

**Temagami First Nation
Consolidated Financial Statements
For the year ended March 31, 2018**

**Temagami First Nation
Consolidated Financial Statements
For the year ended March 31, 2018**

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Temagami First Nation

Management's Responsibility for the Consolidated Financial Statements

March 31, 2018

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.

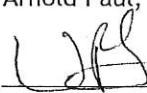
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is provided.

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


Virginia Paul, Executive Director

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, 2018, 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, 2018 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, 2018 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 30, 2018.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
July 30, 2018

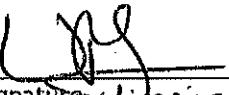
Temagami First Nation
Consolidated Statement of Financial Position

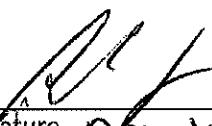
<u>March 31</u>	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash and cash equivalents	\$ 1,530,070	\$ 618,691
Investments (Note 2)	5,137,100	4,826,311
Funds held in trust by INAC (Note 4)	2,353	40,067
Accounts receivable (Note 3)	<u>1,788,423</u>	<u>864,314</u>
	<u>8,457,946</u>	<u>6,349,383</u>
Liabilities		
Accounts payable and accrued liabilities	912,288	433,450
Deferred revenue (Note 9)	354,051	163,902
Long-term debt (Note 10)	<u>2,444,063</u>	<u>2,531,221</u>
	<u>3,710,402</u>	<u>3,128,573</u>
Net financial assets	<u>4,747,544</u>	<u>3,220,810</u>
Non-Financial Assets		
Tangible capital assets (Note 8a)	9,087,051	7,710,105
Prepaid expenses	99,429	71,959
	<u>9,186,480</u>	<u>7,782,064</u>
Accumulated surplus (Note 5)	<u>\$ 13,934,024</u>	<u>\$ 11,002,874</u>

Commitments (Note 8b)

Contingent asset (Note 12)

Contingent liabilities (Note 14)


 Signature, Virginia Paul
 Title Executive Director


 Signature, Arnold Paul
 Title Chief

Temagami First Nation
Consolidated Statement of Operations

For the year ended March 31	2018 Budget (Note 16)	2018 Actual	2017 Actual
Revenues			
INAC (Note 13)	\$ 2,665,484	\$ 3,238,642	\$ 2,546,420
Health Canada	1,273,550	1,271,648	1,327,332
Government of Canada	227,936	237,789	69,459
CMHC subsidy	165,048	242,820	164,288
Province of Ontario	1,404,977	2,068,159	1,563,287
Ontario First Nation General Partner	940,950	931,163	920,786
Band Generated and other (Note 7)	<u>1,133,522</u>	<u>3,427,260</u>	<u>1,888,236</u>
	<u>7,811,467</u>	<u>11,417,481</u>	<u>8,479,808</u>
Expenses (Note 15)			
Administration	868,774	868,250	858,518
Operations and maintenance programs	715,089	966,957	927,223
Housing programs	318,141	462,221	341,532
Education programs	1,434,454	1,605,404	1,558,492
Health and social programs	2,683,491	3,047,823	2,696,421
Community development programs	1,128,388	1,152,839	1,117,516
Ontario First Nation General Partner	<u>539,000</u>	<u>382,837</u>	<u>365,018</u>
	<u>7,687,337</u>	<u>8,486,331</u>	<u>7,864,720</u>
Annual surplus before other items	124,130	2,931,150	615,088
Write-off of construction in progress	-	-	(778,990)
Annual surplus (deficit) for the year	124,130	2,931,150	(163,902)
Accumulated surplus, beginning of year	11,002,874	11,002,874	11,166,776
Accumulated surplus, end of year (Note 5)	\$ 11,127,004	\$ 13,934,024	\$ 11,002,874

Temagami First Nation
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit)	\$ 124,130	\$ 2,931,150	\$ (163,902)
Acquisition of tangible capital assets	(127,700)	(2,056,291)	(1,119,114)
Amortization of tangible capital assets	-	669,916	623,499
Loss on disposal of tangible capital assets	-	9,429	935
Proceeds on disposal of tangible capital assets	-	-	1,606
Write-off of construction in progress	-	-	778,990
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	(3,570)	1,554,204	122,014
Acquisition of prepaid expenses	-	(99,429)	(71,959)
Use of prepaid expenses	-	71,959	47,515
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	(27,470)	(24,444)	
Change in net financial assets	(3,570)	1,526,734	97,570
Net financial assets, beginning of year	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>
Net financial assets, end of year	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none; margin-bottom: 5px; margin-top: 5px;"/>
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Temagami First Nation
Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Cash provided by (used in):		
Operating activities		
Annual surplus (deficit)	\$ 2,931,150	\$ (163,902)
Items not involving cash		
Amortization of tangible capital assets	669,916	623,499
Loss on disposal of tangible capital assets	9,429	935
Write-off of construction in progress	-	778,990
	<hr/>	<hr/>
	3,610,495	1,239,522
Changes in non-cash working capital balances		
Funds held in trust by INAC	37,714	(729)
Accounts receivable	(924,109)	(68,656)
Prepaid expenses	(27,470)	(24,444)
Accounts payable and accrued liabilities	478,838	(337,046)
Deferred revenue	190,149	(80,116)
	<hr/>	<hr/>
	3,365,617	728,531
Capital activities		
Proceeds of disposition on tangible capital assets	-	1,606
Purchase of tangible capital assets	<u>(2,056,291)</u>	<u>(1,119,114)</u>
	<hr/>	<hr/>
	(2,056,291)	(1,117,508)
Investing activities		
(Acrease) decrease in investments	<u>(310,789)</u>	<u>410,930</u>
	<hr/>	<hr/>
Financing activities		
Long-term debt repayments	<u>(87,158)</u>	<u>(84,992)</u>
	<hr/>	<hr/>
Decrease in cash and cash equivalents during the year	911,379	(63,039)
Cash and cash equivalents, beginning of year	618,691	681,730
Cash and cash equivalents, end of year	\$ 1,530,070	\$ 618,691

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2018

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 expenses 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 and the Daki Menan Lands and Resources Corporation which is controlled 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 INAC Band funds held in trust by Indigenous and Northern Affairs Canada ("INAC") 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, 2018

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, 2018

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, 2018

2. Investments

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

	2018	2017
GIC's ⁽ⁱ⁾	\$ 3,281,315	\$ 3,012,856
Mutual funds, T-Bill funds, bonds and equities	<u>1,855,785</u>	<u>1,813,455</u>
	<u>\$ 5,137,100</u>	<u>\$ 4,826,311</u>

(i) GIC's balance consists of three guaranteed investment certificates maturing between April 2018 and March 2019, bearing interest at rates ranging from 1.07% to 1.64%

3. Accounts Receivable

	2018	2017
Indigenous and Northern Affairs Canada (INAC)	\$ 24,467	\$ 10,593
Health Canada	9,811	6,905
Government of Canada	130,482	1,450
Province of Ontario	434,307	184,320
Other ⁽ⁱ⁾ (net of allowance for doubtful accounts of \$89,768 (2017 - \$99,144))	<u>1,189,356</u>	<u>661,046</u>
	<u>\$ 1,788,423</u>	<u>\$ 864,314</u>

(i) Included in Other receivables are two loans receivable in the amount of \$51,915 (2017 - \$59,665), receivable over 12 to 14 years and all bearing interest at a rate of 5% per annum

4. Funds Held in Trust by INAC

	2018	2017
Revenue	\$ -	\$ 37,714
Capital	<u>2,353</u>	<u>2,353</u>
	<u>\$ 2,353</u>	<u>\$ 40,067</u>

These funds are held by Indigenous and Northern Affairs 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, 2018

5. Accumulated Surplus

	2018	2017
Investment in tangible capital assets (Note 8)	\$ 9,087,051	\$ 7,710,105
Less: Debt (Note 10)	<u>1,443,481</u>	<u>1,530,639</u>
Net band infrastructure	<u>7,643,570</u>	<u>6,179,466</u>
Reserve and earmarked funds		
Doreen Potts Health Centre MAR ⁱ⁾	1,560	1,560
Water treatment plant ⁱⁱ⁾	71,194	71,194
Canada Mortgage and Housing Corporation ⁱⁱ⁾	275,226	243,412
Future generations fund ⁱⁱⁱ⁾	1,855,785	1,813,455
Housing ⁱⁱⁱ⁾	7,359	3,958
Elder's complex ⁱⁱⁱ⁾	333,613	388,133
Multi-use facility ⁱⁱⁱ⁾	2,890,942	1,349,476
Manitou Proceeds ⁱⁱⁱ⁾	<u>74,392</u>	<u>74,392</u>
	<u>5,510,071</u>	<u>3,945,580</u>
Unallocated surplus (deficit)	<u>780,383</u>	<u>877,828</u>
	<u><u>\$ 13,934,024</u></u>	<u><u>\$ 11,002,874</u></u>

- i) This represent a moveable asset reserve for acquisition of tangible capital assets.
- ii) These are reserve funds established for future capital repairs and construction.
- iii) These are earmarked funds for revenue generation and planned capital projects.

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2018

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 \$158,467 (2017 - \$156,081).

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. A resource agreement previously concluded 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 \$448,526 (2017 - \$427,309). Expenses related to monitoring the agreement and approved allocations amounted to \$182,957 (2017 - \$176,643). On June 25, 2017 resolutions passed by TFN and TAA in assembly approved an allocation of \$2.570 million for capital projects and \$100,000 for Joint Council operations. Of the \$2.570 million, \$1.920 million has been paid or set up as a receivable by TFN and included in Band Generated and other revenue. At March 31, 2018 there is \$1.120 million (2017 - \$2.775 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, 2018

8. Tangible Capital Assets

a. Tangible capital assets

	2018								
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	IT Equipment	Construction in Progress	Total
Cost, beginning of year	\$ 2,226,815	\$ 1,413,936	\$ 925,731	\$ 161,052	\$ 5,418,326	\$ 4,096,721	\$ 461,476	\$ 390,584	\$ 15,094,641
Additions	6,968	147,591	160,220	-	12,182	506,717	56,824	1,165,789	2,056,291
Disposals	-	(16,800)	(4,400)	-	-	-	(44,335)	-	(65,535)
Transfers	-	-	-	-	-	-	-	-	-
Cost, end of year	<u>\$ 2,233,783</u>	<u>\$ 1,544,727</u>	<u>\$ 1,081,551</u>	<u>\$ 161,052</u>	<u>\$ 5,430,508</u>	<u>\$ 4,603,438</u>	<u>\$ 473,965</u>	<u>\$ 1,556,373</u>	<u>\$ 17,085,397</u>
Accumulated amortization, beginning of year	\$ 595,981	\$ 1,040,964	\$ 588,545	\$ 59,359	\$ 2,743,742	\$ 1,976,959	\$ 378,986	\$ -	\$ 7,384,536
Amortization	87,160	144,597	91,205	6,038	170,204	128,327	42,385	-	669,916
Disposals	-	(8,400)	(3,795)	-	-	-	(43,911)	-	(56,106)
Accumulated amortization, end of year	<u>\$ 683,141</u>	<u>\$ 1,177,161</u>	<u>\$ 675,955</u>	<u>\$ 65,397</u>	<u>\$ 2,913,946</u>	<u>\$ 2,105,286</u>	<u>\$ 377,460</u>	<u>\$ -</u>	<u>\$ 7,998,346</u>
Net carrying amount, end of year	<u>\$ 1,550,642</u>	<u>\$ 367,566</u>	<u>\$ 405,596</u>	<u>\$ 95,655</u>	<u>\$ 2,516,562</u>	<u>\$ 2,498,152</u>	<u>\$ 96,505</u>	<u>\$ 1,556,373</u>	<u>\$ 9,087,051</u>

Temagami First Nation
Notes to Financial Statements

March 31, 2018

8. Tangible Capital Assets (continued)

a. Tangible capital assets (continued)

	2017									
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	IT Equipment	Construction in Progress		Total
Cost, beginning of year	\$ 2,226,071	\$ 1,249,732	\$ 832,392	\$ 161,052	\$ 5,413,026	\$ 3,574,672	\$ 390,876	\$ 920,871	\$ 14,768,692	
Additions	744	176,879	93,339	-	5,300	111,539	70,600	660,713	1,119,114	
Disposals	-	(12,675)	-	-	-	(1,500)	-	(778,990)	(793,165)	
Transfers	-	-	-	-	-	412,010	-	(412,010)	-	
Cost, end of year	<u>\$ 2,226,815</u>	<u>\$ 1,413,936</u>	<u>\$ 925,731</u>	<u>\$ 161,052</u>	<u>\$ 5,418,326</u>	<u>\$ 4,096,721</u>	<u>\$ 461,476</u>	<u>\$ 390,584</u>	<u>\$ 15,094,641</u>	
Accumulated amortization, beginning of year	\$ 510,990	\$ 899,195	\$ 514,373	\$ 53,322	\$ 2,574,523	\$ 1,870,393	\$ 349,875	\$ -	\$ 6,772,671	
Amortization	84,991	151,903	74,172	6,037	169,219	108,066	29,111	-	623,499	
Disposals	-	(10,134)	-	-	-	(1,500)	-	-	(11,634)	
Accumulated amortization, end of year	<u>\$ 595,981</u>	<u>\$ 1,040,964</u>	<u>\$ 588,545</u>	<u>\$ 59,359</u>	<u>\$ 2,743,742</u>	<u>\$ 1,976,959</u>	<u>\$ 378,986</u>	<u>\$ -</u>	<u>\$ 7,384,536</u>	
Net carrying amount, end of year	<u>\$ 1,630,834</u>	<u>\$ 372,972</u>	<u>\$ 337,186</u>	<u>\$ 101,693</u>	<u>\$ 2,674,584</u>	<u>\$ 2,119,762</u>	<u>\$ 82,490</u>	<u>\$ 390,584</u>	<u>\$ 7,710,105</u>	

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2018

8. Tangible Capital Assets (continued)

b. Construction In Progress and Commitments

	Multi-use Facility	Elders' Complex	Construction Camp	Total
Project budget	<u>\$ 11,200,000</u>	\$ 2,220,000	\$ -	\$ 13,420,000
Construction in progress, beginning of year	\$ 365,647	\$ 24,937	\$ -	\$ 390,584
Additions	<u>818,535</u>	60,161	287,093	1,165,789
Construction in progress, end of year	<u>\$ 1,184,182</u>	<u>\$ 85,098</u>	<u>\$ 287,093</u>	<u>\$ 1,556,373</u>

During the past year a re-design of the Multi-use facility was completed. The facility has been reduced in size from the original design however the purposes remain the same. The facility will include a recreation/gathering center, meeting rooms, band offices including economic development and lands and resources, and showcases for artists and artifacts. The fixed price construction contract for \$9,800,000 was awarded in February and construction has commenced. It is expected to be completed and ready for occupancy by September 2019. In addition, the TFN has committed to pay \$64,585 per year for 10 years to Ontario Hydro for 3-phase power. This includes the actual hydro costs for the Multi-use facility and the Elder's complex.

The Elder's Complex is in the design development stage and will be located next to the Multi-use facility. It is anticipated that the project will be constructed by December 2019.

The Construction Camp consists of eight trailers of which six will serve as dorms and two will be utilized for the kitchen and dining room. It became operational on July 16, 2018.

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2018

9. Deferred Revenue

Deferred revenue by program is detailed as follows:

	2018	2017
Administration		
- Communications strategy (INAC)	\$ -	\$ 27,700
Operations and Maintenance		
- Solid waste diversion plan (INAC)	-	33,800
- Housing Grant (INAC)	29,540	-
Education Programs		
- New Paths (INAC)	6,701	-
- Special education (INAC)	91,748	83,102
Health and Social		
- HC - Early Childhood Development	4,972	-
- HC - Aboriginal Headstart	35,151	-
- Trillium - Youth Opportunities	12,008	-
- Aboriginal Labour Force Development Circle	137,068	-
Community Development		
- Lands and Resources	-	15,383
- Energy Plan	12,125	485
- MAG - Victim Services	24,738	-
Other	-	3,432
	\$ 354,051	\$ 163,902

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2018

10. Long-Term Debt

	2018	2017
Canada Mortgage and Housing Corporation mortgage receivable, repayable in monthly instalments of \$2,718 including interest at 0.94%. The loan matures August 2035. ⁽ⁱⁱ⁾	\$ 524,329	\$ 551,913
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,038 including interest at 1.3%. The loan matures June 2027. ⁽ⁱⁱ⁾	213,264	234,796
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,592 including interest at 1.3%. The loan matures June 2032. ⁽ⁱⁱ⁾	248,661	264,416
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,255 including interest at 1.3%. The loan matures May 2032. ⁽ⁱⁱ⁾	194,989	207,423
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,213 including interest at 1.77%. The loan matures October 2039. ⁽ⁱⁱ⁾	<u>262,238</u>	<u>272,091</u>
Total debt (Note 5)	1,443,481	1,530,639
Loan payable, contingent on the settlement of the land claim. ⁽ⁱ⁾	<u>1,000,582</u>	<u>1,000,582</u>
	<u>\$ 2,444,063</u>	<u>\$ 2,531,221</u>

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2018

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:

2019	\$ 87,174
2020	1,089,017
2021	89,716
2022	91,017
2023	92,337
Thereafter	<u>994,802</u>
	<u>\$ 2,444,063</u>

In 2018, interest expense of \$18,943 (2017 - \$22,083) has been reflected in the Consolidated Statement of Operations.

- (i) The loan payable of \$1,000,582 owing to the Research Branch of Indigenous and Northern Affairs 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 \$194,989 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 INAC, 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, 2018

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

INAC revenue per funding confirmation	\$ 3,222,029
Deferred revenue prior year	144,602
Deferred revenue current year	(127,989)
Amounts repaid / repayable	-
INAC revenue per the consolidated financial statements	<u>\$ 3,238,642</u>

Of the above \$3,222,029, \$2,256,902 relates to core funding and \$965,127 to non-core funding.

Health Canada Revenue per funding Confirmation	\$ 1,311,771
Deferred revenue current year	(40,123)
Amounts repaid / repayable	-
Health Canada revenue per the consolidated financial statements	<u>\$ 1,271,648</u>

14. Contingent Liabilities

Three lawsuits have been filed against the First Nation, it is the opinion of management and legal counsel, that the outcome of these lawsuits, now pending, is not determinable. Since the final outcome of the above noted actions cannot be determined as likely and any loss cannot be reasonably estimated, no provision has been made in these financial statements.

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2018

15. Expenses by Object

	2018	2017
Salaries, wages and benefits	\$ 3,593,643	\$ 3,410,301
Materials, supplies and capital	780,043	1,371,344
Contracted services	1,494,713	1,437,221
Rents and financial	780,852	41,150
Travel and training	1,014,941	555,576
Other	152,223	425,629
Amortization	<u>669,916</u>	<u>623,499</u>
	<hr/> \$ 8,486,331	<hr/> \$ 7,864,720

16. Budget

The Budget adopted by Council on May 10, 2017 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 Changes in Net Financial Assets represent the financial plan adopted by Council with adjustments as follows:

	2018
Budgeted income for the year	\$ -
Add:	
Investments in tangible capital assets	127,700
Less:	
Transfers from reserves	<u>(3,570)</u>
Budget surplus per consolidated statement of operations	<hr/> \$ 124,130

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2018

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, prenatal 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, 2018

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).

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, 2018

17. Segmented Information (continued)

	OFNLP	Community Development	Health and Social Administration	Operations & Maintenance	Education	Housing	Daki Menan Land and Resource Corporation	Total
Revenues								
Indigenous and Northern Affairs Canada	\$ -	\$ 286,641	\$ 216,634	\$ 496,840	\$ 658,625	\$ 1,421,736	\$ 158,166	\$ 3,238,642
Province of Ontario	-	756,127	1,276,278	-	18,186	17,568	-	2,068,159
Health Canada	-	-	1,271,648	-	-	-	-	1,271,648
CMHC subsidy	-	-	-	-	-	-	-	242,820
Government of Canada	-	222,770	-	15,010	-	-	-	237,789
OFNLP and OFNLP transfers	571,948	251,566	10,209	45,947	-	51,493	-	931,163
Band Generated and other	81,155	2,361,060	321,948	268,433	83,728	81,443	145,914	83,579
	653,103	3,878,164	3,096,717	826,230	760,539	1,572,240	546,900	83,588
								11,417,481
Expenses								
Salaries, wages and benefits	-	481,917	1,452,453	536,900	314,783	629,357	149,974	28,259
Materials, supplies and capital	167,442	87,986	80,489	76,327	161,068	73,552	101,317	31,862
Contracted services	18,546	276,490	893,355	100,841	75,341	62,254	28,494	39,392
Rents and financial expenses	5,671	28,401	187,618	12,296	107,306	360,041	60,674	18,845
Travel and training	38,955	129,379	305,602	62,404	32,917	435,796	3,282	6,606
Other	152,223	-	-	-	-	-	-	152,223
	382,837	1,004,173	2,919,517	788,768	691,415	1,561,000	343,741	124,964
								7,816,415
Annual surplus (deficit) before amortization	270,266	2,873,991	177,200	37,462	69,124	11,240	203,159	(41,376)
Amortization	-	18,491	128,306	79,482	275,542	44,404	118,480	5,211
Annual surplus (deficit)	\$ 270,266	\$ 2,855,500	\$ 48,894	\$ (42,020)	\$ (206,418)	\$ (33,164)	\$ 84,679	\$ (46,587)
Tangible capital assets purchased	\$ -	\$ 1,411,055	\$ 225,036	\$ 27,402	\$ 55,617	\$ 11,238	\$ 96,467	\$ 229,476
								\$ 2,056,291

**Temagami First Nation
Segment Disclosure**

For the year ended March 31, 2017

17. Segmented Information (continued)

	OFNLP	Community Development	Health and Social Administration	Operations & Maintenance	Education	Housing	IFN	Total
Revenues								
Indigenous and Northern Affairs Canada	\$ -	\$ 103,299	\$ 59,908	\$ 458,328	\$ 581,921	\$ 1,278,710	\$ 64,254	\$ 2,546,420
Province of Ontario	-	529,069	999,665	-	17,658	16,895	-	1,563,287
Health Canada	-	-	1,327,332	-	-	-	-	1,327,332
CMHC subsidy	-	-	-	-	-	-	164,288	164,288
Government of Canada	-	69,459	-	-	-	-	-	69,459
OFNLP and OFNLP transfers	53,682	511,261	9,000	127,705	89,268	129,870	-	920,786
Band Generated and other	170,345	767,455	367,262	222,644	96,720	135,589	128,221	1,888,236
	224,027	1,980,543	2,763,167	808,677	785,567	1,561,064	356,763	8,479,808
Expenses								
Salaries, wages and benefits	-	511,590	1,333,984	547,490	335,289	620,846	61,102	3,410,301
Materials, supplies and capital	169,204	114,647	793,046	31,455	111,515	116,610	34,867	1,371,344
Contracted services	36,739	334,741	218,867	161,246	165,065	415,493	105,070	1,437,221
Rents and financial expenses	4,410	9,000	2,725	2,460	-	472	22,083	41,150
Travel and training	48,495	109,362	231,589	61,004	50,477	49,525	5,124	555,576
Other	106,170	-	-	-	-	319,459	-	425,629
	365,018	1,079,340	2,580,211	803,655	662,346	1,522,405	228,246	7,241,221
Annual surplus (deficit) before amortization								
	(140,991)	901,203	182,956	5,022	123,221	38,659	128,517	1,238,587
Amortization and writeoffs	-	817,166	116,210	54,863	264,877	36,087	113,286	1,402,489
Annual surplus (deficit)	\$ (140,991)	\$ 84,037	\$ 66,746	\$ (49,841)	\$ (141,656)	\$ 2,572	\$ 15,231	\$ (163,902)
Tangible capital assets purchased								
	\$ -	\$ 781,334	\$ 173,389	\$ 5,177	\$ 111,409	\$ 38,371	\$ 9,434	\$ 1,119,114