial statements, and the external auditors' report. The Council also considers, for review and approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to Council.



Chief



Councillor

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## Independent Auditor's Report

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### To the Members Ojibways of the Pic River First Nation

We have audited the accompanying consolidated financial statements of the Ojibways of the Pic River First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 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 generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 an audit to obtain reasonable assurance whether the consolidated financial statements are free of 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 risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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## Independent Auditor's Report (cont'd)

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### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ojibways of the Pic River First Nation as at March 31, 2014, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

*BDO Canada LLP*

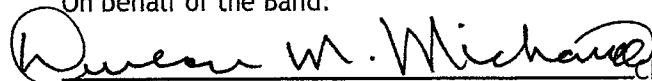
Chartered Accountants, Licensed Public Accountants

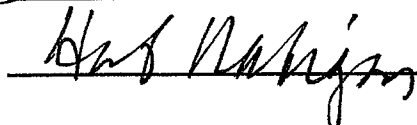
Thunder Bay, Ontario  
September 2, 2014

**Ojibways of the Pic River First Nation  
Consolidated Statement of Financial Position**

March 31	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents	\$ 266,141	\$ 609,791
Short term investments (Note 2)	312,558	308,547
Accounts receivable (Note 3)	1,870,103	685,471
Trust funds held by federal government (Note 4)	31,640	30,858
Due from government and other government organizations (Note 5)	541,322	355,699
Due from band members and employees (Note 6)	120,343	123,905
Due from Pic River Development Corporation	80,565	90,953
Due from Twin Falls Limited Partnership	225,000	225,000
Investments in government business enterprises (Note 7)	2,183,204	1,976,489
	<u>5,630,876</u>	<u>4,406,713</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	829,271	657,012
Due to government and other government organizations (Note 9)	694,937	674,648
Demand and term loans (Note 10)	6,260,056	6,855,676
Deferred revenue (Note 11)	85,661	-
	<u>7,869,925</u>	<u>8,187,336</u>
<b>Net debt</b>	<u>(2,239,049)</u>	<u>(3,780,623)</u>
<b>Non-financial assets</b>		
Prepaid expenses	180,794	164,562
Tangible capital assets (Note 12)	14,502,372	15,029,499
	<u>14,683,166</u>	<u>15,194,061</u>
<b>Accumulated surplus (Note 13)</b>	<u>\$ 12,444,117</u>	<u>\$ 11,413,438</u>

On behalf of the Band:

 Chief

 Councilor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Ojibways of the Pic River First Nation  
Consolidated Statement of Operations  
and Accumulated Surplus**

For the year ended March 31	Budget 2014	2014	2013
<b>Revenue</b>			
Federal government transfers (Note 20)	\$ 4,571,942	\$ 5,332,998	\$ 5,744,323
Provincial government transfers (Note 20)	989,758	1,166,360	1,139,591
Ontario First Nation Limited Partnership	600,000	686,436	690,148
Biidaaban Healing Lodge	-	668,352	684,050
Rent	611,768	626,596	628,882
Umbata Falls	2,586,701	3,888,106	2,075,969
Williams Operating Corporation	2,007,758	1,580,020	2,189,936
Other	1,148,570	884,723	723,068
	<u>12,516,497</u>	<u>14,833,591</u>	<u>13,875,967</u>
<b>Expenses</b>			
Administration	2,263,252	2,344,795	2,709,818
Capital Projects	1,673,538	1,949,781	2,139,326
Economic Development	2,253,469	1,811,672	2,013,710
Education	2,994,957	3,129,783	2,525,618
Energy	1,771,356	1,790,028	795,622
Health Services	959,872	1,985,093	1,936,955
Social Services	280,668	791,760	793,155
	<u>12,197,112</u>	<u>13,802,912</u>	<u>12,914,204</u>
Surplus for the year	319,385	1,030,679	961,763
Accumulated surplus, beginning of year	11,413,438	11,413,438	10,451,675
Accumulated surplus, end of year (Note 13)	<u>\$ 11,732,823</u>	<u>\$ 12,444,117</u>	<u>\$ 11,413,438</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Ojibways of the Pic River First Nation  
Consolidated Statement of Changes in Net Debt**

For the year ended March 31	Budget 2014	2014	2013
	(Note 19)		
Surplus for the year	\$ 319,385	\$ 1,030,679	\$ 961,763
Acquisition of tangible capital assets	-	(42,741)	-
Amortization of tangible capital assets	481,032	569,868	565,594
	800,417	1,557,806	1,527,357
Change in prepaid expenses	-	(16,232)	117,528
Change in net debt	800,417	1,541,574	1,644,885
Net debt, beginning of year	(3,780,623)	(3,780,623)	(5,425,508)
Net debt, end of year	\$ (2,980,206)	\$ (2,239,049)	\$ (3,780,623)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Ojibways of the Pic River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2014	2013
<b>Cash flows from operating activities</b>		
Surplus for the year	\$ 1,030,679	\$ 961,763
Items not involving cash		
Amortization of tangible capital assets	569,868	565,594
Twin Falls Limited Partnership, (income) loss	(123,383)	147,480
	<u>1,477,164</u>	<u>1,674,837</u>
Change in non-cash working capital items		
Due from band members and employees	3,562	(50,880)
Accounts receivable	(1,184,632)	(327,830)
Trust funds held by federal government	(782)	-
Due from government and other government organizations	(185,623)	-
Prepaid expenses	(16,232)	117,528
Accounts payable and accrued liabilities	172,259	89,359
Due to government and other government organizations	20,289	-
Deferred revenue	85,661	-
	<u>(1,105,498)</u>	<u>1,503,014</u>
<b>Cash flows from financing activities</b>		
Advances (repayment) of demand loans	200,000	(620,000)
Term debt advances	-	541,999
Repayment of term debt	(795,620)	(1,292,193)
	<u>(595,620)</u>	<u>(1,370,194)</u>
<b>Cash flows from investing activities</b>		
Purchase (redemption) of investments in government business enterprises	-	247,480
Equity Income in Twin Falls Limited Partnership	(83,333)	(147,480)
Acquisition of capital assets	(42,741)	-
Increase in short term investments	(4,010)	(5,604)
Repayments from (advances to) Pic River Development Corporation	10,388	(45,260)
	<u>(119,696)</u>	<u>49,136</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(343,650)</u>	<u>181,956</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>609,791</u>	<u>427,835</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 266,141</u>	<u>\$ 609,791</u>
<b>Supplementary cash flow information</b>		
Interest received in the year	\$ 4,011	\$ 5,604
Interest paid in the year	\$ 437,281	\$ 250,426

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 1. Significant Accounting Policies

<b>Accounting Principles</b>	The financial statements of the Ojibways of the Pic River First Nation are the representation of management prepared in accordance with principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by Aboriginal Affairs and Northern Development Canada (AANDC).
<b>Reporting Entity</b>	<p>The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all related entities accountable for the administration of their financial affairs and resources to the Ojibways of the Pic River First Nation and which are owned or controlled by the First Nation. These financial statements include:</p> <p style="margin-left: 40px;">1698315 Ontario Inc. Begetekong Trust</p> <p>Inter-entity transactions and balances have been eliminated with the exception of loans or advances between reserve funds and any other fund of the First Nation and the resulting interest income and expenditures.</p>
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.
<b>Revenue Recognition</b>	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 1. Significant Accounting Policies (Cont'd)

**Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Computer equipment	- 3 years
Equipment	- 10 years
Furniture and fixtures	- 10 years
Vehicles	- 10 years
Buildings	- 20 years
Housing Assets	- 50 years
Other - Capital	- 20 years
Infrastructure	- 20-75 years

**Long Term Investments** The First Nation records its long term investments in the following manner:

Investments fully controlled by the First Nation are consolidated.

Investments in Government Business Enterprises are recorded using the modified equity method.

All other long term investments are recorded at the lower of cost and net realizable value.

Umbata Falls Hydro Electric Projects, Twin Falls Limited Partnership, Begetekong Power Corporation and Kagiano Power Corporation are considered Government Business Enterprises and are recorded using the modified equity method.

**Replacement Reserves** Under the terms of agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve for housing is to be credited in varying amounts annually until it accumulates to the maximum amount plus accumulated interest. These funds along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation.

The First Nation has also established reserve funds for new school capital, computer replacements, health services vehicle and for the construction of a new health centre. Annual determinations of amounts to be set aside in these reserve funds are approved by Chief and Council.

## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 2. Short term investments

	2014	2013
Non-redeemable guaranteed investment certificate, interest at 1.30% per annum, maturing November 2014	\$ 312,558	\$ 308,547

### 3. Accounts Receivable

	2014	2013
Anishinabek Employment and Training Services	2,849	21,629
Dilico	53,337	13,564
Other receivables	6,594	1,935
Links2Care	-	9,288
Nokiiwin Tribal Council	55,525	-
Northern Ontario School of Medicine	-	2,000
Stillwater Canada Ltd.	-	75,000
Union of Ontario Indians	18,754	21,800
William's Operating Corporation	167,600	212,262
Umbata Falls Limited Partnership	1,565,444	327,993
	\$ 1,870,103	\$ 685,471

### 4. Trust Funds Held by Federal Government

	March 31, 2013	Additions 2014	Withdrawals 2014	March 31, 2014
Revenue	\$ 29,975	\$ 782	\$ -	\$ 30,757
Capital	883	-	-	883
	\$ 30,858	\$ 782	\$ -	\$ 31,640

The trust funds arise from monies 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.

**Ojibways of the Pic River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

**5. Due from Government and Other Government Organizations**

	2014	2013
Federal government		
Aboriginal Affairs and Northern Development Canada	\$ 427,502	\$ 130,772
Canada Mortgage and Housing Corporation	-	77,016
HST	56,419	34,646
Health Canada	5,154	59,405
Parks Canada	10,922	-
Provincial government		
Ministry of Community & Social Services	23,977	39,349
Ministry of Environment	5,800	-
Ontario Financial Services	-	15,885
Ontario Ministry of Health	14,310	-
Ontario Ministry of Natural Resources	(2,762)	(1,374)
	<b>\$ 541,322</b>	<b>\$ 355,699</b>

**6. Due from Band Members and Employees**

	2014	2013
Rents receivable	\$ 250,302	\$ 201,754
Allowance for doubtful accounts	(127,287)	(83,908)
	123,015	117,846
General	(2,672)	6,059
	<b>\$ 120,343</b>	<b>\$ 123,905</b>

# Ojibways of the Pic River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 7. Investments in Government Business Enterprises

Pic River First Nation owns 51% of Umbata Falls Limited Partnership, and 97% Twin Falls Limited Partnership.

Pic River First Nation's investments in government business enterprises consist of the following:

	2014	2013
Kagiano Power Corporation	151,101	151,101
Twin Falls Limited Partnership	2,032,103	1,825,388
	<u>\$ 2,183,204</u>	<u>\$ 1,976,489</u>

The following table presents condensed financial information for these commercial enterprises:

	2014	2013
Cash	\$ 2,209,805	\$ 1,649,217
Accounts receivable	2,010,780	1,497,699
Tangible capital assets	50,385,991	52,888,586
Other assets	6,007,954	6,089,785
<b>Total assets</b>	<u>\$ 60,614,530</u>	<u>\$ 62,125,287</u>
Accounts payable	\$ 416,273	\$ 293,865
Long-term debt	50,926,400	51,199,564
Other liabilities	3,252,113	9,175,325
<b>Total liabilities</b>	<u>54,594,786</u>	<u>60,668,754</u>
Equity	<u>6,019,744</u>	<u>1,456,443</u>
<b>Total liabilities and equity</b>	<u>\$ 60,614,530</u>	<u>\$ 62,125,197</u>
Revenue	\$ 13,306,356	\$ 9,906,269
Unrealized gain on financial instrument	4,693,534	-
	<u>17,999,890</u>	<u>9,906,269</u>
Expenses	<u>6,730,915</u>	<u>6,810,015</u>
<b>Net income</b>	<u>\$ 11,268,975</u>	<u>\$ 3,096,254</u>

## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 7. Investments in Government Business Enterprises (cont'd)

The government business enterprises are related to the generation of hydroelectricity.

In July 2009, the Band acquired approximately 69% of the remaining partnership interests in the Twin Falls Limited Partnership (Twin Falls) to bring its ownership interest to approximately 90%. In February 2014, the Band acquired 5 special B units of the Partnership from Pic River Development Corporation, bringing its ownership interest to approximately 97%. The remaining interest is owned by both a non-arm's length and arm's length party.

Twin Falls Limited Partnership was formed to carry on the business of constructing and operating a hydro electric project. The latest financial statements available for the partnership are for the year ended December 31, 2013. Twin Falls Limited Partnership realized net income for the year ended December 31, 2013 totaling \$133,647 (loss in 2012 - \$163,377). The Band recorded their proportionate share of the income, limited to the amount of investment in the Limited Partner Units which amounted to \$123,383 (loss in 2012 - \$147,480).

The Band has guaranteed that Twin Falls Limited Partnership's hydrology cash and maintenance reserve funds will remain funded to prescribed amounts of \$400,000 and \$100,000, respectively. As at December 31, 2013, these reserves were funded to a level of \$370,000 and \$100,000, respectively, and as a result, Twin Falls Limited Partnership's financial institution has the right to call for the additional capital from the Band. Subsequent to year end, an amendment to the externally imposed capital requirement was made relating to the reserve funds. For the fiscal year ending December 31, 2014, a security interest in the sum of \$400,000 is to be kept in reserve for a Hydrology/Maintenance Cash Reserve Fund.

The Band has a 51% interest in the Umbata Falls Limited Partnership with the remaining interest being owned by arm's length parties. No monies have been contributed by the Band to this Limited Partnership as all startup costs are to be paid by the 49% interest parties. The Band has no liability relating to the Umbata Falls Limited Partnership, which has accumulated losses as at December 31, 2013 amounting to \$7,406,733 (2012 - \$11,864,599). The net income for the Limited Partnership for the year ended December 31, 2013 was \$11,135,328 (2012 - net income of \$3,259,631). Future earnings will be recorded once the Limited partnership earnings exceed accumulated losses.

The Band has pledged its limited partnership units in Umbata Falls Limited Partnership as security for debt held by Umbata Falls Limited Partnership.

### 8. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 738,136	\$ 561,842
Accrued salaries and benefits payable	7,786	27,756
Other accrued liabilities	83,349	67,414
	<b>\$ 829,271</b>	<b>\$ 657,012</b>

**Ojibways of the Pic River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

**9. Due to Government and Other Government Organizations**

	2014	2013
Federal government	\$ 694,937	\$ 674,648

**10. Demand and Term Loans**

	2014	2013
Toronto-Dominion Bank operating loan	\$ 200,000	\$ -
Royal Bank Phase III and 8 unit housing loans, repayable \$2,024 per month, including interest at 6.00%, renewed in February 2014	165,283	179,328
Royal Bank Phase II and 8 unit housing loan, repayable \$2,482 per month, including interest at 3.75%, renewed in November 2013	219,826	241,010
Royal Bank Phase I housing loans, repayable \$2,570 per month, including interest at 3.75%, renewed in February 2014	171,458	195,424
Royal Bank Police building and six plex loans, due on demand, repayable \$4,193 per month, including interest at 6.0%, maturing October 2014 and June 2015	322,539	352,479
CMHC Mortgage, guaranteed by AANDC, secured by buildings, repayable \$11,324 monthly, including interest at 1.67%, maturing March 2019	652,393	772,449
TD Mortgage, guaranteed by AANDC, secured by buildings, repayable \$12,389 monthly, including interest at 4.04%, maturing February 2017	408,461	537,908
Royal Bank term loan, secured by a general security agreement covering certain assets, repayable \$24,260 monthly, including interest at 1.75%, renewed in November 2013	606,788	867,633
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$4,587 monthly, plus interest at 1.67%, maturing 2032	856,831	897,325
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$1,641 monthly, including interest at 2.11%, maturing 2033	317,619	329,757
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$1,753 monthly, including interest at 2.11%, maturing 2033	338,154	351,341
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$7,272 monthly, including interest at 3.13%, maturing 2025	824,469	885,286
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$5,225 monthly, including interest at 2.37%, maturing 2026	671,714	718,095
Carryforward	\$ 5,755,535	\$ 6,328,035

## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 10. Demand and Term Loans (cont'd)

Carryforward	\$ 5,755,535	\$ 6,328,035
CMHC Mortgage, guaranteed by AANDC, secured by building, repayable \$2,615 monthly, including interest at 1.61%, maturing 2032	504,521	527,641
	<u>\$ 6,260,056</u>	<u>\$ 6,855,676</u>

Royal Bank demand loans are secured by a general security agreement covering certain assets and an assignment of rents in the amount of \$200,000.

Principal payments due in the five years and thereafter are as follows:

Year	Amount
2015	\$ 747,425
2016	558,916
2017	563,335
2018	440,894
2019	453,486
Thereafter	3,496,000
	<u>\$ 6,260,056</u>

### 11. Deferred Revenue

	Balance March 31 2013	Funding Received 2014	Revenue Recognized 2014	Balance March 31 2014
<b>Federal Government</b>				
Post Secondary - AANDC	\$ -	\$ 644,190	\$ 621,109	\$ 23,081
School Maintenance - AANDC	-	139,843	114,348	25,495
School Minor Capital - AANDC	-	14,166	7,081	7,085
Primary Health Care/Mental Wellness - Health Canada	-	142,833	112,833	30,000
	<u>\$ -</u>	<u>\$ 941,032</u>	<u>\$ 855,371</u>	<u>\$ 85,661</u>



**Ojibways of the Pic River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**12. Tangible Capital Assets**

	Land	Housing Assets	Commercial Buildings	Furniture and Fixtures	Equipment	Vehicles	Infrastructure	Other	Total
									2014
Cost, beginning of year	\$ 110,749	\$ 15,344,785	\$ 4,512,125	\$ 734,983	\$ 176,479	\$ 559,523	\$ 2,615,132	\$ 567,130	\$ 24,620,906
Acquisition	-	-	-	-	42,741	-	-	-	42,741
Cost, end of year	110,749	15,344,785	4,512,125	734,983	219,220	559,523	2,615,132	567,130	24,663,647
Accumulated amortization, beginning of year	-	4,758,960	1,910,171	584,039	71,680	494,602	1,204,825	567,130	9,591,407
Amortization	-	305,983	90,242	73,498	21,922	38,730	39,493	-	569,868
Accumulated amortization, end of year	-	5,064,943	2,000,413	657,537	93,602	533,332	1,244,318	567,130	10,161,275
Net carrying amount, end of year	\$ 110,749	\$ 10,279,842	\$ 2,511,712	\$ 77,446	\$ 125,618	\$ 26,191	\$ 1,370,814	\$ -	\$ 14,502,372

**Ojibways of the Pic River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

**12. Tangible Capital Assets (cont'd)**

	Land	Housing Assets	Commercial Buildings	Furniture and Fixtures	Equipment	Vehicles	Infrastructure	Other	Total
									2013
Cost, beginning of year	\$ 110,749	\$ 15,344,785	\$ 4,512,125	\$ 734,983	\$ 176,479	\$ 559,523	\$ 2,615,132	\$ 567,130	\$ 24,620,906
Cost, end of year	110,749	15,344,785	4,512,125	734,983	176,479	559,523	2,615,132	567,130	24,620,906
Accumulated amortization, beginning of year	-	4,452,978	1,819,928	510,541	54,032	455,872	1,165,332	567,130	9,025,813
Amortization	-	305,982	90,243	73,498	17,648	38,731	39,492	-	565,594
Accumulated amortization, end of year	-	4,758,960	1,910,171	584,039	71,680	494,603	1,204,824	567,130	9,591,407
Net carrying amount, end of year	\$ 110,749	\$ 10,585,825	\$ 2,601,954	\$ 150,944	\$ 104,799	\$ 64,920	\$ 1,410,308	\$ -	\$ 15,029,499

**Ojibways of the Pic River First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**13. Accumulated Surplus**

The First Nation segregates its accumulated surplus in the following categories:

	<u>2014</u>	<u>2013</u>
<b>Internally Restricted</b>		
Reserve for School (Note 14)	\$ 69,109	\$ 69,109
Reserve for Computing Resources (Note 14)	(5,059)	3,941
Reserve for Health Services Vehicle (Note 14)	37,500	37,500
Reserve for New Health Centre (Note 14)	600,000	500,000
	<u>701,550</u>	<u>610,550</u>
<b>Externally Restricted</b>		
Subsidy Surplus Reserve (Note 15)	10,000	10,000
Reserve for Pre-1997 Housing (Note 14)	249,296	246,780
Reserve for Post-1997 Housing (Note 14)	179,742	145,692
	<u>439,038</u>	<u>402,472</u>
 <b>Unrestricted Surplus</b>	 <u>\$ 11,303,529</u>	 <u>\$ 10,400,416</u>
 <b>Accumulated surplus at end of year</b>	 <u>\$ 12,444,117</u>	 <u>\$ 11,413,438</u>

Reserve funds represent funds set aside by council resolution for specific purposes.

## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

**March 31, 2014**

### 14. Replacement Reserves

	2014						2013
	Pre-1997 Housing	Post-1997 Housing	School	Computer	Health Van	Clinic Capital	Total
Balance, beginning of year	\$ 246,780	\$ 145,692	\$ 69,109	\$ 3,941	\$ 37,500	\$ 500,000	\$ 1,003,022
Allocation for the year	16,100	41,150	-	-	-	100,000	157,250
Expenditures	(13,584)	(7,100)	-	(9,000)	-	-	(29,684)
Balance, end of year	\$ 249,296	\$ 179,742	\$ 69,109	\$ (5,059)	\$ 37,500	\$ 600,000	\$ 1,130,588

The Health Van and Clinic Capital Reserves have been funded by Health and Welfare Canada through the Health Services Fund.

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Replacement Reserve for housing is to be credited in the amount of \$16,100 annually until it accumulates to the maximum of \$161,000 plus accumulated interest. These funds along with accumulated interest, must be held in separate bank accounts and may only be used as approved by Canada Mortgage and Housing Corporation. As at March 31, 2014, the replacement reserves have not been funded.

The First Nation has also established reserve funds for new school capital, computer replacements, health services vehicle and for the construction of a new health centre. Annual determinations of amounts to be set aside in these reserve funds are approved by Chief and Council.

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**Ojibways of the Pic River First Nation  
Notes to Consolidated Financial Statements**

**March 31, 2014**

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**15. Subsidy Surplus Reserve**

	2014	2013
	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Balance, beginning and end of year		

Under the terms of agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. These funds, along with accumulated interest must be retained in separate bank accounts. The funds in this account may only be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess assistance during a year may be transferred to other projects owned by the Band requiring additional assistance. As at March 31, 2014, the required funds have not been set aside in a separate bank account.

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**16. Economic Dependence**

The Organization is dependent upon subsidy payments from various government agencies to finance its continuing operations.

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**17. Pension Plan**

The Band has a defined contribution pension plan covering all employees. The employees contribute 5% of their earnings to the plan and the Band matches their contribution. Employees may also increase the size of their pension investment by making voluntary contributions by payroll deduction subject to the limit specified in the Income Tax Act (Canada). The expense to the Band included in wages and benefits for the year was \$132,607 (2013 - \$136,726).

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## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

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### 18. Contingent Liability

The First Nation is contingently liable to Aboriginal Affairs and Northern Development Canada or any other funding agency for any expenditure it may have made in contravention of the contribution agreements. The likelihood and amounts, if any, cannot be reasonably determined.

The First Nation has also guaranteed the bank loan of Pic River Development Corporation up to an amount of \$250,000. The balance of the loan was \$130,000 as at March 31, 2014.

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### 19. Budgeted Figures

Budget figures have been provided for comparison purposes and have been derived from estimates approved by Chief and Council for the year ended March 31, 2014. The First Nation prepares its budget on a program by program basis. The following is a summary of the approved budget surplus (deficits) per program area for the year ended March 31, 2014:

Administration	\$ (651,912)
Education	17,726
Health	(11,793)
Social Services	(14,332)
Daycare	-
Housing	(57,255)
Economic Development	(5,394)
Energy	1,042,345
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Budget surplus, for the year	\$ 319,385
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## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

### 20. Government Transfers

	Operating	Capital	2014 Total	Operating	Capital	2013 Total
Federal						
AANDC	\$ 3,563,823	\$ -	\$ 3,563,823	\$ 3,934,350	\$ -	\$ 3,934,350
CMHC	344,220	-	344,220	376,639	-	376,639
Health						
Canada	1,278,973	51,532	1,330,505	1,407,753	-	1,407,753
Parks						
Canada	14,962	-	14,962	14,993	-	14,993
Canada						
Revenue						
Agency	79,488	-	79,488	10,588	-	10,588
	<u>\$ 5,281,466</u>	<u>\$ 51,532</u>	<u>\$ 5,332,998</u>	<u>\$ 5,744,323</u>	<u>\$ -</u>	<u>\$ 5,744,323</u>
Provincial						
MAA	\$ 80,000	\$ -	\$ 80,000	\$ 40,000	\$ -	\$ 40,000
MCSS	732,660	-	732,660	597,840	-	597,840
MOH	80,823	-	80,823	110,699	-	110,699
MNDM	3,612	-	3,612	1,458	-	1,458
MOE	162,438	-	162,438	-	-	-
MNR	-	-	-	16,500	-	16,500
MTO	14,790	-	14,790	14,790	-	14,790
OEB	40,751	-	40,751	-	-	-
OFS	-	-	-	15,885	-	15,885
OLS	15,287	-	15,287	-	-	-
OPA	-	-	-	272,852	-	272,852
OSS	-	-	-	2,561	-	2,561
OTF	36,000	-	36,000	36,000	-	36,000
POO	-	-	-	31,006	-	31,006
	<u>\$ 1,166,361</u>	<u>\$ -</u>	<u>\$ 1,166,360</u>	<u>\$ 1,139,591</u>	<u>\$ -</u>	<u>\$ 1,139,591</u>

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## Ojibways of the Pic River First Nation Notes to Consolidated Financial Statements

March 31, 2014

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### 21. Segmented Information

The Ojibways of the Pic River First Nation is a diversified government institution that provides a wide range of services to its members, including administration, medical and other health services, education, capital, infrastructure maintenance and other services. 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, restrictions or limitations.

Services are provided by several departments and their activities are reported in these funds. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

#### **Administration**

The Administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities of Chief and Council.

#### **Education**

The Education department provides public services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department provides sponsorship to students attending post secondary institutions.

#### **Social Services**

Social Services administers assistance payments as well as providing services directed towards members.

#### **Health Services**

Health Services contains activities that provide medical services to band members. Furthermore, the community wellness department provides a diverse bundle of services directed towards transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

#### **Capital Projects**

Capital Projects contains all activities that relate to the maintenance of the First Nation's buildings and land and the provision of housing and repairs and maintenance to band members' housing.

#### **Energy**

Energy contains all activities that relate to the management of the First Nation's power production investments.

#### **Economic Development**

The Economic Development department provides a wide array of activities to further support the development and progressively enhance the First Nation's economy and community.

For each reported segment, revenues and expenses include 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, including transfers that have been appointed based on a percentage of budgeted expenses.

The accounting policies used in the segments are consistent with those followed in preparation of the financial statements as disclosed in the summary of significant accounting policies.





# Ojibways of the Pic River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 21. Segmented Information (cont'd)

	For the year ended March 31, 2013											Total
	Administration	Education	Services	Services	Projects	Development	Energy					
Revenue												
Federal Transfers	\$ 594,750	\$ 2,259,896	\$ 155,602	\$ 1,407,753	\$ 1,104,817	\$ 212,320	\$ 9,185	\$ 5,744,323				
Provincial Transfers	87,781	280,391	445,869	-	14,790	39,744	271,016	1,139,591				
Ontario First Nations Limited Partnership	690,148	-	-	-	-	-	-	690,148				
Other	194,236	85,281	110,468	746,132	122,129	2,351,460	2,063,317	5,673,023				
Rent	-	10,240	1,716	-	581,926	35,000	-	628,882				
Total Revenue	\$ 1,566,915	\$ 2,635,808	\$ 713,655	\$ 2,153,885	\$ 1,823,662	\$ 2,638,524	\$ 2,343,518	\$ 13,875,967				
Expenses												
Advertising and promotion	\$ 6,574	\$ 3,432	\$ 2,205	\$ 2,826	\$ 1,984	\$ 1,397	\$ 110	\$ 18,528				
Allocated services	(201,638)	22,333	-	94,152	(15,000)	100,153	-	-				
Amortization	2,676	53,141	1,330	23,843	476,284	7,885	435	565,594				
Bad debts	7,161	-	-	-	-	-	-	7,161				
Community projects	-	-	-	-	2,574	48,544	26,820	77,938				
Contracts	46,383	261,130	954	44,149	580,312	11,058	39,582	983,568				
Construction	-	508	-	-	1,732	-	-	2,240				
Donations	(7,327)	(1,357)	374	-	(350)	(1,000)	-	(9,660)				
Dues, fees and licenses	8,563	480	3,350	12	1,090	85	-	13,580				
Graduation expense	-	9,542	-	-	-	-	-	9,542				
Honoraria	140,595	500	(1,935)	100	5,199	1,492	12,750	158,701				
Insurance	492	13,871	829	21,593	72,952	6,297	-	116,034				
Interest and bank charges	23,060	-	-	-	11,029	-	-	34,089				
Interest on long term debt	-	-	-	1,354	170,148	-	-	210,995				
Internet	21,797	22,751	-	980	22,477	400	-	70,450				
Meals and entertainment	-	950	-	292	-	-	-	2,553				
Miscellaneous	44,068	13,129	317	179,168	(62,127)	12,165	3,517	190,237				
Office	43,861	82	1,872	23,279	2,816	3,333	83,603	83,603				
Professional services	1,309,883	2,462	-	28,096	101,993	3,811	265,838	1,712,083				
Program expense	84,349	52,766	55,680	141,149	82,561	106,666	111,436	634,607				
Repairs and maintenance	-	7,265	1,254	30,288	70,309	8,517	994	118,627				
Resource materials	-	12,385	-	744	-	-	-	13,129				
Social assistance	-	23,356	292,093	(624)	-	-	-	314,825				
Student board, lodging and tuition	-	877,106	-	-	5,356	-	-	882,462				
Supplies	52,269	128,110	27,267	108,364	148,840	42,312	8,856	516,018				
Replacement reserve	-	-	-	-	20,880	-	-	20,880				
Telephone	18,423	4,415	1,067	14,905	13,291	7,311	7,515	66,927				
Traditional fees	-	-	-	7,239	-	-	-	7,239				
Training	3,911	9,476	12,435	37,908	16,208	27,187	-	107,125				
Travel	109,569	27,185	12,193	49,579	37,433	22,387	44,157	302,503				
Utilities	2,499	44,342	4,715	16,970	99,477	500	950	169,453				
Vehicle	-	236	-	21,919	568	945	2,372	26,040				
Wages and benefits	992,650	936,022	377,155	1,088,670	271,290	1,597,238	224,108	5,487,133				
Total Expenses	\$ 2,709,818	\$ 2,525,618	\$ 793,155	\$ 1,936,955	\$ 2,139,326	\$ 2,013,710	\$ 795,622	\$ 12,914,204				