

Temagami First Nation
Consolidated Financial Statements
For the year ended March 31, 2019

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TEMAGAMI FIRST NATION

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

March 31, 2019

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.

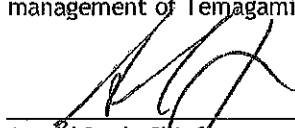
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are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

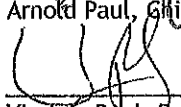
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is provided.

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



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BDO Canada LLP
101 McIntyre Street W
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Independent Auditor's Report

To the Chief and Council of Temagami First Nation

Opinion

We have audited the consolidated financial statements of Temagami First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Temagami First Nation as at March 31, 2019, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Temagami First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the unaudited supplementary schedules which present detailed program revenues and expenses and have been prepared to assist management of Temagami First Nation to meet the reporting requirements of various funding agencies.
- Temagami First Nation has also prepared another set of financial statements for the year ended March 31, 2019 in accordance with Canadian public sector accounting standards. Our audit report on the other set of financial statements was issued to the members of Temagami First Nation and was dated July 8, 2019.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the unaudited supplementary schedules which present detailed program revenues and expenses prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing Temagami First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Temagami First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Temagami First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Temagami First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Temagami First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Temagami First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
July 8, 2019


Temagami First Nation
Consolidated Statement of Financial Position

March 31, 2019	2019	2018
Financial Assets		
Cash and cash equivalents	\$ 1,665,235	\$ 1,530,070
Investments (Note 2)	3,006,299	5,137,100
Funds held in trust by ISC (Note 4)	2,353	2,353
Accounts receivable (Note 3)	<u>3,763,912</u>	<u>1,788,423</u>
	<u>8,437,799</u>	<u>8,457,946</u>
Liabilities		
Accounts payable and accrued liabilities	1,965,962	912,288
Deferred revenue (Note 9)	2,247,396	354,051
Long-term debt (Note 10)	<u>2,355,735</u>	<u>2,444,063</u>
	<u>6,569,093</u>	<u>3,710,402</u>
Net financial assets	<u>1,868,706</u>	<u>4,747,544</u>
Non-Financial Assets		
Tangible capital assets (Note 8a)	14,542,045	9,087,051
Prepaid expenses	<u>112,417</u>	<u>99,429</u>
	<u>14,654,462</u>	<u>9,186,480</u>
Accumulated surplus (Note 5)	<u>\$ 16,523,168</u>	<u>\$ 13,934,024</u>

Commitments (Note 8b)

Contingent asset (Note 12)

Contingent liabilities (Note 14)



Signature, Arnold Paul
Title Chief



Signature, Virginia Paul
Title Executive Director

Temagami First Nation
Consolidated Statement of Operations

For the year ended March 31, 2019	2019 Budget (Note 16)	2019 Actual	2018 Actual
Revenues			
ISC (Note 13)	\$ 3,125,968	\$ 3,627,595	\$ 3,238,642
Health Canada (Note 13)	1,273,550	1,481,895	1,271,648
Government of Canada	263,204	1,136,557	237,789
CMHC subsidy	183,902	122,367	242,820
Province of Ontario	1,716,542	3,036,171	2,068,159
Ontario First Nation General Partner	639,859	1,181,629	931,163
Band Generated and other (Note 7)	1,243,311	2,757,299	3,427,260
	<u>8,446,336</u>	<u>13,343,513</u>	<u>11,417,481</u>
Expenses (Note 15)			
Administration	808,994	868,330	868,250
Operations and maintenance programs	877,756	1,330,388	966,957
Housing programs	381,650	375,293	462,221
Education programs	1,729,180	1,739,609	1,605,404
Health and social programs	2,954,172	3,644,735	3,047,823
Community development programs	1,394,201	2,429,213	1,152,839
Ontario First Nation General Partner	429,000	366,801	382,837
	<u>8,574,953</u>	<u>10,754,369</u>	<u>8,486,331</u>
Annual surplus (deficit) for the year	(128,617)	2,589,144	2,931,150
Accumulated surplus, beginning of year	13,934,024	13,934,024	11,002,874
Accumulated surplus, end of year (Note 5)	<u>\$ 13,805,407</u>	<u>\$ 16,523,168</u>	<u>\$ 13,934,024</u>

Temagami First Nation
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2019	2019 Budget (Note 16)	2019 Actual	2018 Actual
Annual surplus (deficit)	\$ (128,617)	\$ 2,589,144	\$ 2,931,150
Acquisition of tangible capital assets	(12,688,045)	(6,247,815)	(2,056,291)
Amortization of tangible capital assets	-	783,328	669,916
Loss on disposal of tangible capital assets	-	9,493	9,429
	<u>(12,816,662)</u>	<u>(2,865,850)</u>	<u>1,554,204</u>
Acquisition of prepaid expenses	-	(112,417)	(99,429)
Use of prepaid expenses	-	99,429	71,959
	<u>-</u>	<u>(12,988)</u>	<u>(27,470)</u>
Change in net financial assets	(12,816,662)	(2,878,838)	1,526,734
Net financial assets, beginning of year	<u>4,747,544</u>	<u>4,747,544</u>	<u>3,220,810</u>
Net financial assets, end of year	<u>\$ (8,069,118)</u>	<u>\$ 1,868,706</u>	<u>\$ 4,747,544</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, 2019	2019	2018
Cash provided by (used in):		
Operating activities		
Annual surplus (deficit)	\$ 2,589,144	\$ 2,931,150
Items not involving cash		
Amortization of tangible capital assets	783,328	669,916
Loss on disposal of tangible capital assets	9,493	9,429
	<u>3,381,965</u>	<u>3,610,495</u>
Changes in non-cash working capital balances		
Funds held in trust by ISC	-	37,714
Accounts receivable	(1,975,489)	(924,109)
Prepaid expenses	(12,988)	(27,470)
Accounts payable and accrued liabilities	1,053,674	478,838
Deferred revenue	1,893,345	190,149
	<u>4,340,507</u>	<u>3,365,617</u>
Capital activities		
Purchase of tangible capital assets	<u>(6,247,815)</u>	<u>(2,056,291)</u>
Investing activities		
(Increase) decrease in investments	<u>2,130,801</u>	<u>(310,789)</u>
Financing activities		
Long-term debt repayments	<u>(88,328)</u>	<u>(87,158)</u>
Increase in cash and cash equivalents during the year	135,165	911,379
Cash and cash equivalents, beginning of year	<u>1,530,070</u>	<u>618,691</u>
Cash and cash equivalents, end of year	<u>\$ 1,665,235</u>	<u>\$ 1,530,070</u>

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2019

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 ISC Band funds held in trust by Indigenous and Northern Affairs Canada ("ISC") 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, 2019

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
Construction camp (included in buildings)	5 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, 2019

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, 2019

2. Investments

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

	<u>2019</u>	<u>2018</u>
GIC's ⁽ⁱ⁾	\$ 1,010,681	\$ 3,281,315
Mutual funds, T-Bill funds, bonds and equities	<u>1,995,618</u>	<u>1,855,785</u>
	<u>\$ 3,006,299</u>	<u>\$ 5,137,100</u>

- (i) GIC's balance consists of one guaranteed investment certificate maturing September 2019 bearing interest rate at 2.05%.

3. Accounts Receivable

	<u>2019</u>	<u>2018</u>
Indigenous and Northern Affairs Canada (ISC)	\$ 915,579	\$ 24,467
Health Canada	62,968	9,811
Government of Canada	909,073	130,482
Province of Ontario	979,957	434,307
Other ⁽ⁱ⁾ (net of allowance for doubtful accounts of \$85,661 (2018 - \$89,768))	<u>896,335</u>	<u>1,189,356</u>
	<u>\$ 3,763,912</u>	<u>\$ 1,788,423</u>

- (i) Included in Other receivables are two loans receivable in the amount of \$46,435 (2018 - \$51,915), receivable over 11 to 13 years and each bearing interest at a rate of 5% per annum.

4. Funds Held in Trust by ISC

	<u>2019</u>	<u>2018</u>
	<u>\$ 2,353</u>	<u>\$ 2,353</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, 2019

5. Accumulated Surplus

	2019	2018
Investment in tangible capital assets (Note 8)	\$ 14,542,045	\$ 9,087,051
Less: Debt (Note 10)	1,355,153	1,443,481
Net band infrastructure	13,186,892	7,643,570
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 ⁱⁱⁱ⁾	269,397	275,226
Future generations fund ⁱⁱⁱ⁾	1,995,618	1,855,785
Housing ⁱⁱⁱ⁾	22,469	7,359
Elder's complex ⁱⁱⁱ⁾	131,851	333,613
Multi-use facility ⁱⁱⁱ⁾	-	2,890,942
Manitou Proceeds ⁱⁱⁱ⁾	74,392	74,392
	2,566,481	5,510,071
Unallocated surplus	769,795	780,383
	\$ 16,523,168	\$ 13,934,024

- 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, 2019

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 \$224,416 (2018 - \$158,467).

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 \$435,619 (2018 - \$448,526). Expenses related to monitoring the agreement and approved allocations amounted to \$190,175 (2018 - \$182,957). 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 in 2018. At March 31, 2019 there is \$1.366 million (2018 - \$1.120 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, 2019

8. Tangible Capital Assets

a. Tangible capital assets

	2019							
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	IT Equipment	Construction in Progress
Cost, beginning of year	\$ 2,233,783	\$ 1,544,727	\$ 1,081,551	\$ 161,052	\$ 5,430,508	\$ 4,603,438	\$ 473,965	\$ 1,556,373
Additions	21,220	312,795	190,753	-	24,819	523,529	68,333	5,106,366
Disposals	-	-	-	-	-	(25,046)	(12,231)	-
Transfers	-	-	-	-	-	-	-	-
Cost, end of year	\$ 2,255,003	\$ 1,857,522	\$ 1,272,304	\$ 161,052	\$ 5,455,327	\$ 5,101,921	\$ 530,067	\$ 6,662,739
Accumulated amortization, beginning of year	\$ 683,141	\$ 1,177,161	\$ 675,955	\$ 65,397	\$ 2,913,946	\$ 2,105,286	\$ 377,460	\$ -
Amortization	88,327	157,453	114,303	11,421	168,379	190,396	53,049	-
Disposals	-	-	-	-	-	(25,046)	(2,738)	-
Accumulated amortization, end of year	\$ 771,468	\$ 1,334,614	\$ 790,258	\$ 76,818	\$ 3,082,325	\$ 2,270,636	\$ 427,771	\$ -
Net carrying amount, end of year	\$ 1,483,535	\$ 522,908	\$ 482,046	\$ 84,234	\$ 2,373,002	\$ 2,831,285	\$ 102,296	\$ 6,662,739
								\$ 14,542,045

Temagami First Nation
Notes to Financial Statements

March 31, 2019

8. Tangible Capital Assets (continued)

a. Tangible capital assets (continued)

	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)	
Cost, end of year	\$ 2,233,783	\$ 1,544,727	\$ 1,081,551	\$ 161,052	\$ 5,430,508	\$ 4,603,438	\$ 473,965	\$ 1,556,373	\$ 17,085,397	
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	\$ 683,141	\$ 1,177,161	\$ 675,955	\$ 65,397	\$ 2,913,946	\$ 2,105,286	\$ 377,460	\$ -	\$ 7,998,346	
Net carrying amount, end of year	\$ 1,550,642	\$ 367,566	\$ 405,596	\$ 95,655	\$ 2,516,562	\$ 2,498,152	\$ 96,505	\$ 1,556,373	\$ 9,087,051	

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Tangible Capital Assets (continued)

b. Construction In Progress and Commitments

	Multi-use Facility (i)	Elders' Complex (ii)	Construction Camp(iii)	TMFC Addition (iv)	Total
Project budget	\$ 11,200,000	\$ 6,500,000	\$ 570,000	\$ 137,068	\$ 18,407,068
Construction in progress, beginning of year	\$ 1,184,182	\$ 85,098	\$ 287,093	\$ -	\$ 1,556,373
Additions	5,095,257	206,265	318,269	91,937	5,711,728
Transfers	-	-	(605,362)	-	(605,362)
Construction in progress, end of year	\$ 6,279,439	\$ 291,363	\$ -	\$ 91,937	\$ 6,662,739

- i) Construction of the Multi-Use facility is well underway and it is expected to be completed and ready for occupancy by September 2019.
- ii) The Elder's Complex site preparations have begun next to the Multi-Use facility. A fixed price construction contract for \$5,980,500 was awarded in January 2019. It is anticipated that the project will be constructed by June 2020.
- iii) The Construction Camp became operational on July 16, 2018 and was transferred to assets
- iv) The TMFC addition is expected to be completed by August 2019.

c. Funding for Capital Projects

Non-recurring funding for major capital projects has been received and included in revenues, as follows:

	2019	2018
- Government of Canada	\$ 872,560	\$ -
- Province of Ontario	1,235,253	-
- Band Generated - IBA transfer (note 7)	-	1,820,000
	<u>\$ 2,107,813</u>	<u>\$ 1,820,000</u>

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2019

9. Deferred Revenue

Deferred revenue by program is detailed as follows:

	2019	2018
Administration		
- P&ID FAL Development (ISC)	\$ 15,000	\$ -
Housing		
- Housing Grant (ISC)	-	29,540
Operations and Maintenance		
- Contaminated Sites (ISC)	81,923	-
Education Programs		
- New Paths (ISC)	2,028	6,701
- Special education (ISC)	151,900	91,748
- FNSSP (FN Services Support Program)	42,397	-
- New Paths - EduMgmt& GovCap (ISC)	2,214	-
- New Paths - Parent & Comm Eng (ISC)	7,905	-
Health and Social		
- HC - Early Childhood Development	4,838	4,972
- HC - Aboriginal Headstart	62,879	35,151
- Trillium - Youth Opportunities	9,232	12,008
- Daycare Construction in progress	45,113	137,068
- HC - Family Violence	2,101	-
- HC - Jordan's Principle - Secondary Students	23,025	-
- HC - Jordan's Principle	197,921	-
- HC - Suicide Prevention	11,421	-
- HC - Diabetes Program	7,725	-
- ISC - FN Child and Family Services (ISC)	259,845	-
Community Development		
- Elders Complex (ISC)	842,480	-
- Negotiations (ISC)	81,978	-
- FL LANG comm-confultedCent	19,735	-
- MAG - Victim Services	-	24,738
Lands and Resources		
- Land Use Plan (ISC)	98,800	-
- Energy Plan	-	12,125
- Hydro Environment Review	14,906	-
- Climate Monitor (ISC)	118,215	-
- Land Code Admin (ISC)	143,815	-
	\$ 2,247,396	\$ 354,051

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2019

10. Long-Term Debt

	<u>2019</u>	<u>2018</u>
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⁾	\$ 496,485	\$ 524,329
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,038 including interest at 1.3%. The loan matures June 2027. ⁽ⁱⁱ⁾	191,421	213,264
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,592 including interest at 1.3%. The loan matures June 2032. ⁽ⁱⁱ⁾	232,669	248,661
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,255 including interest at 1.3%. The loan matures May 2032. ⁽ⁱⁱ⁾	182,368	194,989
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>252,210</u>	<u>262,238</u>
Total housing mortgages (Note 5)	1,355,153	1,443,481
Loan payable, contingent on the settlement of the land claim. ⁽ⁱ⁾	<u>1,000,582</u>	<u>1,000,582</u>
	<u>\$ 2,355,735</u>	<u>\$ 2,444,063</u>

Temagami First Nation
Notes to Consolidated Financial Statements

March 31, 2019

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:

2020	\$ 1,088,660
2021	89,716
2022	91,017
2023	92,337
2024	93,678
Thereafter	<u>900,327</u>
	<u>\$ 2,355,735</u>

In 2019, interest expense of \$17,452 (2018 - \$18,943) 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 due on March 31, 2020 or contingent on the settlement of the land claim whichever is earliest, at which time it will be repayable. (See Note 12)
- (ii) The CMHC loan in the amount of \$182,368 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 ISC, 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, 2019

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

ISC revenue per funding confirmation	\$ 5,307,809
Deferred revenue prior year	127,989
Deferred revenue current year	(1,808,203)
Amounts repaid / repayable	<u>-</u>
ISC revenue per the consolidated financial statements	<u>\$ 3,627,595</u>

Of the above \$5,307,809, \$2,309,322 relates to core funding and \$2,998,487 to non-core funding.

Health Canada Revenue per funding Confirmation	\$ 1,711,309
Deferred revenue prior year	40,123
Deferred revenue current year	(307,810)
Funding outside agreement	<u>38,273</u>
Health Canada revenue per the consolidated financial statements	<u>\$ 1,481,895</u>

14. Contingent Liabilities

Two 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. TFN has filed a lawsuit against a consultant for the Multi-Use Facility and a counter-claim has been received. 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, 2019

15. Expenses by Object

	<u>2019</u>	<u>2018</u>
Salaries, wages and benefits	\$ 4,199,942	\$ 3,593,643
Materials, supplies and capital	911,427	780,043
Contracted services	2,711,520	1,494,713
Rents and financial	887,337	780,852
Travel, training and other	1,260,815	1,167,164
Amortization	783,328	669,916
	<u>\$ 10,754,369</u>	<u>\$ 8,486,331</u>

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:

	<u>2019</u>
Budgeted income for the year	\$ -
Add:	
Investments in tangible capital assets	117,350
Transfers to reserve funds	11,267
	<u>128,617</u>
Budget deficit per consolidated statement of operations	\$ 128,617

Temagami First Nation Notes to Consolidated Financial Statements

March 31, 2019

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, mining resources and administration for TFN's land code. Community events such as the PowWow, special language, and cultural projects are also included.

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, 2019

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)

Daki Menan Lands and Resources Corporation

This corporation is an incorporated non-for-profit company and is responsible for the sale of cut and split firewood.

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, 2019

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	\$ -	\$ 488,588	\$ 417,822	\$ 412,555	\$ 739,044	\$ 1,468,475	\$ 101,111	\$ -	\$ 3,627,595
Province of Ontario	-	1,422,709	1,484,435	-	60,879	13,760	-	54,388	3,036,171
Health Canada	-	-	1,481,895	-	-	-	-	-	1,481,895
CMHC subsidy	-	-	-	-	-	-	122,367	-	122,367
Government of Canada	-	1,136,557	-	-	-	-	-	-	1,136,557
OFNLP and other transfers	(624,357)	1,675,358	-	-	6,531	99,097	-	25,000	1,181,629
Band Generated and other	182,526	1,210,108	429,865	394,589	171,802	136,576	140,207	91,626	2,757,299
	(441,831)	5,933,320	3,814,017	807,144	978,256	1,717,908	363,685	171,014	13,343,513
Expenses									
Salaries, wages and benefits	-	823,685	1,540,260	540,907	442,520	713,190	105,267	34,113	4,199,942
Materials, supplies and capital	268,355	116,524	69,446	60,482	245,523	86,006	56,409	8,682	911,427
Contracted services	19,266	1,043,231	1,290,250	68,795	87,324	92,477	23,140	87,037	2,711,520
Rents and financial expenses	34,352	51,377	188,015	22,107	140,845	360,150	62,472	28,019	887,337
Travel and training	44,828	195,387	412,900	87,147	67,310	440,726	5,632	6,885	1,260,815
	366,801	2,230,204	3,500,871	779,438	983,522	1,692,549	252,920	164,736	9,971,041
Annual surplus (deficit) before amortization	(808,632)	3,703,116	313,146	27,706	(5,266)	25,359	110,765	6,278	3,372,472
Amortization	-	23,164	143,864	88,892	346,866	47,060	122,373	11,109	783,328
Annual surplus (deficit)	\$ (808,632)	\$ 3,679,952	\$ 169,282	\$ (61,186)	\$ (352,132)	\$ (21,701)	\$ (11,608)	\$ (4,831)	\$ 2,589,144
Tangible capital assets purchased	\$ -	\$ 5,772,915	\$ 237,780	\$ 6,454	\$ 170,248	\$ 25,359	\$ 21,220	\$ 13,839	\$ 6,247,815

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	Dakȩ 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	-	242,820	
Government of Canada	-	222,770	-	15,010	-	-	-	9	237,789	
OFNLP and other 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	3,427,260	
	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	3,593,643	
Materials, supplies and capital	167,442	87,986	80,489	76,327	161,068	73,552	101,317	31,862	780,043	
Contracted services	18,546	276,490	893,355	100,841	75,341	62,254	28,494	39,392	1,494,713	
Rents and financial expenses	5,671	28,401	187,618	12,296	107,306	360,041	60,674	18,845	780,852	
Travel and training	38,955	129,379	305,602	62,404	32,917	435,796	3,282	6,606	1,014,941	
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)	3,601,066	
Amortization and writeoffs	-	18,491	128,306	79,482	275,542	44,404	118,480	5,211	669,916	
Annual surplus (deficit)	\$ 270,266	\$ 2,855,500	\$ 48,894	\$ (42,020)	\$ (206,418)	\$ (33,164)	\$ 84,679	\$ (46,587)	\$ 2,931,150	
Tangible capital assets purchased	\$ -	\$ 1,411,055	\$ 225,036	\$ 27,402	\$ 55,617	\$ 11,238	\$ 96,467	\$ 229,476	\$ 2,056,291	