

Temagami First Nation
Consolidated Financial Statements
For the year ended March 31, 2015

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Consolidated Financial Statements
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TEMAGAMI FIRST NATION



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

March 31, 2015

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.

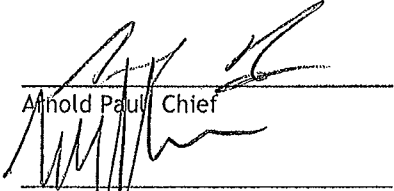
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are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

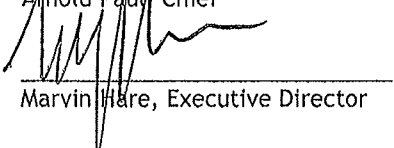
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is provided.

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.


Arnold Paul, Chief


Marvin Hare, Executive Director



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BDO Canada LLP
101 McIntyre Street W, Suite 301
North Bay ON P1B 2Y5 Canada

Independent Auditor's Report

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, 2015, and the consolidated statement 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, 2015 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.

Other Matters

Temagami First Nation has also prepared another set of financial statements for the year ended March 31, 2015 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Temagami First Nation to meet reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Temagami First Nation and was dated July 7, 2015.

 BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

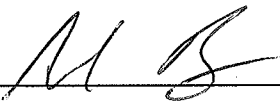
North Bay, Ontario
July 7, 2015

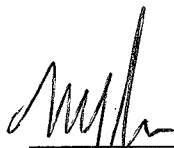
Temagami First Nation

Consolidated Statement of Financial Position

March 31	2015	2014
Financial Assets		
Cash and cash equivalents	\$ 699,702	\$ 466,959
Investments (Note 2)	5,293,907	5,044,374
Funds held in trust by AANDC (Note 4)	38,521	37,460
Accounts receivable (Note 3)	623,704	509,175
	<u>6,655,834</u>	<u>6,057,968</u>
Liabilities		
Accounts payable and accrued liabilities	509,896	497,058
Deferred revenue (Note 9)	293,785	150,047
Long-term debt (Note 10)	2,698,463	2,512,180
	<u>3,502,144</u>	<u>3,159,285</u>
Net financial assets	<u>3,153,690</u>	<u>2,898,683</u>
Non-Financial Assets		
Tangible capital assets (Note 8)	7,536,847	7,758,572
Prepaid expenses	35,509	45,326
	<u>7,572,356</u>	<u>7,803,898</u>
Accumulated surplus (Note 5)	<u>\$ 10,726,046</u>	<u>\$ 10,702,581</u>

Contingent asset (Note 12)

Signature, 
Title Chief

Signature, 
Title EXECUTIVE DIRECTOR

Temagami First Nation Consolidated Statement of Operations

For the year ended March 31

	2015 Budget (Note 15)	2015 Actual	2014 Actual
Revenues			
AANDC (Note 13)	\$ 2,450,997	\$ 2,754,528	\$ 2,812,213
Health Canada	1,618,713	1,646,658	1,574,699
Government of Canada	193,542	38,367	35,259
CMHC subsidy	-	118,809	95,127
Province of Ontario	1,092,626	1,200,473	1,062,161
Ontario First Nation General Partner	580,688	809,285	785,435
Band Generated and other	1,303,659	1,196,880	1,349,400
	<u>7,240,225</u>	<u>7,765,000</u>	<u>7,714,294</u>
Expenses (Note 14)			
Administration	763,987	846,646	811,508
Operations and maintenance programs	609,920	987,079	892,079
Housing programs	391,049	293,283	263,441
Education programs	1,353,191	1,300,720	1,373,962
Health and social programs	2,209,395	2,413,429	2,278,261
Community development programs	1,064,177	889,139	826,625
OFNLP	446,500	540,105	320,982
Independent First Nations (IFN)	423,556	471,134	845,144
	<u>7,261,775</u>	<u>7,741,535</u>	<u>7,612,002</u>
Annual (deficit) surplus	(21,550)	23,465	102,292
Accumulated surplus, beginning of year	<u>10,702,581</u>	<u>10,702,581</u>	<u>10,600,289</u>
Accumulated surplus, end of year (Note 5)	<u>\$ 10,681,031</u>	<u>\$ 10,726,046</u>	<u>\$ 10,702,581</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	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ (21,550)	\$ 23,465	\$ 102,292
Acquisition of tangible capital assets	(124,150)	(381,820)	(576,327)
Amortization of tangible capital assets	-	603,233	600,432
(Gain) loss on disposal of tangible capital assets	-	(1,038)	3,883
Proceeds on disposal of tangible capital assets	-	1,350	4,431
	<u>(145,700)</u>	<u>245,190</u>	<u>134,711</u>
Acquisition of prepaid expenses	-	(35,509)	(45,326)
Use of prepaid expenses	-	45,326	33,687
	<u>-</u>	<u>9,817</u>	<u>(11,639)</u>
Change in net financial assets	(145,700)	255,007	123,072
Net financial assets, beginning of year	<u>2,898,683</u>	<u>2,898,683</u>	<u>2,775,611</u>
Net financial assets, end of year	<u>\$ 2,752,983</u>	<u>\$ 3,153,690</u>	<u>\$ 2,898,683</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

2015

2014

Cash provided by (used in):

Operating activities

Annual surplus	\$ 23,465	\$ 102,292
Items not involving cash		
Amortization of tangible capital assets	603,233	600,432
(Gain) loss on disposal of tangible capital assets	(1,038)	3,883
	<u>625,660</u>	<u>706,607</u>
Changes in non-cash working capital balances		
Funds held in trust by AANDC	(1,061)	(925)
Accounts receivable	(114,529)	68,984
Prepaid expenses	9,817	(11,639)
Accounts payable	12,838	140,132
Deferred revenue	143,738	(80,681)
	<u>50,803</u>	<u>115,871</u>

Capital activities

Proceeds of disposition on tangible capital assets	1,350	4,431
Purchase of tangible capital assets	(381,820)	(576,327)
	<u>(380,470)</u>	<u>(571,896)</u>

Investing activities

Investments	<u>(249,533)</u>	<u>(230,425)</u>
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Financing activities

Advances of long-term debt	294,000	-
Debt principal repayments	(107,717)	(94,305)
	<u>186,283</u>	<u>(94,305)</u>

Decrease in cash and cash equivalents during the year

232,743 (74,148)

Cash and cash equivalents, beginning of year

466,959 541,107

Cash and cash equivalents, end of year

\$ 699,702 \$ 466,959

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

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.

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

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

Construction in progress is not amortized until construction is substantially complete and the assets are ready for use.

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.

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued)

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, 2015

2. Investments

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

	<u>2015</u>	<u>2014</u>
GIC's ⁽ⁱ⁾	\$ 3,570,670	\$ 3,523,801
Mutual funds, T-Bill funds, bonds and equities	<u>1,723,237</u>	<u>1,520,573</u>
	<u>\$ 5,293,907</u>	<u>\$ 5,044,374</u>

(i) GIC's balance consists of six guaranteed investment certificates maturing between May and September 2015, bearing interest at rates ranging from 1.26% to 1.33%

3. Accounts Receivable

	<u>2015</u>	<u>2014</u>
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 3,121	\$ -
Health Canada	5,311	53,168
Government of Canada	66,240	68,208
Province of Ontario	107,046	75,954
Other ⁽ⁱ⁾ (net of allowance for doubtful accounts of \$100,233 (2014 - \$103,910))	<u>441,986</u>	<u>311,845</u>
	<u>\$ 623,704</u>	<u>\$ 509,175</u>

(i) Included in Other receivables are four loans receivable in the amount of \$74,956 (2014 - \$78,514), receivable over 13 to 15 years and all bearing interest at a rate of 5% per annum

4. Funds Held in Trust by AANDC

	<u>2015</u>	<u>2014</u>
Revenue	\$ 36,168	\$ 35,107
Capital	<u>2,353</u>	<u>2,353</u>
	<u>\$ 38,521</u>	<u>\$ 37,460</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.

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

5. Accumulated Surplus

	2015	2014
Investment in tangible capital assets (Note 8)	\$ 7,536,847	\$ 7,758,572
Less: Debt (Note 10)	1,697,881	1,511,598
Net band infrastructure	5,838,966	6,246,974
Net operating assets ⁱ⁾	558,246	366,489
Reserve and earmarked funds		
Doreen Potts Health Centre MAR ⁱⁱ⁾	1,560	560
Water treatment plant ⁱⁱⁱ⁾	75,850	82,051
Canada Mortgage and Housing Corporation ⁱⁱⁱ⁾	181,758	177,735
Future generations fund ^{iv)}	1,723,237	1,520,573
Housing ^{iv)}	3,958	3,958
Elder's complex ^{iv)}	671,054	662,360
Multi-use facility ^{iv)}	1,315,650	91,810
Manitou Proceeds ^{iv)}	75,993	-
	4,049,060	2,539,047
Unallocated surplus	279,774	1,550,071
	<u>\$ 10,726,046</u>	<u>\$ 10,702,581</u>

i) Net operating assets consist of the following:

Cash and cash equivalents	\$ 699,702	\$ 466,959
Funds held in trust by AANDC	38,521	37,460
Accounts receivable	623,704	509,175
Accounts payable and accrued liabilities	(509,896)	(497,058)
Deferred revenue	(293,785)	(150,047)
	<u>\$ 558,246</u>	<u>\$ 366,489</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.

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2015

6. 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 \$176,667 (2014 - \$180,185).

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.

7. 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. During the year, payments received under this agreement and investment income earned on the account amounted to \$424,592. Expenses related to monitoring the agreement and approved allocations amounted to \$236,998. At March 31, 2015 there is \$1.787 million (2014 - \$1.599 million) in cash and short-term investments which are not included in these financial statements pending completion of a process to determine how these proceeds will be further allocated and used.

Temagami First Nation
Notes to Financial Statements

March 31, 2015

8. Tangible Capital Assets

	2015									
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	Equipment	IT	Construction in Progress	Total
Cost, beginning 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	
Additions	107,562	7,500	67,173	23,680	6,202	10,816	18,583	140,304	381,820	
Disposals	-	(78,000)	-	-	-	-	(17,684)	-	(95,684)	
Transfers	254,437	-	-	-	-	12,206	-	(266,643)	-	
Cost, end of year	\$ 2,223,091	\$ 1,241,656	\$ 703,626	\$ 161,052	\$ 5,368,730	\$ 3,695,859	\$ 395,360	\$ 140,304	\$ 13,929,678	
Accumulated amortization, beginning of year	\$ 357,624	\$ 753,164	\$ 402,578	\$ 42,432	\$ 2,241,615	\$ 1,763,342	\$ 324,215	\$ -	\$ 5,884,970	
Amortization	71,117	151,885	53,527	4,853	166,139	111,150	44,562	-	603,233	
Disposals	-	(78,000)	-	-	-	-	(17,372)	-	(95,372)	
Accumulated amortization, end of year	\$ 428,741	\$ 827,049	\$ 456,105	\$ 47,285	\$ 2,407,754	\$ 1,874,492	\$ 351,405	\$ -	\$ 6,392,831	
Net carrying amount, end of year	\$ 1,794,350	\$ 414,607	\$ 247,521	\$ 113,767	\$ 2,960,976	\$ 1,821,367	\$ 43,955	\$ 140,304	\$ 7,536,847	

Temagami First Nation
Notes to Financial Statements

March 31, 2015

8. Tangible Capital Assets (continued)

	2014									
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	Equipment	IT Equipment	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 Consolidated Financial Statements

March 31, 2015

9. Deferred Revenue

Deferred revenue by program is detailed as follows:

	2015	2014
Administration		
- Governance development (AANDC)	\$ 3,500	\$ -
Education Programs		
- Library	2,443	-
Health & Social		
Community Development		
- Multi-use Facility (AANDC)	153,617	-
- Lands and Resources	41,463	12,378
- Cliffs Chromite	-	7,200
Independent First Nation (IFN) Programs		
- IFN Coordinator	-	37,707
- IFN Health Coordinator	92,762	92,762
	<u>\$ 293,785</u>	<u>\$ 150,047</u>

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-Term Debt

	2015	2014
Canada Mortgage and Housing Corporation mortgage receivable, repayable in monthly instalments of \$3,202 including interest at 2.69%. The loan matures August 2035. ⁽ⁱⁱ⁾	\$ 604,868	\$ 627,165
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,073 including interest at 1.65%. The loan matures June 2027. ⁽ⁱⁱ⁾	276,177	296,363
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,632 including interest at 1.65%. The loan matures June 2032. ⁽ⁱⁱ⁾	294,435	309,078
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,287 including interest at 1.65%. The loan matures May 2032. ⁽ⁱⁱ⁾	231,118	242,676
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,213 including interest at 1.77%. The loan matures October 2039. ⁽ⁱⁱ⁾	291,283	-
Total CMHC debt	1,697,881	1,475,282
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
Loan repayable in monthly instalments of \$1,212 including, interest at 5.74%, secured by a specified vehicle. The loan matures June, 2015.	-	17,500
Total debt (Note 5)	1,697,881	1,511,598
Loan payable, contingent on the settlement of the land claim. ⁽ⁱ⁾	1,000,582	1,000,582
	<u>\$ 2,698,463</u>	<u>\$ 2,512,180</u>

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-Term Debt (continued)

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

2016	\$ 78,903
2017	80,465
2018	82,059
2019	83,686
2020	1,085,930
Thereafter	<u>1,287,420</u>
	<u>\$ 2,698,463</u>

In 2015, interest expense of \$31,781 (2014 - \$31,269) 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 in the amount of \$231,118 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.

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.

Temagami First Nation

Notes to Consolidated Financial Statements

March 31, 2015

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.

13. Funding Reconciliation

AANDC revenue per funding confirmation	\$ 2,754,999
Amounts repaid / repayable	<u>(471)</u>
AANDC revenue per the consolidated financial statements	<u>\$ 2,754,528</u>

Of the above \$2,754,528, \$2,108,402 relates to core funding and \$646,126 to non-core funding.

14. Expenses by Object

	<u>2015</u>	<u>2014</u>
Salaries, wages and benefits	\$ 3,225,625	\$ 3,044,098
Materials, supplies and capital	1,286,014	1,527,955
Contracted services	1,519,341	1,334,582
Rents and financial	56,755	59,143
Travel and training	715,746	763,335
Other	334,821	282,457
Amortization	603,233	600,432
	<u>\$ 7,741,535</u>	<u>\$ 7,612,002</u>

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2015

15. Budget

The Budget adopted by Council on April 29, 2014 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 on the Consolidated Statements of Operations and Change in Net Financial Assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2015</u>
Budgeted deficit for the year	\$ -
Add:	
Investments in tangible capital assets	124,150
Less:	
Transfers from reserves	<u>(145,700)</u>
Budget deficit per statement of operations	<u>\$ (21,550)</u>

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2015

16. 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.

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2015

16. 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, 2015

16. Segmented Information (continued)

	OFNLP	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	IFN	Total
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 354,684	\$ 61,340	\$ 415,004	\$ 646,371	\$ 1,165,872	\$ 111,257	\$ -	\$ 2,754,528
Province of Ontario	-	275,419	743,308	-	17,142	17,525	-	147,079	1,200,473
Health Canada	-	-	1,359,334	-	-	-	-	287,324	1,646,658
CMHC subsidy	-	-	-	-	-	-	118,809	-	118,809
Government of Canada	-	38,367	-	-	-	-	-	-	38,367
OFNLP and OFNLP transfers	589,616	92,573	-	118,000	-	9,096	-	-	809,285
Band Generated and other	261,545	168,139	184,702	272,384	69,795	80,244	123,340	36,731	1,196,880
	851,161	929,182	2,348,684	805,388	733,308	1,272,737	353,406	471,134	7,765,000
Expenses									
Salaries, wages and benefits	-	390,890	1,212,878	580,577	354,997	521,989	46,474	117,820	3,225,625
Materials, supplies and capital	181,166	76,460	695,773	25,864	94,677	90,107	42,494	79,473	1,286,014
Contracted services	149,934	295,759	188,806	135,541	214,147	391,723	72,169	71,262	1,519,341
Rents and financial expenses	12,026	6,000	984	2,357	-	888	31,781	2,719	56,755
Travel and training	85,516	79,732	193,282	56,913	62,928	34,581	2,934	199,860	715,746
Other	111,463	-	-	(3,332)	-	226,690	-	-	334,821
	540,105	848,841	2,291,723	797,920	726,749	1,265,978	195,852	471,134	7,138,302
Annual surplus (deficit) before amortization	311,056	80,341	56,961	7,468	6,559	6,759	157,554	-	626,698
Amortization	-	40,298	121,706	48,726	260,330	34,742	97,431	-	603,233
Annual surplus (deficit)	\$ 311,056	\$ 40,043	\$ (64,745)	\$ (41,258)	\$ (253,771)	\$ (27,983)	\$ 60,123	\$ -	\$ 23,465
Tangible capital assets purchased	\$ -	\$ 149,520	\$ 11,893	\$ 4,709	\$ 92,447	\$ 2,802	\$ 120,449	\$ -	\$ 381,820

Temagami First Nation Segment Disclosure

For the year ended March 31, 2014

16. Segmented Information (continued)

	OFNLP	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	IFN	Total
Revenues									
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
Government of Canada	-	35,259	-	-	-	-	-	-	35,259
OFNLP and OFNLP transfers	487,428	133,915	-	82,200	-	64,642	17,250	-	785,435
CMHC subsidy	-	-	-	-	-	-	95,127	-	95,127
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