

Ojibways of the Pic River First Nation
Consolidated Financial Statements
For the year ended March 31, 2015

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Independent Auditor's Report

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, 2015 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 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.

Independent Auditor's Report (cont'd)

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, 2015, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
August 24, 2015

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

March 31, 2015

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 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

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

March 31

2015

2014

Financial assets

Cash and cash equivalents	\$ 23,380	\$ 266,141
Short term investments (Note 2)	-	312,558
Accounts receivable (Note 3)	1,951,307	1,870,103
Trust funds held by federal government (Note 4)	32,536	31,640
Due from government and other government organizations (Note 5)	302,776	484,903
Due from band members and employees (Note 6)	202,586	120,343
Due from Pic River Development Corporation	-	80,565
Due from Twin Falls Limited Partnership	396,120	225,000
Investments in government business enterprises (Note 7)	2,200,181	2,183,204
	5,108,886	5,574,457

Liabilities

Accounts payable and accrued liabilities (Note 8)	704,780	829,271
Due to government and other government organizations (Note 9)	299,781	638,518
Demand and term loans (Note 10)	5,809,701	6,260,056
Deferred revenue (Note 11)	197,052	85,661
	7,011,314	7,813,506

Net debt

(1,902,428)	(2,239,049)
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Non-financial assets

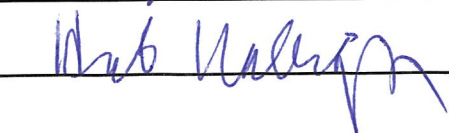
Prepaid expenses	77,287	180,794
Tangible capital assets (Note 12)	14,325,530	14,502,372
	14,402,817	14,683,166

Accumulated surplus (Note 13)

\$ 12,500,389	\$ 12,444,117
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On behalf of the Band:

 _____ Chief

 _____ Councilor

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

For the year ended March 31	Budget 2015	2015	2014
Revenue			
Deferred revenue, beginning of year	\$ -	\$ 85,661	\$ -
Federal government transfers (Note 20)	4,976,011	5,568,762	5,332,998
Provincial government transfers (Note 20)	771,314	1,022,556	1,166,360
Ontario First Nation Limited Partnership	600,000	702,517	686,436
Biidaaban Healing Lodge	-	693,467	668,352
Rent	610,248	613,754	626,596
Umbata Falls	2,586,701	3,057,137	3,888,106
Williams Operating Corporation	92,286	1,592,062	1,580,020
Other	1,092,514	754,309	884,723
Deferred revenue, end of year	-	(197,052)	-
	<u>10,729,074</u>	<u>13,893,173</u>	<u>14,833,591</u>
Expenses			
Administration	2,578,909	2,855,019	2,344,795
Capital Projects	1,652,614	1,997,966	1,949,781
Economic Development	456,191	1,810,146	1,811,672
Education	3,184,052	3,163,230	3,129,783
Energy	1,376,120	1,304,270	1,790,028
Health Services	913,530	1,872,100	1,985,093
Social Services	249,392	834,170	791,760
	<u>10,410,808</u>	<u>13,836,901</u>	<u>13,802,912</u>
Surplus for the year	318,266	56,272	1,030,679
Accumulated surplus, beginning of year	12,444,117	12,444,117	11,413,438
Accumulated surplus, end of year (Note 13)	<u>\$ 12,762,383</u>	<u>\$ 12,500,389</u>	<u>\$ 12,444,117</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 2015	2015	2014
	(Note 19)		
Surplus for the year	\$ 318,266	\$ 56,272	\$ 1,030,679
Acquisition of tangible capital assets	-	(422,264)	(42,741)
Amortization of tangible capital assets	-	599,106	569,868
	<u>318,266</u>	<u>233,114</u>	<u>1,557,806</u>
Change in prepaid expenses	-	103,507	(16,232)
Change in net debt	318,266	336,621	1,541,574
Net debt, beginning of year	(2,239,049)	(2,239,049)	(3,780,623)
Net debt, end of year	\$ (1,920,783)	\$ (1,902,428)	\$ (2,239,049)

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	2015	2014
Cash flows from operating activities		
Surplus for the year	\$ 56,272	\$ 1,030,679
Items not involving cash		
Amortization of tangible capital assets	599,106	569,868
Twin Falls Limited Partnership, income	(16,977)	(123,383)
	638,401	1,477,164
Change in non-cash working capital items		
Due from band members and employees	(82,243)	3,562
Accounts receivable	(81,204)	(1,184,632)
Trust funds held by federal government	(896)	(782)
Due from government and other government organizations	182,127	(185,623)
Prepaid expenses	103,507	(16,232)
Accounts payable and accrued liabilities	(124,491)	172,259
Due to government and other government organizations	(338,737)	20,289
Deferred revenue	111,391	85,661
	(230,546)	(1,105,498)
Cash flows from financing activities		
Advances of demand loans	300,000	200,000
Repayment of term debt	(750,355)	(795,620)
	(450,355)	(595,620)
Cash flows from investing activities		
Advances to Twin falls Limited Partnership	(171,120)	-
Equity Income in Twin Falls Limited Partnership	-	(83,333)
Acquisition of capital assets	(422,264)	(42,741)
Decrease in short term investments	312,558	(4,010)
Repayments from Pic River Development Corporation	80,565	10,388
	(200,261)	(119,696)
Decrease in cash and cash equivalents	(242,761)	(343,650)
Cash and cash equivalents, beginning of year	266,141	609,791
Cash and cash equivalents, end of year	\$ 23,380	\$ 266,141
Supplementary cash flow information		
Interest received in the year	\$ 4,938	\$ 4,011
Interest paid in the year	155,210	437,281

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, 2015

1. Significant Accounting Policies

Accounting Principles	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).
Reporting Entity	<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>
Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.
Revenue Recognition	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.
Use of Estimates	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, 2015

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, 2015

2. Short term investments

	2015	2014
Non-redeemable guaranteed investment certificate, interest at 1.30% per annum, maturing November 2014	\$ -	\$ 312,558

3. Accounts Receivable

	2015	2014
Anishinabek Employment and Training Services	\$ 17,654	\$ 2,849
Confederation College	2,000	-
Dilico	-	53,337
Other receivables	17,215	6,594
Nokiiwin Tribal Council	19,343	55,525
Union of Ontario Indians	17,518	18,754
William's Operating Corporation	102,593	167,600
Umbata Falls Limited Partnership	1,774,984	1,565,444
	\$ 1,951,307	\$ 1,870,103

4. Trust Funds Held by Federal Government

	March 31, 2014	Additions 2015	Withdrawals 2015	March 31, 2015
Revenue	\$ 30,757	\$ 896	\$ -	\$ 31,653
Capital	883	-	-	883
	\$ 31,640	\$ 896	\$ -	\$ 32,536

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, 2015

5. Due from Government and Other Government Organizations

	2015	2014
Federal government		
Aboriginal Affairs and Northern Development Canada	\$ 74,195	\$ 427,502
Health Canada	4,903	5,154
Canada Mortgage and Housing Corporation	169,220	-
Parks Canada	1,000	10,922
Provincial government		
Ministry of Community & Social Services	39,349	23,977
Ministry of Environment	-	5,800
Ontario Ministry of Health	-	14,310
Ontario Ministry of Natural Resources	-	(2,762)
Other government organizations	14,109	-
	\$ 302,776	\$ 484,903

6. Due from Band Members and Employees

	2015	2014
Rents receivable	\$ 316,552	\$ 250,302
Allowance for doubtful accounts	(113,541)	(127,287)
	203,011	123,015
General	(425)	(2,672)
	\$ 202,586	\$ 120,343

Ojibways of the Pic River First Nation

Notes to Consolidated Financial Statements

March 31, 2015

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:

	2015	2014
Kagiano Power Corporation	\$ 151,101	\$ 151,101
Twin Falls Limited Partnership	2,049,080	2,032,103
	<u>\$ 2,200,181</u>	<u>\$ 2,183,204</u>

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

	2015	2014
Cash	\$ 2,667,511	\$ 2,209,805
Accounts receivable	1,889,398	2,010,780
Tangible capital assets	48,402,907	50,385,991
Other assets	5,974,390	6,007,954
Total assets	<u>\$ 58,934,206</u>	<u>\$ 60,614,530</u>
Accounts payable	\$ 533,423	\$ 416,273
Long-term debt	49,443,531	50,926,400
Other liabilities	7,267,504	3,252,113
Total liabilities	<u>57,244,458</u>	<u>54,594,786</u>
Equity	<u>1,689,748</u>	<u>6,019,744</u>
Total liabilities and equity	<u>\$ 58,934,206</u>	<u>\$ 60,614,530</u>
Revenue	\$ 11,863,278	\$ 13,306,356
Unrealized gain (loss) on financial instrument	(3,844,271)	4,693,534
	<u>8,019,007</u>	<u>17,999,890</u>
Expenses	<u>6,764,921</u>	<u>6,730,915</u>
Net income	<u>\$ 1,254,086</u>	<u>\$ 11,268,975</u>

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

March 31, 2015

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, 2014. Twin Falls Limited Partnership realized net income for the year ended December 31, 2014 totaling \$17,582 (net income in 2013 - \$133,647). The Band recorded their proportionate share of the income, limited to the amount of investment in the Limited Partner Units which amounted to \$16,977 (net income in 2013 - \$123,383).

The Band has guaranteed that Twin Falls Limited Partnership's hydrology/maintenance reserve fund will remain funded to prescribed amount of \$400,000 respectively. As at December 31, 2014, this reserve was funded to a level of \$26,284 and as a result, Twin Falls Limited Partnership's financial institution has the right to call for the additional capital from the Band. Management plans to defer any limited partnership distributions and direct the cash flow to the hydrology/maintenance reserve account. This will be done until such time the reserve account is fully funded in accordance with the covenants set out in the partnership's term loan agreement.

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, 2014 amounting to \$11,754,311 (2013 - \$7,406,733). The net income for the Limited Partnership for the year ended December 31, 2014 was \$1,236,504 (2013 - net income of \$11,135,328). 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

	2015	2014
Trade payables	\$ 635,444	\$ 738,136
Accrued salaries and benefits payable	(10,609)	7,786
Other accrued liabilities	79,945	83,349
	<u>\$ 704,780</u>	<u>\$ 829,271</u>

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

March 31, 2015

9. Due to Government and Other Government Organizations

	2015	2014
Federal government		
Aboriginal Affairs and Northern Development Canada	\$ 140,587	\$ -
Receiver general	144,858	638,518
Provincial government		
Ontario Ministry of Health	14,336	-
	<u>\$ 299,781</u>	<u>\$ 638,518</u>

10. Demand and Term Loans

	2015	2014
Toronto-Dominion Bank operating loan, due on demand	\$ 500,000	\$ 200,000
Royal Bank Phase III and 8 unit housing loans, repayable \$2,526 per month, including interest at 3.26%, maturing in February 2016	146,046	167,910
Royal Bank Phase II and 8 unit housing loan, repayable \$2,433 per month, including interest at 3.28%, maturing in November 2015	197,648	219,826
Royal Bank Phase I housing loans, repayable \$1,751 per month, including interest at 3.26%, maturing in February 2016	149,120	171,458
Royal Bank Police building loan, due on demand, repayable \$1,198 per month, including interest at 6.0%, maturing October 2015	166,174	173,866
Royal Bank Six Plex loan, due on demand, repayable \$1,600 per month including interest at 6%, maturing June 2015	135,656	146,046
Royal Bank Road Maintenance equipment, including interest at prime plus 1%, maturing April 2015	403,978	-
CMHC Mortgage, guaranteed by AANDC, secured by buildings, repayable \$11,324 monthly, including interest at 1.67%, maturing March 2019	526,220	652,393
TD Mortgage, guaranteed by AANDC, secured by buildings, repayable \$12,389 monthly, including interest at 4.04%, maturing February 2017	273,732	408,461
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$4,587 monthly, plus interest at 1.67%, maturing 2032	815,658	856,831
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$1,641 monthly, including interest at 2.11%, maturing 2033	304,435	317,619
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$1,753 monthly, including interest at 2.11%, maturing 2033	324,045	338,154
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$7,272 monthly, including interest at 3.13%, maturing 2025	761,734	824,469
Royal Bank term loan	-	606,788
Carryforward	<u>\$ 4,704,446</u>	<u>\$ 5,083,821</u>

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

March 31, 2015

10. Demand and Term Loans (cont'd)

Carryforward	\$ 4,704,446	\$ 5,083,821
CMHC mortgage, guaranteed by AANDC, secured by buildings, repayable \$5,225 monthly, including interest at 2.37%, maturing 2026	624,227	671,714
CMHC Mortgage, guaranteed by AANDC, secured by building, repayable \$2,615 monthly, including interest at 1.61%, maturing 2032	481,028	504,521
	<u>\$ 5,809,701</u>	<u>\$ 6,260,056</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
2016	\$ 1,459,474
2017	559,090
2018	435,996
2019	447,574
2020	320,939
Thereafter	2,586,628
	<u>\$ 5,809,701</u>

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

March 31, 2015

11. Deferred Revenue

	Balance March 31 2014	Funding Received 2015	Revenue Recognized 2015	Balance March 31 2015
Federal Government				
Post Secondary - AANDC	\$ 23,081	\$ 644,190	\$ 638,989	\$ 28,282
New School Capital - AANDC	-	251,000	216,726	34,274
School Maintenance - AANDC	25,495	142,896	126,057	42,334
School Minor Capital - AANDC	7,085	14,187	650	20,622
Student Transportation - AANDC	-	146,871	134,870	12,001
Low Cost Special Education Fixed Fund - AANDC	-	18,900	4,327	14,573
Primary Health Care/Mental Wellness - Health Canada	30,000	147,118	143,257	33,861
Healthy Planning and Quality - Health Canada	-	303,444	299,839	3,605
Environment & Health - Drinking Water fund - Health Canada	-	7,500	-	7,500
	<u>\$ 85,661</u>	<u>\$1,676,106</u>	<u>\$1,564,715</u>	<u>\$ 197,052</u>

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

March 31, 2015

12. Tangible Capital Assets

	2015									
	Land	Housing Assets	Commercial Buildings	Furniture and Fixtures	Equipment	Vehicles	Infrastructure	Other	Road Maintenance Equipment	Total
Cost, beginning of year	\$ 110,749	\$ 15,344,785	\$ 4,512,125	\$ 734,983	\$ 219,220	\$ 559,523	\$ 2,615,132	\$ 567,130	\$ -	\$ 24,663,647
Acquisition	-	-	-	-	15,000	-	-	-	407,264	422,264
Cost, end of year	110,749	15,344,785	4,512,125	734,983	234,220	559,523	2,615,132	567,130	407,264	25,085,911
Accumulated amortization, beginning of year	-	5,064,943	2,000,413	657,537	93,602	533,332	1,244,318	567,130	-	10,161,275
Amortization	-	305,533	90,242	73,498	23,422	26,191	39,493	-	40,727	599,106
Accumulated amortization, end of year	-	5,370,476	2,090,655	731,035	117,024	559,523	1,283,811	567,130	40,727	10,760,381
Net carrying amount, end of year	\$ 110,749	\$ 9,974,309	\$ 2,421,470	\$ 3,948	\$ 117,196	\$ -	\$ 1,331,321	\$ -	\$ 366,537	\$ 14,325,530

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

March 31, 2015

12. Tangible Capital Assets (cont'd)

									2014
	Land	Housing Assets	Commercial Buildings	Furniture and Fixtures	Equipment	Vehicles	Infrastructure	Other	Total
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, 2015

13. Accumulated Surplus

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

	2015	2014
Internally Restricted		
Reserve for School (Note 14)	\$ 69,109	\$ 69,109
Reserve for Computing Resources (Note 14)	(11,059)	(5,059)
Reserve for Health Services Vehicle (Note 14)	37,500	37,500
Reserve for New Health Centre (Note 14)	700,000	600,000
	<u>795,550</u>	<u>701,550</u>
Externally Restricted		
Subsidy Surplus Reserve (Note 15)	10,000	10,000
Reserve for Pre-1997 Housing (Note 14)	255,920	249,296
Reserve for Post-1996 Housing (Note 14)	217,743	179,742
	<u>483,663</u>	<u>439,038</u>
 Unrestricted Surplus	 <u>\$ 11,221,176</u>	 <u>\$ 11,303,529</u>
 Accumulated surplus at end of year	 <u>\$ 12,500,389</u>	 <u>\$ 12,444,117</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, 2015

14. Replacement Reserves

	2015						2014	
	Pre-1997 Housing	Post-1996 Housing	School	Computer	Health Van	Clinic Capital	Total	Total
Balance, beginning of year	\$ 249,296	\$ 179,742	\$ 69,109	\$ (5,059)	\$ 37,500	\$ 600,000	\$1,130,588	\$ 1,003,022
Allocation for the year	16,100	41,150	-	-	-	100,000	157,250	157,250
Expenditures	(9,476)	(3,149)	-	(6,000)	-	-	(18,625)	(29,684)
Balance, end of year	\$ 255,920	\$ 217,743	\$ 69,109	\$ (11,059)	\$ 37,500	\$ 700,000	\$1,269,213	\$ 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, 2015, 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.

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

March 31, 2015

15. Subsidy Surplus Reserve

	2015	2014
	<u> </u>	<u> </u>
Balance, beginning and end of year	\$ 10,000	\$ 10,000

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, 2015, the required funds have not been set aside in a separate bank account.

16. Economic Dependence

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

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 \$137,030 (2014 - \$132,607).

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

March 31, 2015

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 \$80,000 as at March 31, 2015.

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, 2015. 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, 2015:

Administration	\$ (735,742)
Education	15,902
Health	(11,723)
Social Services	3,363
Daycare	3,432
Housing	(55,549)
Economic Development	(1,998)
Energy	1,100,581
	<hr/>
Budget surplus, for the year	\$ 318,266
	<hr/>

20. Government Transfers

	2015			2014		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
AANDC	\$ 3,957,731	\$ -	\$ 3,957,731	\$ 3,563,823	\$ -	\$ 3,563,823
CMHC	338,989	-	338,989	344,220	-	344,220
Health						
Canada	1,250,742	-	1,250,742	1,278,973	51,532	1,330,505
Parks						
Canada	2,000	-	2,000	14,962	-	14,962
ESDC	7,291	-	7,291	79,488	-	79,488
Industry						
Canada	12,009	-	12,009	-	-	-
	<u>\$ 5,568,762</u>	<u>\$ -</u>	<u>\$ 5,568,762</u>	<u>\$ 5,281,466</u>	<u>\$51,532</u>	<u>\$ 5,332,998</u>
Provincial						
MAA	\$ 133,147	\$ -	\$ 133,147	\$ 80,000	\$ -	\$ 80,000
MCSS	687,795	-	687,795	732,660	-	732,660
MOH	89,049	-	89,049	80,823	-	80,823
MNDM	4,104	-	4,104	3,612	-	3,612
MOE	-	-	-	162,438	-	162,438
MTO	14,790	-	14,790	14,790	-	14,790
OEB	-	-	-	40,751	-	40,751
OLS	-	-	-	15,287	-	15,287
OSS	14,249	-	14,249	-	-	-
MOC	3,000	-	3,000	-	-	-
OTF	-	-	-	36,000	-	36,000
MTR	76,422	-	76,422	-	-	-
	<u>\$ 1,022,556</u>	<u>\$ -</u>	<u>\$ 1,022,556</u>	<u>\$ 1,166,361</u>	<u>\$ -</u>	<u>\$ 1,166,360</u>

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

March 31, 2015

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, 2015

21. Segmented Information (cont'd)

For the year ended March 31, 2015	Administration	Education	Social Services	Health Services	Capital Projects	Economic Development	Energy	Total
Revenue								
Deferred revenue, beginning of year	\$ -	\$ 55,661	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 85,661
Federal Transfers	541,326	2,386,044	120,600	1,250,742	1,183,322	66,091	20,637	5,568,762
Provincial Transfers	106,959	255,725	538,368	-	14,790	106,714	-	1,022,556
Ontario First Nations Limited Partnership	702,517	-	-	-	-	-	-	702,517
Other	115,459	113,045	108,305	711,001	94,055	1,631,419	3,323,691	6,096,975
Rent	-	12,315	-	-	573,039	30,000	(1,600)	613,754
Deferred revenue, end of year	-	(117,812)	-	(44,966)	(34,274)	-	-	(197,052)
Total Revenue	\$ 1,466,261	\$ 2,704,978	\$ 767,273	\$ 1,946,777	\$ 1,830,932	\$ 1,834,224	\$ 3,342,728	\$ 13,893,173
Expenses								
Advertising and promotion	\$ 7,046	\$ 414	\$ 1,638	\$ 11,450	\$ 2,036	\$ 10,308	\$ 14	\$ 32,906
Allocated services	(20,617)	-	-	25,763	(20,000)	-	-	(14,854)
Amortization	2,676	40,601	1,330	23,843	476,089	7,632	46,935	599,106
Bad debts	-	-	-	-	(4,417)	-	-	(4,417)
Community projects	5,060	-	-	-	-	80,992	56,936	142,988
Contracts	(9,702)	200,919	(1,200)	69,106	260,014	29,152	232,085	780,374
Donations	(62,096)	-	-	-	-	-	30,500	(31,596)
Dues, fees and licenses	3,250	3,746	3,368	2,542	1,030	5,634	4,680	24,250
Graduation expense	-	8,602	-	-	-	-	-	8,602
Honoraria	190,754	10,773	(60)	550	9,071	4,011	11,100	226,199
Insurance	(15,079)	15,524	920	27,366	106,453	6,461	875	142,520
Interest and bank charges	7,627	-	-	-	8,632	-	-	16,259
Interest on long term debt	2,528	-	-	-	121,626	-	21,317	145,471
Internet	18,275	19,290	-	1,095	19,085	1,405	295	59,445
Meals and entertainment	-	800	-	1,799	-	-	175	2,774
Miscellaneous	45,430	5,046	352	49,821	7,891	6,573	7,432	122,545
Office	38,722	1,664	842	11,344	-	2,447	3,399	58,418
Professional services	1,296,729	80,918	-	38,243	271,024	108,969	197,533	1,993,416
Program expense	163,018	136,389	46,932	76,773	48,972	115,048	116,139	703,271
Recovery of current year surplus	-	140,587	-	17,350	-	-	-	157,937
Recovery of prior year surplus	-	-	-	41,800	-	-	-	41,800
Repairs and maintenance	1,872	37,345	235	21,413	34,236	1,191	1,584	97,876
Replacement reserve expenses	-	-	-	-	18,625	-	-	18,625
Resource materials	-	-	-	471	-	-	-	471
Social assistance	-	-	343,503	8,533	-	-	-	352,036
Student board, lodging and tuition	-	993,783	-	-	-	-	-	993,783
Supplies	47,405	93,866	10,890	119,300	176,668	18,050	44,067	510,246
Telephone	13,585	7,360	1,047	14,777	9,752	6,491	3,905	56,917
Traditional fees	-	-	-	5,242	-	-	-	5,242
Training	7,116	41,561	5,884	79,346	18,687	40,093	1,825	194,512
Travel	146,916	38,510	15,740	54,536	31,161	8,762	83,097	378,722
Utilities	1,909	31,270	3,298	16,013	112,695	4,710	899	170,794
Vehicle	90	-	-	18,641	3,683	11,495	12,759	46,668
Wages and benefits	962,505	1,254,262	399,451	1,134,983	284,953	1,340,722	426,719	5,803,595
Total Expenses	\$ 2,855,019	\$ 3,163,230	\$ 834,170	\$ 1,872,100	\$ 1,997,966	\$ 1,810,146	\$ 1,304,270	\$ 13,836,901

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

March 31, 2015

21. Segmented Information (cont'd)

For the year ended March 31, 2014	Administration	Education	Social Services	Health Services	Capital Projects	Economic Development	Energy	Total
Revenue								
Federal Transfers	\$ 659,257	\$ 2,225,819	\$ 143,957	\$ 1,330,505	\$ 905,270	\$ 58,800	\$ 9,390	\$ 5,332,998
Provincial Transfers	222,303	312,926	515,844	-	14,790	59,746	40,751	1,166,360
Ontario First Nations Limited Partnership	686,436	-	-	-	-	-	-	686,436
Other	54,909	199,604	123,776	703,332	14,452	1,692,078	4,233,050	7,021,201
Rent	-	5,050	3,510	-	582,036	36,000	-	626,596
Total Revenue	\$ 1,622,905	\$ 2,743,399	\$ 787,087	\$ 2,033,837	\$ 1,516,548	\$ 1,846,624	\$ 4,283,191	\$ 14,833,591
Expenses								
Advertising and promotion	\$ 5,212	\$ 916	\$ 715	\$ 14,810	\$ 967	\$ 28	\$ 20	\$ 22,668
Allocated services	(90,954)	38,405	-	72,549	(20,000)	-	-	-
Amortization	2,676	53,141	1,330	23,843	476,284	7,885	4,709	569,868
Bad debts	-	-	-	-	80,728	-	-	80,728
Community projects	19,443	-	-	-	-	150,650	18,764	188,857
Contracts	23,018	254,332	1,030	74,560	345,096	10,575	279,995	988,606
Donations	(23,014)	-	-	-	-	12,500	13,005	2,491
Dues, fees and licenses	7,570	1,992	3,423	1,688	200	1,476	-	16,349
Graduation expense	-	4,158	-	-	-	-	-	4,158
Honoraria	164,825	18,949	670	400	7,500	175	600	193,119
Insurance	28,350	16,223	871	24,371	84,053	6,239	-	160,107
Interest and bank charges	237,507	-	-	-	11,506	-	-	249,013
Interest on long term debt	40	-	-	-	171,448	-	32,249	203,737
Internet	24,843	17,750	-	2,325	15,308	1,190	-	61,416
Meals and entertainment	-	5,777	-	1,344	-	-	38	7,159
Miscellaneous	22,749	91,300	8,996	157,058	8,857	16,348	19,173	324,481
Office	53,985	3,685	346	21,972	221	3,505	3,654	87,368
Professional services	907,659	46,355	-	8,928	772	13,324	637,924	1,614,962
Program expense	17,916	100,067	41,187	168,049	65,696	58,595	349,884	801,394
Recovery of prior year Surplus	-	-	-	79,988	-	-	-	79,988
Repairs and maintenance	6,185	15,196	1,211	13,776	58,540	978	6,895	102,781
Replacement reserve expenses	9,000	-	-	-	20,684	-	-	29,684
Resource materials	-	14,290	-	1,999	-	-	-	16,289
Social assistance	-	-	334,522	1,879	-	-	-	336,401
Student board, lodging and tuition	-	964,469	95	-	-	529	-	965,093
Supplies	25,029	111,495	12,598	95,423	122,759	32,607	12,959	412,870
Telephone	16,836	7,614	1,243	13,436	11,069	7,394	-	57,592
Traditional fees	-	-	75	2,265	-	1,853	-	4,193
Training	9,815	32,530	3,611	53,113	17,614	26,696	20,620	163,999
Travel	91,376	28,594	21,107	47,426	31,332	6,999	69,451	296,285
Utilities	3,638	32,417	4,808	16,312	125,781	3,577	3,651	190,184
Vehicle	25	-	-	28,316	284	2,164	5,289	36,078
Wages and benefits	781,066	1,270,128	353,922	1,059,263	313,082	1,446,385	311,148	5,534,994
Total Expenses	\$ 2,344,795	\$ 3,129,783	\$ 791,760	\$ 1,985,093	\$ 1,949,781	\$ 1,811,672	\$ 1,790,028	\$ 13,802,912