

**Temagami First Nation**  
**Consolidated Financial Statements**  
For the year ended March 31, 2014

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**Consolidated Financial Statements**  
For the year ended March 31, 2014

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# TEMAGAMI FIRST NATION

BEAR ISLAND

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## Temagami First Nation Management's Responsibility for the Consolidated Financial Statements

March 31, 2014

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The accompanying consolidated financial statements of Temagami First Nation are the responsibility of management and have been approved by the Chief on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

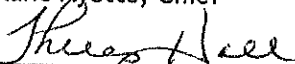
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is provided.

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

The 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 their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Temagami First Nation and meet when required.

  
Roxane Ayotte, Chief

  
Theresa Hall, Executive Director



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BDO Canada LLP  
101 McIntyre Street W  
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North Bay ON P1B 2Y5 Canada

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## Independent Auditor's Report

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### To the Members of Temagami First Nation

We have audited the accompanying consolidated financial statements of Temagami First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, consolidated statement of changes in net financial assets and consolidated statement of 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Temagami First Nation as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario

July 8, 2014

# Temagami First Nation

## Consolidated Statement of Financial Position

March 31	2014	2013
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 466,959	\$ 541,107
Investments (Note 2)	5,044,374	4,813,949
Funds held in trust by AANDC (Note 4)	37,460	36,535
Accounts receivable (Note 3)	509,175	578,159
	<u>6,057,968</u>	<u>5,969,750</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	497,058	356,926
Deferred revenue (Note 9)	150,047	230,728
Long-term debt (Note 10)	2,512,180	2,606,485
	<u>3,159,285</u>	<u>3,194,139</u>
<b>Net financial assets</b>	<u>2,898,683</u>	<u>2,775,611</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 8)	7,758,572	7,790,991
Prepaid expenses	45,326	33,687
	<u>7,803,898</u>	<u>7,824,678</u>
<b>Accumulated surplus (Note 6)</b>	<u>\$ 10,702,581</u>	<u>\$ 10,600,289</u>

Contingent asset (Note 12)

Chief Roxane Dyotto  
 Signature,  
 Title Chief

Theresa Hare  
 Signature,  
 Title Executive Director

## Temagami First Nation Consolidated Statement of Operations

For the year ended March 31

	2014 Budget (Note 15)	2014 Actual	2013 Actual
<b>Revenues</b>			
AANDC (Note 13)	\$ 2,485,870	\$ 2,812,213	\$ 2,513,576
Health Canada	1,422,726	1,574,699	1,543,266
Government of Canada	49,811	35,259	32,450
CMHC subsidy	94,071	95,127	106,704
Province of Ontario	819,651	1,062,161	1,029,975
Ontario First Nation General Partner	780,000	785,435	784,487
Band Generated and other	890,637	1,349,400	1,320,242
	<u>6,542,766</u>	<u>7,714,294</u>	<u>7,330,700</u>
<b>Expenses (Note 14)</b>			
Administration	732,371	811,508	829,369
Operations and maintenance programs	918,583	892,079	729,248
Housing programs	362,493	263,441	281,370
Education programs	1,283,793	1,373,962	1,292,072
Health and social programs	2,090,968	2,278,261	2,274,856
Community development programs	810,173	826,625	894,682
OFNLP	393,500	320,982	311,606
Independent First Nations (IFN)	389,750	845,144	520,275
	<u>6,981,631</u>	<u>7,612,002</u>	<u>7,133,478</u>
<b>Annual surplus</b>	(438,865)	102,292	197,222
<b>Accumulated surplus, beginning of year</b>	<u>10,600,289</u>	<u>10,600,289</u>	<u>10,403,067</u>
<b>Accumulated surplus, end of year (Note 6)</b>	<u>\$ 10,161,424</u>	<u>\$ 10,702,581</u>	<u>\$ 10,600,289</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Temagami First Nation Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
Annual surplus	\$ (438,865)	\$ 102,292	\$ 197,222
Acquisition of tangible capital assets	(164,500)	(576,327)	(559,854)
Amortization of tangible capital assets	550,322	600,432	565,318
Loss on disposition of tangible capital assets	-	3,883	28,977
Proceeds of disposition of tangible capital assets	-	4,431	35,665
	<u>(53,043)</u>	<u>134,711</u>	<u>267,328</u>
Acquisition of prepaid expenses	-	(45,326)	(33,687)
Use of prepaid expenses	-	33,687	77,850
	<u>-</u>	<u>(11,639)</u>	<u>44,163</u>
Change in net financial assets	(53,043)	123,072	311,491
Net financial assets, beginning of year	<u>2,775,611</u>	<u>2,775,611</u>	<u>2,464,120</u>
Net financial assets, end of year	<u>\$ 2,722,568</u>	<u>\$ 2,898,683</u>	<u>\$ 2,775,611</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Temagami First Nation**  
**Consolidated Statement of Cash Flows**

For the year ended March 31

2014

2013

**Cash provided by (used in):**

**Operating activities**

Annual surplus	\$ 102,292	\$ 197,222
Items not involving cash		
Amortization of tangible capital assets	600,432	565,318
Loss on disposal of tangible capital assets	3,883	28,977
	<u>706,607</u>	<u>791,517</u>
Changes in non-cash working capital balances		
Funds held in trust by AANDC	(925)	(876)
Accounts receivable	68,984	(35,274)
Prepaid expenses	(11,639)	44,163
Accounts payable	140,132	(32,584)
Deferred revenue	(80,681)	(113,695)
	<u>115,871</u>	<u>(138,266)</u>

**Capital activities**

Proceeds of disposition on tangible capital assets	4,431	35,665
Purchase of tangible capital assets	(576,327)	(559,854)
	<u>(571,896)</u>	<u>(524,189)</u>

**Investing activities**

Investments	<u>(230,425)</u>	<u>(467,157)</u>
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**Financing activities**

Advances of long-term debt	-	63,556
Debt principal repayments	(94,305)	(65,379)
	<u>(94,305)</u>	<u>(1,823)</u>

Decrease in cash and cash equivalents during the year	(74,148)	(339,918)
Cash and cash equivalents, beginning of year	<u>541,107</u>	<u>881,025</u>
Cash and cash equivalents, end of year	<u>\$ 466,959</u>	<u>\$ 541,107</u>



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## Temagami First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

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#### 1. Significant Accounting Policies

**Accounting Principles** The consolidated financial statements of the Temagami First Nation ("TFN") are the representation of management prepared in accordance with Canadian public sector accounting principles as prescribed by the Canadian Public Sector Accounting Board.

**Method of Accounting** Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**Basis of Consolidation** TFN reporting entity consolidates the assets, liabilities and results of operations for TFN government and all related entities which are accountable to TFN and are either owned or controlled by TFN, including the OFNLP, which is administered by TFN.

**Cash and Cash Equivalents** Cash and cash equivalents includes cash on hand, current bank accounts and short-term deposits, if any, with terms to maturity of less than 90 days.

**Investments** Investments are recorded at market value.

**Funds Held in Trust by AANDC** Band funds held in trust by Aboriginal Affairs and Northern Development Canada ("AANDC") 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**1. Significant Accounting Policies (continued)**

**Tangible  
Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs attributable to acquisition or construction of the tangible capital asset including but not limited to transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue, when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:

Buildings	25 to 50 years
Vehicles	3 to 20 years
Machinery and equipment	3 to 10 years
Land improvements	7 to 40 years
Infrastructure	15 to 75 years
IT equipment	2 to 4 years

**Reserves and Reserve  
Funds**

Certain amounts as approved by TFN's Chief and Council, are set aside for future purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective reserve when approved.

**Revenue Recognition**

Revenue is recognized as it is received or becomes receivable under the terms of applicable contribution agreements. Certain government funding received but not expended is reported as deferred revenue on the Consolidated Statement of Financial Position, depending on the nature of the funding agreements.

All other revenue is recorded as the applicable service is provided and collection is reasonably assured.

**Management  
Estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Accounts receivable and accounts payable are reported based on amounts expected to be recovered or incurred and reflect an appropriate allowance for unrecoverable amounts based on management's estimates. Amounts recorded for amortization of tangible capital assets are based on estimates of useful service life.

# Temagami First Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

### 2. Investments

Short-term and portfolio investments are recorded at market value and consist of the following:

	2014	2013
GIC's <sup>(i)</sup>	\$ 3,523,801	\$ 3,482,500
Mutual funds, T-Bill funds, bonds and equities	1,520,573	1,331,449
	<u>\$ 5,044,374</u>	<u>\$ 4,813,949</u>

(i) GIC's balance consists of seven guaranteed investment certificates maturing between April and September 2014, bearing interest at rates ranging from 1.17% to 1.36%

### 3. Accounts Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada (AANDC) \$	-	\$ 76,268
Health Canada	53,168	48,670
Government of Canada	68,208	64,739
Province of Ontario	75,954	-
Other (net of allowance for doubtful accounts of \$94,509 (2013 - \$112,754))	311,845	388,482
	<u>\$ 509,175</u>	<u>\$ 578,159</u>

### 4. Funds Held in Trust by AANDC

	2014	2013
Revenue	\$ 35,107	\$ 34,182
Capital	2,353	2,353
	<u>\$ 37,460</u>	<u>\$ 36,535</u>

These funds are held by Aboriginal Affairs and Northern Development Canada in trust for TFN. These funds can only be used with approval from the TFN community.

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## Temagami First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

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#### 5. Resource Revenue Sharing

The Temagami First Nation (TFN) and the Teme Augama Anishnabai (TAA) receive revenues from mining activities on N'Daki Menan. In July, 2012 a resource agreement was concluded that provides participation opportunities and certain financial benefits for the TFN and the TAA. The financial benefits include the reimbursement of costs to negotiate the agreement, annual payments to assist with monitoring the agreement in the future, fixed payments on signing and commencement of commercial operations and future profit sharing amounts. Included in Other revenue is \$275,509 (2013 - \$420,477) relating to this agreement. At March 31, 2014 \$1.599 million (2013 - \$1.452 million) was held in a bank account held jointly by the TFN and the TAA which is not included in these financial statements pending completion of a process to determine how these proceeds will be allocated and used.

**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**6. Accumulated Surplus**

	2014	2013
Investment in tangible capital assets (Note 8)	\$ 7,758,572	\$ 7,790,991
Less: Debt (Note 10)	1,511,598	1,605,903
Net band infrastructure	6,246,974	6,185,088
Net operating assets <sup>i)</sup>	366,489	568,147
Reserve and earmarked funds		
Doreen Potts Health Centre MAR <sup>ii)</sup>	560	39,158
Water treatment plant <sup>iii)</sup>	82,051	130,410
Canada Mortgage and Housing Corporation <sup>iii)</sup>	177,735	157,633
Future generations fund <sup>iv)</sup>	1,520,573	1,331,449
Housing <sup>iv)</sup>	3,958	3,958
Elder's complex <sup>iv)</sup>	662,360	653,572
Multi-use facility <sup>iv)</sup>	91,810	156,804
	2,539,047	2,472,984
Unallocated surplus	1,550,071	1,374,070
	<u>\$ 10,702,581</u>	<u>\$ 10,600,289</u>

i) Net operating assets consist of the following:

Cash and cash equivalents	\$ 466,959	\$ 541,107
Funds held in trust by AANDC	37,460	36,535
Accounts receivable	509,175	578,159
Accounts payable and accrued liabilities	(497,058)	(356,926)
Deferred revenue	(150,047)	(230,728)
	<u>\$ 366,489</u>	<u>\$ 568,147</u>

ii) This represent a moveable asset reserve for acquisition of tangible capital assets.

iii) These are reserve funds established for future capital repairs and construction.

iv) These are earmarked funds for revenue generation and planned capital projects.

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**7. Pension and Benefit Plans**

TFN has a defined contribution pension plan for permanent employees. Under the terms of this plan, employee contributions of up to 5.5% of salary are matched by TFN. All investment decisions are the responsibility of the individual employee. During the year, TFN made contributions to this plan in the amount of \$180,185 (2013 - \$167,135).

In addition, TFN has a benefit plan for active employees covering supplemental health and dental costs. The full cost of this plan is covered by TFN.

# **Temagami First Nation** **Notes to Financial Statements**

March 31, 2014

## **8. Tangible Capital Assets**

	2014									
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	Equipment	IT	Construction in Progress	Total
Cost, beginning of year	\$ 1,854,060	\$ 1,283,965	\$ 603,393	\$ 137,372	\$ 5,297,177	\$ 3,546,176	\$ 384,736	\$ -	\$ -	\$ 13,106,879
Additions	7,032	38,341	35,809	-	65,351	126,661	36,490	266,643	-	576,327
Disposals	-	(10,150)	(2,749)	-	-	-	(26,765)	-	-	(39,664)
Cost, end of year	\$ 1,861,092	\$ 1,312,156	\$ 636,453	\$ 137,372	\$ 5,362,528	\$ 3,672,837	\$ 394,461	\$ 266,643	\$ -	\$ 13,643,542
Accumulated amortization, beginning of year	\$ 290,560	\$ 603,378	\$ 350,551	\$ 38,763	\$ 2,080,584	\$ 1,659,419	\$ 292,633	\$ -	\$ -	\$ 5,315,888
Amortization	67,064	152,831	54,145	3,669	161,031	103,923	57,769	-	-	600,432
Disposals	-	(3,045)	(2,118)	-	-	-	(26,187)	-	-	(31,350)
Accumulated amortization, end of year	\$ 357,624	\$ 753,164	\$ 402,578	\$ 42,432	\$ 2,241,615	\$ 1,763,342	\$ 324,215	\$ -	\$ -	\$ 5,884,970
Net carrying amount, end of year	\$ 1,503,468	\$ 558,992	\$ 233,875	\$ 94,940	\$ 3,120,913	\$ 1,909,495	\$ 70,246	\$ 266,643	\$ -	\$ 7,758,572

**Temagami First Nation**  
Notes to Financial Statements

March 31, 2014

**8. Tangible Capital Assets (continued)**

											2013
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	Equipment	IT		Total	
Cost, beginning of year	\$ 1,854,060	\$ 1,228,600	\$ 583,408	\$ 137,372	\$ 5,297,177	\$ 3,233,301	\$ 351,399		\$	12,685,317	
Additions	-	193,657	19,985	-	-	312,875	33,337			559,854	
Disposals	-	(138,292)	-	-	-	-	-	-		(138,292)	
Cost, end of year	\$ 1,854,060	\$ 1,283,965	\$ 603,393	\$ 137,372	\$ 5,297,177	\$ 3,546,176	\$ 384,736		\$	13,106,879	
Accumulated amortization, beginning of year	\$ 225,181	\$ 550,010	\$ 298,205	\$ 35,094	\$ 1,924,275	\$ 1,564,083	\$ 227,372		\$	4,824,220	
Amortization	65,379	127,018	52,346	3,669	156,309	95,336	65,261			565,318	
Disposals	-	(73,650)	-	-	-	-	-	-		(73,650)	
Accumulated amortization, end of year	\$ 290,560	\$ 603,378	\$ 350,551	\$ 38,763	\$ 2,080,584	\$ 1,659,419	\$ 292,633		\$	5,315,888	
Net carrying amount, end of year	\$ 1,563,500	\$ 680,587	\$ 252,842	\$ 98,609	\$ 3,216,593	\$ 1,886,757	\$ 92,103		\$	7,790,991	



**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

March 31, 2014

**9. Deferred Revenue**

Deferred revenue by program is detailed as follows:

	<u>2014</u>	<u>2013</u>
Administration		
- Governance development (AANDC)	\$ -	\$ 7,067
Housing		
Operations and Maintenance		
Education Programs		
- Library	-	1,000
Health & Social		
Community Development		
- Impact Benefit Agreement (IBA)	-	46,387
- Cliffs Chromite	7,200	7,200
- Community Consultations regarding IBA	-	67,633
Independent First Nation (IFN) Programs		
- IFN Coordinator - Other	37,707	8,679
- IFN Health Coordinator - Other (Health Canada)	92,762	92,762
Capacity Development	12,378	-
	<u>\$ 150,047</u>	<u>\$ 230,728</u>

**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**10. Long-Term Debt**

	<u>2014</u>	<u>2013</u>
Canada Mortgage and Housing Corporation mortgage receivable, repayable in monthly instalments of \$3,202 including interest at 2.69%. The loan matures August 2035. <sup>(ii)</sup>	\$ 627,165	\$ 648,597
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,073 including interest at 1.65%. The loan matures June 2027. <sup>(ii)</sup>	296,363	316,220
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,632 including interest at 1.65%. The loan matures June 2032. <sup>(ii)</sup>	309,078	323,483
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,287 including interest at 1.65%. The loan matures May 2032. <sup>(ii)</sup>	<u>242,676</u>	<u>254,047</u>
Total CMHC debt	1,475,282	1,542,347
Loan repayable in monthly instalments of \$1,303 including interest at 5.74%, secured by a specified vehicle. The loan matures June, 2015.	18,816	32,930
Loan repayable in monthly instalments of \$1,212 including interest at 5.74%, secured by a specified vehicle. The loan matures June, 2015.	<u>17,500</u>	<u>30,626</u>
Total debt (Note 6)	1,511,598	1,605,903
Loan payable, contingent on the settlement of the land claim. <sup>(i)</sup>	<u>1,000,582</u>	<u>1,000,582</u>
	<u>\$ 2,512,180</u>	<u>\$ 2,606,485</u>

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**10. Long-Term Debt (continued)**

Assuming refinancing of mortgages under similar terms, principal payments due over the next five years and thereafter, assuming similar refinancing, are as follows:

2015	\$ 96,911
2016	76,886
2017	70,817
2018	72,239
2019	1,074,273
Thereafter	<u>1,121,054</u>
	<u>\$ 2,512,180</u>

In 2014, interest expense of \$31,269 (2013 - \$36,904) has been reflected in the Consolidated Statement of Operations.

- (i) The loan payable of \$1,000,582 owing to the Research Branch of Aboriginal Affairs and Northern Development Canada was made for the research, development and negotiation of the land claim. An amount of \$50,000 was loaned to the Band in 1976, a further \$75,584 loaned in the 1980-81 fiscal year, \$190,000 in the 1981-82 fiscal year, \$423,000 in the 1982-83 fiscal year, \$177,000 in the 1983-84 fiscal year, \$27,523 in the 1984-85 fiscal year to cover deficiencies from 1981 to 1984, and \$57,475 was loaned in the 1985-86 fiscal year. The loan repayment is contingent on the settlement of the land claim, at which time it will be repayable. (See Note 12)
- (ii) The CMHC loan for \$242,676 represents a loan made by CMHC to TFN to construct two apartment duplexes as rental units. The other CMHC loans are made to TFN to enable Band members to purchase rent-to-own houses.

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**11. Intergovernmental Arrangements**

TFN continues to be involved in historical funding arrangements with the Government of Canada, particularly AANDC, that enable TFN to administer its operations and provide services to its members. Funding provided to TFN pursuant to these agreements constitutes a significant portion of TFN's revenues. The nature of these arrangements continues to evolve.

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**12. Contingent Asset**

TFN remains in ongoing land claim negotiations. It is expected that the parties will negotiate an amount of financial compensation to be paid by the Government of Ontario to TFN. At the date of the consolidated financial statement preparation the outcome of these negotiations and any financial compensation is unknown and cannot be reasonably estimated.

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**13. Funding Reconciliation**

AANDC revenue per funding confirmation	\$ 2,848,550
Amounts repaid / repayable	<u>(36,337)</u>
AANDC revenue per the consolidated financial statements	<u>\$ 2,812,213</u>
Of the above \$2,812,213, \$2,054,156 relates to core funding and \$758,057 to non-core funding.	

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**14. Expenses by Object**

	<u>2014</u>	<u>2013</u>
Salaries, wages and benefits	\$ 3,044,098	\$ 2,822,097
Materials, supplies and capital	1,527,955	1,049,807
Contracted services	1,334,582	1,661,724
Rents and financial	59,143	62,343
Travel and training	763,335	720,595
Other	282,457	251,594
Amortization	600,432	565,318
	<u>\$ 7,612,002</u>	<u>\$ 7,133,478</u>

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**15. Budget**

The Budget adopted by Council on May 28, 2013 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed principal payments on long term debt, did not include amortization expense or transfers to and from reserves. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2014</u>
Budgeted deficit for the year	\$ -
Add:	
Investments in tangible capital assets	164,500
Less:	
Amortization of tangible capital assets	(550,322)
Transfers from reserves	<u>(53,043)</u>
<b>Budget deficit per statement of operations</b>	<b><u>\$ (438,865)</u></b>

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**16. Comparative Figures**

Certain comparative figures have been restated to reflect the presentation adopted for the current year.

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## Temagami First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

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#### 17. Segmented Information

TFN is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

##### Ontario First Nation Limited Partnership (OFNLP)

With revenues received through this partnership, Temagami First Nation provides its citizens that reside both on and off-reserve with an array of programs within the five areas of approved spending which include Education, Health, Economic, Cultural and Community Development.

##### Community Development

TFN provides a wide array of other services, including ferry and air boat services, fire protection, dog control, postal services, youth employment projects and economic development. Also included are forestry and mining resources and community events such as the PowWow and Community Days.

##### Health and Social

The department provides a diverse bundle of services directed towards the well being of members including such activities as medical transportation, home support services, 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.

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

##### Administration

The administration department oversees the delivery of all governmental 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. In addition, this department includes the governance activities of Chief and Council.

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**Temagami First Nation**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

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**17. Segmented Information (continued)**

**Operations and Maintenance**

This department is responsible for public services such as the operation and maintenance of roads, the water and sanitation system and waste management. Maintenance of Band buildings and community infrastructure is also included in this segment.

**Education**

The education department provides services to elementary students through operation of the Laura McKenzie Learning Centre and the public library. It also provides support for secondary students, primarily by entering into service contracts with provincially funded area school boards. In addition, the department supports post-secondary students by providing funds for tuition fees, books and living allowances.

**Housing**

This department is responsible for all housing including rental units, CMHC rent-to-own housing and any Residential Repair Assistance Programs (RRAP).

**Independent First Nation (IFN)**

TFN administers funds received for the Independent First Nations Co-ordinator and Health Co-ordinator that are not solely for the benefit of TFN.

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 apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

# Temagami First Nation Segment Disclosure

For the year ended March 31, 2014

## 17. Segmented Information (continued)

Revenues	OFNLP	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	IFN	Total
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 57,730	\$ 62,200	\$ 377,012	\$ 613,531	\$ 1,173,245	\$ 129,632	\$ 398,863	\$ 2,812,213
Province of Ontario	-	223,988	688,069	-	16,200	13,760	-	120,144	1,062,161
Health Canada	-	-	1,271,413	-	-	-	-	303,286	1,574,699
CMHC subsidy	-	-	-	-	-	-	95,127	-	95,127
Government of Canada	-	35,259	-	-	-	-	-	-	35,259
OFNLP and OFNLP transfers	487,428	133,915	-	82,200	-	64,642	17,250	-	785,435
Band Generated and other	246,658	363,812	171,716	268,558	61,504	96,258	118,043	22,851	1,349,400
	734,086	814,704	2,193,398	727,770	691,235	1,347,905	360,052	845,144	7,714,294
Expenses									
Salaries, wages and benefits	324	301,544	1,091,751	525,269	331,400	536,126	47,681	210,003	3,044,098
Materials, supplies and capital	117,293	101,328	703,060	29,647	122,243	113,458	20,748	320,178	1,527,955
Contracted services	27,814	274,014	141,864	116,517	131,978	455,392	68,011	118,992	1,334,582
Rents and financial expenses	10,780	6,064	2,944	2,887	-	-	31,269	5,199	59,143
Travel and training	74,751	101,098	219,506	86,776	57,723	27,453	5,256	190,772	763,335
Other	90,020	-	-	(8,269)	-	200,706	-	-	282,457
	320,982	784,048	2,159,125	752,827	643,344	1,333,135	172,965	845,144	7,011,570
Annual surplus (deficit) before amortization	413,104	30,656	34,273	(25,057)	47,891	14,770	187,087	-	702,724
Amortization	-	42,577	119,136	58,681	248,735	40,827	90,476	-	600,432
Annual surplus (deficit)	\$ 413,104	\$ (11,921)	\$ (84,863)	\$ (83,738)	\$ (200,844)	\$ (26,057)	\$ 96,611	\$ -	\$ 102,292
Tangible capital assets purchased	\$ -	\$ 4,374	\$ 104,714	\$ 3,437	\$ 96,249	\$ 13,196	\$ 354,357	\$ -	\$ 576,327



# Temagami First Nation Segment Disclosure

For the year ended March 31, 2013

## 17. Segmented Information (continued)

	OFNLP	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	IFN	Total
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 93,561	\$ 54,086	\$ 514,902	\$ 526,628	\$ 1,115,213	\$ 55,600	\$ 153,586	\$ 2,513,576
Province of Ontario	-	137,084	851,295	-	16,200	15,396	-	10,000	1,029,975
Health Canada	-	-	1,235,516	-	-	-	-	307,750	1,543,266
Government of Canada	-	32,450	-	-	-	-	-	-	32,450
OFNLP and OFNLP transfers	547,602	109,047	-	51,893	-	75,945	-	-	784,487
CMHC subsidy	-	-	-	-	-	-	106,704	-	106,704
Band Generated and other	127,038	466,937	240,799	175,381	72,371	50,967	137,810	48,939	1,320,242
	674,640	839,079	2,381,696	742,176	615,199	1,257,521	300,114	520,275	7,330,700
<b>Expenses</b>									
Salaries, wages and benefits	23,591	211,131	1,153,335	527,573	210,812	518,997	17,137	159,521	2,822,097
Materials, supplies and capital	131,670	59,603	529,592	37,811	104,869	103,194	17,176	65,892	1,049,807
Contracted services	35,569	465,491	262,913	100,456	135,864	430,930	123,065	107,436	1,661,724
Rents and financial expenses	9,881	500	3,192	2,268	-	1,250	36,904	8,348	62,343
Travel and training	47,269	115,526	224,582	88,545	37,381	26,435	1,779	179,078	720,595
Other	63,626	-	8,688	9,383	-	169,897	-	-	251,594
	311,606	852,251	2,182,302	766,036	488,926	1,250,703	196,061	520,275	6,568,160
<b>Annual surplus (deficit) before amortization</b>									
	363,034	(13,172)	199,394	(23,860)	126,273	6,818	104,053	-	762,540
Amortization	-	42,431	92,554	63,333	240,322	41,369	85,309	-	565,318
<b>Annual surplus (deficit)</b>	<b>\$ 363,034</b>	<b>\$ (55,603)</b>	<b>\$ 106,840</b>	<b>\$ (87,193)</b>	<b>\$ (114,049)</b>	<b>\$ (34,551)</b>	<b>\$ 18,744</b>	<b>\$ -</b>	<b>\$ 197,222</b>
<b>Tangible capital assets purchased</b>									
	\$ -	\$ 21,256	\$ 263,109	\$ 3,198	\$ 198,023	\$ 6,996	\$ 67,272	\$ -	\$ 559,854