



Consolidated Financial Statements

Tataskweyak Cree Nation

March 31, 2014

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### Management's Responsibility for Financial Reporting

The accompanying March 31, 2014 consolidated financial statements of Tataskweyak Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Tataskweyak Cree Nation.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains an appropriate system of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.


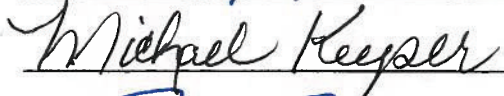

The Tataskweyak Cree Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

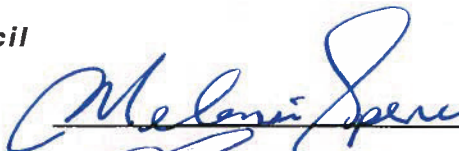

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

  
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Chief

Split Lake, Manitoba

#### **Council**

  
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# Independent Auditors' Report

To the Chief and Council of  
**Tataskweyak Cree Nation**

We have audited the accompanying consolidated financial statements of Tataskweyak Cree Nation, which comprise the consolidated financial position as at March 31, 2014, and the consolidated results of operations, changes in accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the 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 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 qualified audit opinion.

**Basis for qualified opinion**

The First Nation has equity investments in government business enterprises, portfolio investments and other government organizations for which audited financial statements have not been prepared. We were not able to satisfy ourselves concerning the existence and valuation of the recorded amounts of the business enterprise equity and the other government organizations net assets. Accordingly, we were not able to determine whether any adjustments might be necessary to business enterprise equity, gain (loss) on equity in business enterprises, annual (deficit) surplus and accumulated surplus.

**Opinion**

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tataskweyak Cree Nation as at March 31, 2014, and the consolidated results of its operations, changes in accumulated surplus, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
July 31, 2014

*Grant Thornton LLP*  
Chartered Accountants

# Tataskweyak Cree Nation

## Consolidated Statement of Operations

Year Ended March 31	Budget (Note 22)	2014	2013 (Note 21)
<b>Revenues</b>			
Aboriginal Affairs and Northern Development			
Canada (Note 6)	\$ 16,522,825	\$ 17,029,959	\$ 16,379,088
Manitoba Hydro	364,365	7,674,343	7,335,593
Video Lottery Terminal Operation	1,600,000	1,407,015	1,408,288
Health Canada	2,457,937	4,639,142	2,693,482
Gas Bar	523,080	584,978	470,606
Smoke Shop	-	318,976	-
Rental	955,576	796,870	910,762
Manitoba Keewatinowi Okimakanak	-	880,383	819,696
Province of Manitoba	535,816	720,541	578,597
Tataskweyak Construction LP	-	75,766	538,113
Tataskweyak Trust	20,000	415,808	-
National Crime Prevention Centre	260,357	216,209	281,039
Other (Note 7)	9,550,428	1,388,225	1,856,069
Other Government Organizations	882,596	661,965	798,792
Gain on equity from business enterprises	6,198,166	6,198,166	2,989,600
	<u>39,871,146</u>	<u>43,008,346</u>	<u>37,059,725</u>
<b>Expenses</b>			
Band Support	2,721,634	2,847,586	3,339,715
Community Fund	310,448	96,186	540,964
Policing	545,862	488,388	673,552
Operations and Maintenance	163,070	145,467	112,125
Tataskweyak Construction Limited Partnership	961,429	1,131,884	1,061,805
Stephens Lake	155,400	158,054	138,378
Health Services	3,117,639	2,492,765	2,788,105
Pathways	-	880,383	851,464
Social Development	5,146,781	5,157,163	5,318,174
Elderly Person's Homecare	779,810	758,834	899,401
Tataskweyak Education Authority	8,514,265	8,188,392	7,923,642
Minor Capital	30,796	2,863	1,880
Ooskahtisuk Youth Club Project	281,557	237,409	304,639
Ininew Project Management – Ghost Point	-	24,408	16,737
CMHC Housing Projects	1,895,488	1,142,552	1,082,220
Housing Authority	1,972,587	1,873,762	1,515,725
Economic Development	223,385	125,074	141,867
Video Lottery Terminal Operation	1,523,025	1,591,980	1,537,266
Gaming Commission (Bingo)	-	15,771	14,199
Kistepinanik Hotel	369,250	400,619	454,239
On Going Jobs	-	459,304	394,471
Future Development	-	3,827,186	4,356,284
Adverse Effects	-	348,476	444,066
Bipole III	-	629,561	655,040
Wuskwatim	-	-	6,133
Conawapa	-	162,062	343,725
Environmental Services	-	339,185	324,865
Gas bar	618,222	1,471,286	1,413,334
Smoke Shop	-	424,719	-
Other Government Organizations	1,003,693	967,159	1,264,342
	<u>30,334,341</u>	<u>36,388,478</u>	<u>37,918,357</u>
Annual surplus (deficit)	\$ 9,536,805	\$ 6,619,868	\$ (858,632)

# Tataskweyak Cree Nation

## Consolidated Statement of Financial Position

March 31

2014

2013  
(Note 21)

### Financial assets

Cash and cash equivalents (Note 18)	\$ 6,761,106	\$ 7,813,669
Accounts receivable (Note 3)	3,754,382	2,926,350
Inventory	90,468	21,930
Portfolio investments (Note 4)	41,953	84,269
Business enterprise equity (Note 5)	4,528,149	4,164,312
Trust assets	<u>81,559</u>	<u>78,837</u>

### Total financial assets

15,257,617      15,089,367

### Liabilities

Bank indebtedness	98,915	90,528
Accounts payable and accruals	5,598,178	4,324,231
Demand loans (Note 9)	1,866,951	2,564,280
Long-term debt (Note 10)	5,962,470	5,693,417
Deferred revenue (Note 11)	<u>18,777,308</u>	<u>23,054,244</u>

### Total liabilities

32,303,822      35,726,700

### Net debt

(17,046,205)      (20,637,333)

### Non-financial assets

Tangible capital assets (Note 8)	58,912,931	55,962,676
Prepays	<u>142,720</u>	<u>64,235</u>

### Total non-financial assets

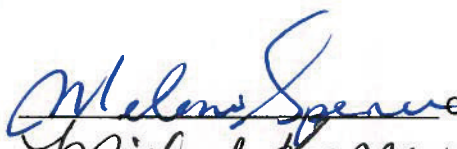
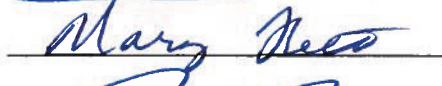
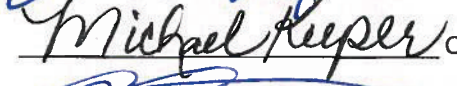

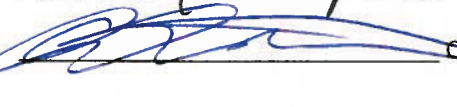

59,055,651      56,026,911

### Accumulated surplus

\$ 42,009,446      \$ 35,389,578

Commitments and contingencies (Note 14)

Approved on behalf of the Council:

	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor
	Councillor		

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## **Tataskweyak Cree Nation**

### **Consolidated Statement of Change in Accumulated Surplus**

<b>Year Ended March 31</b>	<b>2014</b>	<b>2013</b>
Accumulated surplus, beginning of the year		
Accumulated surplus as previously reported	<b>\$ 34,540,353</b>	\$ 35,499,405
Prior period adjustments (Note 21)	<u><b>849,225</b></u>	<u>748,805</u>
Accumulated surplus, restated	<b>35,389,578</b>	36,248,210
Annual surplus (deficit)	<u><b>6,619,868</b></u>	<u>(858,632)</u>
Accumulated surplus, end of year	<b>\$ <u>42,009,446</u></b>	<b><u>\$35,389,578</u></b>

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# Tataskweyak Cree Nation

## Consolidated Statement of Change in Net Debt

Year Ended March 31	Budget (Note 22)	2014	2013 (Note 21)
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Annual surplus (deficit)	<u>\$ 9,536,805</u>	<u>\$ 6,619,868</u>	<u>\$ (858,632)</u>
Capital assets acquired	(5,576,240)	(6,437,844)	(1,376,247)
Capital assets disposed – cost	-	428,192	220,375
Capital assets disposed – accumulated depreciation	-	(320,750)	(119,840)
Amortization	<u>3,341,376</u>	<u>3,380,147</u>	<u>3,663,257</u>
	<u>7,301,941</u>	<u>3,669,613</u>	<u>1,528,913</u>
Use of prepaid expenses	-	64,235	30,904
Aquisition of prepaid expenses	<u>-</u>	<u>(142,720)</u>	<u>(64,235)</u>
	<u>-</u>	<u>(78,485)</u>	<u>(33,331)</u>
Change in net debt	7,301,941	3,591,128	1,495,582
Net debt, beginning of year	<u>(20,637,333)</u>	<u>(20,637,333)</u>	<u>(22,132,915)</u>
Net debt, end of year	<u>\$ (13,335,392)</u>	<u>\$ (17,046,205)</u>	<u>\$ (20,637,333)</u>

# Tataskweyak Cree Nation

## Consolidated Statement of Cash Flow

Year Ended March 31

2014

2013  
(Note 21)

Increase (decrease) in cash and cash equivalents

### Operating

Annual surplus (deficit)	\$ 6,619,868	\$ (858,632)
Adjustments for non-cash items		
Gain of equity from business enterprises	(6,198,166)	(2,989,600)
Writedown of investment	42,318	150,182
Adjustment to equity	35,854	(216,727)
Amortization	3,380,147	3,663,257
Adjustment to accumulated amortization	-	(127)
Gain on disposal of tangible capital assets	<u>(178,190)</u>	<u>(273,838)</u>

3,701,831 (525,485)

Changes in non-cash working capital balances

Accounts receivable	(828,032)	1,605,969
Inventory	(68,538)	14,127
Prepays	(78,485)	(33,331)
Accounts Payables and accruals	1,273,947	(1,039,645)
Deferred revenue	<u>(4,276,936)</u>	<u>400,409</u>
	<u>(276,213)</u>	<u>424,044</u>

### Capital transactions

Proceeds on disposition of capital assets	285,632	374,500
Purchase/construction of capital assets	<u>(6,437,844)</u>	<u>(1,376,247)</u>
	<u>(6,152,212)</u>	<u>(1,001,747)</u>

### Financing

Long-term debt proceeds	818,496	830,013
Long-term debt repayments	(549,443)	(472,558)
Demand loan proceeds	88,933	19,987
Demand loan repayments	(786,262)	(1,486,394)
Bank indebtedness advances (repayment)	<u>8,387</u>	<u>(80,202)</u>
	<u>(419,889)</u>	<u>(1,189,154)</u>

### Investing

Purchase of portfolio investment	(2)	-
Drawings from business enterprises (Note 5)	5,798,475	2,902,714
Appliance charged to replacement reserve	<u>-</u>	<u>(550)</u>
	<u>5,798,473</u>	<u>2,902,164</u>

Net (decrease) increase in cash and cash equivalents (1,049,841) 1,133,307

### Cash and cash equivalents

Beginning of year	<u>7,892,506</u>	<u>6,759,199</u>
End of year	<u>\$ 6,842,665</u>	<u>\$ 7,892,506</u>

### Represented by

Trust assets	\$ 81,559	\$ 78,837
Cash and cash equivalents	<u>6,761,106</u>	<u>7,813,669</u>
	<u>\$ 6,842,665</u>	<u>\$ 7,892,506</u>

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# **Tataskweyak Cree Nation**

## **Notes to the Consolidated Financial Statements**

March 31, 2014

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### **1. Nature of entity**

Tataskweyak Cree Nation (TCN) is a non-profit, non-taxable entity and is engaged in the social, cultural, educational and economic development of the First Nation citizens of Tataskweyak Cree Nation at Split Lake, Manitoba.

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### **2. Summary of significant accounting policies**

#### **Basis of accounting**

These financial statements were prepared in accordance with Canadian public sector accounting standards. The accrual basis 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.

#### **Reporting entity**

The TCN reporting entity includes the TCN government and all related entities that are either owned or controlled by TCN. Control is defined as the power to govern the financial and operating policies of another with expected benefits or the risk of loss to the government from the other organizations' activities. Control exists regardless of whether the government chooses to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

#### **Principles of consolidation**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise. These business enterprises are included in the Consolidated Financial Statements on a modified equity basis.

#### *Consolidation method*

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. The other government organizations that were consolidated are the following:

Northstream Communications Ltd.  
Northstream Communications Limited Partnership  
6089951 Manitoba Ltd.  
Iron North Limited Partnership  
4915110 Manitoba Ltd.  
Ininew Limited Partnership  
4487142 Manitoba Ltd.  
Tataskweyak Construction Limited Partnership

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# Tataskweyak Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2014

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### 2. Summary of significant accounting policies (continued)

#### Principles of consolidation (continued)

##### *Modified equity method*

This method is used for commercial enterprises which meet the definition of government business enterprises. This definition is provided in Note 5 to these financial statements. The modified equity method reports a commercial enterprise's net assets as an investment on the Consolidated Statement of Financial Position. The net income of the commercial enterprises is reported as investment income on the Consolidated Statement of Operations. Inter-organizational transactions and balances are not eliminated. All gains or losses arising from inter-organizational transactions between commercial enterprises and other government organizations are eliminated. The accounting policies of commercial organizations are not adjusted to conform to those of other government organizations.

The corporations that have been included through modified equity accounting are:

336/344 Thompson Drive Corporation	100% owned
4209908 Manitoba Ltd.	100% owned
5872066 Manitoba Ltd.	92.50% owned
5925640 Manitoba Ltd.	92.50% owned
6354671 Manitoba Ltd.	92.50% owned

The limited partnerships that have been included through modified equity accounting are:

336/344 Thompson Drive Limited Partnership	99.99% voting units
TC Building Materials Limited Partnership	99.70% voting units
Cree Nation Partnership Limited Partnership #1	92.50% voting units
Cree Nation Partnership Limited Partnership #2	92.50% voting units
Cree Nation Partnership Limited Partnership #3	92.50% voting units

#### Portfolio Investments

All non controlled investment entities are considered to be portfolio investments. They are reported at cost less any write-downs associated with a loss in value that is other than a temporary decline.

The corporations that have been included as portfolio investments are:

Aboriginal Strategies Inc.	20% owned
6407102 Manitoba Ltd.	20% owned
Keewatin Railway Company Ltd.	44% owned
Ininew Project Management Ltd.	38% owned

The limited partnerships that have been included as portfolio investments are:

Aboriginal Strategies Limited Partnership	20.00% voting units
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# **Tataskweyak Cree Nation**

## **Notes to the Consolidated Financial Statements**

March 31, 2014

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### **2. Summary of significant accounting policies (continued)**

#### **Asset classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

#### **Program surpluses**

Programs funded by government agencies (Education, Health, and Social Services) may be subject to recovery by the contributing agencies in accordance with funding arrangements.

#### **Revenue recognition**

TCN follows the deferral method of accounting for restricted revenues. Revenues restricted by legislation, regulation or agreement and not available for general government purposes are deferred on the consolidated statement of financial position. The revenue is recognized in the year in which it is used for the specified purpose. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income, primarily including sales of gas, tobacco and fees for service, are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

Transfers (revenues from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Consolidated Contribution Agreement Funding is funding approved by Health Canada for specific programs. Any operating surpluses related to Consolidated Contribution Agreement Funding are recorded on the consolidated statement of financial position as a payable to Health Canada until such time as Health Canada reviews the financial statements. At that time, Health Canada determines what portion of the approved surplus may be retained by TCN, or repaid to Health Canada. Any unapproved costs not paid by Health Canada are absorbed by TCN. Any adjustments will be reflected in the year the final statement of recommended costs is received from Health Canada.

# Tataskweyak Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2014

### 2. Summary of significant accounting policies (continued)

#### Tangible capital assets

Tangible capital assets are non-financial assets having physical substance whose ownership and control are with the First Nation, are used in the First Nation's operations, have useful lives extending beyond one year, and are not held for resale.

To be classified as tangible capital assets each asset must meet the capitalization threshold as stated below and will depreciate using the straight-line method using the following rates:

<u>Classification</u>	<u>Capitalization Threshold</u>	<u>Amortization Rate</u>	<u>Useful Life</u>
Buildings			
Housing CMHC	\$ 10,000	4.00 %	25 years
Housing Band built	10,000	6.67 %	15 years
Non-residence – brick/steel beam construction	10,000	2.50 %	40 years
Non-residence – wood frame construction	10,000	5.00 %	20 years
Heavy equipment	10,000	20.00 %	5 years
Water and sewer systems	25,000	5.00 %	20 years
Roads	25,000	5.00 %	20 years
Vehicles			
General purpose	10,000	33.34 %	3 years
School bus	10,000	20.00 %	5 years
Betterments			
General/housing	25,000	20.00 %	5 years
Equipment	25,000	33.34 %	3 years
Capital leases	10,000	Based upon lease	Based upon lease
Site development	\$ 25,000	Based upon structure	Based upon structure

All amortization is straight-line and will commence in the year after acquisition or completion of construction. Land within the First Nation will not be capitalized or amortized.

Furniture and fixtures, computer and software costs and all hand tools purchased individually or in bulk are expensed in the year purchased.

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# **Tataskweyak Cree Nation**

## **Notes to the Consolidated Financial Statements**

March 31, 2014

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### **2. Summary of significant accounting policies (continued)**

#### **Tangible capital assets (continued)**

Capital leases are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of Tataskweyak Cree Nation's rate for incremental borrowing or the interest rate implicit in the lease.

Purchased assets are valued at cost, including installation, legal, transportation, insurance, and any other costs directly attributable to the purchase.

All assets acquired prior to April 1, 2009 are valued at historical cost when possible. If historical costs are not available for these assets, the valuation method to be utilized is as follows: use the current values and discount to the date of purchase, appraisal, or insurance records and values.

New constructions are valued at cost including construction, architectural, other professional fees, insurance, and other cost required for the completion of the asset.

Interest costs are to be capitalized as soon as the expenditures are incurred.

Site improvements such as roadside brush clearing, house lot development, and construction site improvements will not be capitalized, unless the improvements costs are included in the construction contracts.

Soil remediation completed by the First Nation or by contractors will not be capitalized.

#### **Financial instruments**

Financial instruments are classified into one of the two measurement categories: (a) fair value; or (b) cost or amortized cost.

TCN records its financial assets at cost, which include cash and cash equivalents, trust assets, accounts receivable, portfolio investments and inventory. TCN also records its financial liabilities at cost, which include bank indebtedness, accounts payable and accruals, demand loans and long term debt.

TCN records its government business enterprise investments at fair value.

#### **Net debt**

TCN's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of TCN is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

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# **Tataskweyak Cree Nation**

## **Notes to Consolidated Financial Statements**

March 31, 2014

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### **2. Summary of significant accounting policies (continued)**

#### **Measurement uncertainty**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### **Inventories**

Inventories of gasoline and other confectionary items including cigarettes and cigars are valued at the lower of cost or net realizable value determined by the first-in, first-out method.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

#### **Pension plans**

TCN maintains defined contribution pension plans for its personnel. Expenditures for this plan are equal to TCN's required contribution for the year.



# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

<b>3. Accounts receivable</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Manitoba Hydro	\$ 1,259,584	\$ 1,064,523
Province of Manitoba	58,659	155,477
Canada Mortgage and Housing Corporation	40,882	-
Aboriginal Affairs and Northern Development Canada	60,005	103,077
Manitoba Keewatinowi Okimakanak	87,841	51,320
Awasis Agency	-	3,193
Health Canada	1,139	113,918
Government Business Enterprises	753,427	(77,202)
Other Government Organizations	403,804	100,065
Portfolio Investments	(340,699)	(174,920)
Other	<u>1,429,740</u>	<u>1,586,899</u>
	<b><u>\$ 3,754,382</u></b>	<b><u>\$ 2,926,350</u></b>

Other receivables include trade receivables and receivables due from Tataskweyak members. The amounts due from (to) Government Business Enterprises and due to Portfolio investments are due to the entities listed in note 4 and 5 respectively.

### **4. Portfolio Investments**

TCN invests in Aboriginal Strategies Inc., 6407102 Manitoba Ltd., Ininew Project Management Ltd., Keewatin Railway Company Ltd., and Aboriginal Strategies Limited Partnership. They are reported at cost less any write downs associated with a loss in value that is other than a temporary decline. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. Ininew Project Management Ltd. investment value was determined to be impaired and written down by \$42,318 (2013: \$150,182).

#### Corporations

- Aboriginal Strategies Inc. is a 20% owned corporation that is no longer the general partner of Aboriginal Strategies Limited Partnership but still in existence.
- 6407102 Manitoba Ltd. is a 20% owned corporation that became the general partner of Aboriginal Strategies Limited Partnership as of January 1, 2013.
- Ininew Project Management Ltd. is a 38% owned corporation that is the general partner of Ininew Limited Partnership.
- Keewatin Railway Company Ltd. (KRC) is a 44% owned corporation.

#### Limited Partnership

- Aboriginal Strategies Limited Partnership provides financial management and consulting services primarily to First Nation communities.

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 4. Portfolio Investments (continued)

	<u>2014</u>	<u>2013</u>
<u>Corporations</u>		
Aboriginal Strategies Inc.	\$ 20	\$ 20
6407102 Manitoba Ltd.	2	-
Ininew Project Management Ltd.	39,887	82,205
Keewatin Railway Company Ltd.	<u>44</u>	<u>44</u>
	39,953	82,269
<u>Limited Partnership</u>		
Aboriginal Strategies Limited Partnership	<u>2,000</u>	<u>2,000</u>
	<u>\$ 41,953</u>	<u>\$ 84,269</u>

Aboriginal Strategies Limited Partnership contributed a total of \$170,300 up to December 31, 2013 toward the construction of one new home in the community.

### 5. Business enterprise equity

Business enterprises have the power to contract in their own name, have financial and operating authority to carry on a business, sell goods and services to customers other than TCN as their principle activity, and in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the TCN government.

The investment balance reported represents the modified equity balance of the following businesses. The operating results of these businesses are included to December 31, 2013. All loans are non-interest bearing and have no set terms of repayment.

	<u>Loans</u>	<u>Equity (deficit)</u>	<u>2014</u>	<u>2013</u>
<u>Corporations</u>				
336/344 Thompson Drive Corporation	\$ -	\$ 44,166	\$ 44,166	\$ 39,543
4209908 Manitoba Ltd.	-	82,583	82,583	73,915
5872066 Manitoba Ltd.	-	(1,349)	(1,349)	-
5925640 Manitoba Ltd.	-	4,344	4,344	261
6354671 Manitoba Ltd.	-	(3,532)	(3,532)	(692)
<u>Limited Partnerships</u>				
336/344 Thompson Drive LP	-	3,160,092	3,160,092	3,046,314
TC Building Materials LP		212,466	212,466	431,232
Cree Nation Partnership Limited Partnership # 1	-	-	-	-
Cree Nation Partnership Limited Partnership #2	-	893,230	893,230	565,685
Cree Nation Partnership Limited Partnership #3	<u>-</u>	<u>136,149</u>	<u>136,149</u>	<u>8,054</u>
	<u>\$ -</u>	<u>\$ 4,528,149</u>	<u>\$ 4,528,149</u>	<u>\$ 4,164,312</u>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 5. Business enterprise equity (continued)

Summarized partner cash drawings from business enterprises are as follows:

	<u>2014</u>	<u>2013</u>
<u>Limited Partnerships</u>		
Cree Nation Partnership Limited Partnership #2 – draw	\$ 5,623,475	\$ 2,902,714
336/344 Thompson Drive Limited Partnership – draw in kind for a community house	<u>175,000</u>	<u>-</u>
	<u>\$ 5,798,475</u>	<u>\$ 2,902,714</u>

#### Corporations

- 336/344 Thompson Drive Corporation is a wholly owned corporation that is the general partner of 336/344 Thompson Drive Limited Partnership.
- 4209908 Manitoba Ltd. is a wholly owned corporation that is the general partner of TC Building Materials Limited Partnership.
- 5872066 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partnership Limited Partnership.
- 5925640 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partnership Limited Partnership #2.
- 6354671 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partnership Limited Partnership #3.

Summarized corporate financial information is as follows:

	<u>336/344</u>	<u>4209908</u>	<u>5872066</u>	<u>5925640</u>	<u>6354671</u>
Current assets	\$ -	\$ 3,623	\$ 42	\$ 5,473	\$ 84
Long-term assets	<u>47,967</u>	<u>79,550</u>	<u>-</u>	<u>1,282</u>	<u>147</u>
Total assets	<u>47,967</u>	<u>83,173</u>	<u>42</u>	<u>6,755</u>	<u>231</u>
Current liabilities	3,800	590	1,500	2,033	4,050
Long-term liabilities	-	-	-	-	-
Equity (deficit)	<u>44,167</u>	<u>82,583</u>	<u>(1,458)</u>	<u>4,722</u>	<u>(3,819)</u>
Total equity and liabilities	<u>\$ 47,967</u>	<u>\$ 83,173</u>	<u>\$ 42</u>	<u>\$ 6,755</u>	<u>\$ 231</u>
Expenses	\$ 5,388	\$ 1,334	\$ 338	\$ 2,002	\$ 3,273
Other income	<u>10,011</u>	<u>10,000</u>	<u>-</u>	<u>6,440</u>	<u>139</u>
Net earnings (loss)	<u>\$ 4,623</u>	<u>\$ 8,666</u>	<u>\$ (338)</u>	<u>\$ 4,438</u>	<u>\$ (3,134)</u>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 5. Business enterprise equity (continued)

#### Partnerships

- 336/344 Thompson Drive Limited Partnership operates a receiving home under the auspice of Wawatay Inn.
- TC Building Materials Limited Partnership sells wholesale lumber and building materials. Tataskweyak Cree Nation has guaranteed and provided a postponement of claim for a credit facility for this partnership in the amount of \$250,000.
- Cree Nation Partnership Limited Partnership #1 has a passive investment in the Keeyask Hydropower Limited Partnership under the Joint Keeyask Development Agreement. Currently there is minimal activity.
- Cree Nation Partnership Limited Partnership #2 has an investment in the Amisk joint venture.
- Cree Nation Partnership Limited Partnership #3 has an investment in Crite Care joint venture and an investment in Newton Mechanical joint venture.

Summarized partnership financial information is as follows:

	336/344 Thompson Drive LP	TC Building Materials LP	Cree Nation Partnership LP #1	Cree Nation Partnership LP #2	Cree Nation Partnership LP #3
Current assets	\$ 870,309	\$ 450,275	\$ 1,942	\$2,815,662	\$ 157,079
Long-term assets	<u>2,883,592</u>	<u>408,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,753,901</u>	<u>858,695</u>	<u>1,942</u>	<u>2,815,662</u>	<u>157,079</u>
Current liabilities	233,650	572,529	3,000	106,548	10,942
Long-term liabilities	312,192	30,000	-	-	-
Equity (deficit)	<u>3,208,059</u>	<u>256,166</u>	<u>(1,058)</u>	<u>2,709,114</u>	<u>146,137</u>
Total equity and liabilities	<u>\$3,753,901</u>	<u>\$ 858,695</u>	<u>\$ 1,942</u>	<u>\$2,815,662</u>	<u>\$ 157,079</u>
Revenue	\$ 403,137	\$ 787,513	\$ -	\$6,538,462	\$ 148,500
Expenses	285,845	1,023,319	638	97,965	9,870
Other Income	<u>-</u>	<u>27,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net earnings (loss)	<u>\$ 117,292</u>	<u>\$ (208,766)</u>	<u>\$ (638)</u>	<u>\$6,440,497</u>	<u>\$ 138,630</u>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 6. Aboriginal Affairs and Northern Development Canada (AANDC) revenue reconciliation

	<u>2014</u>	<u>2013</u>
Gross AANDC revenue (including prior year deferred)	\$ 26,306,000	\$ 26,191,397
Deferred revenue (Note 11)	<u>(9,276,041)</u>	<u>(9,812,309)</u>
Total AANDC revenue reported	<u>\$ 17,029,959</u>	<u>\$ 16,379,088</u>

### 7. Other revenue

	<u>2014</u>	<u>2013</u>
Band Support - other	\$ 114,395	\$ 206,509
CMHC Housing Projects – Subsidies and gains on disposal of houses	591,413	646,634
Future Development - other	35,139	2,400
Aboriginal Policing Directorate	66,114	66,114
Housing Authority – other	185,250	266,860
Kistepinanik Hotel – other	42,526	115,783
Health Services – other	9,897	160,975
Video Lottery Terminal Operations – other	170,293	163,423
Tataskweyak Construction Limited Partnership – other	123,306	34,566
Other	<u>49,892</u>	<u>192,805</u>
	<u>\$ 1,388,225</u>	<u>\$ 1,856,069</u>

# Tataskweyak Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2014

### 8. Tangible capital assets

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction in-Progress</u>	<u>Infrastructure</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>Cost</b>								
Opening costs	\$ 70,000	\$ 91,797,948	\$ 2,967,261	\$ 2,473,208	\$ 16,160,672	\$ 8,010,200	\$ 121,479,289	\$ 120,323,417
Additions	-	659,655	95,331	128,414	5,979,695	-	6,863,095	1,376,247
Transfers	-	5,218,176	-	-	(5,643,427)	-	(425,251)	-
Disposals	-	(299,478)	-	(128,714)	-	-	(428,192)	(220,375)
Closing costs	<u>70,000</u>	<u>97,376,301</u>	<u>3,062,592</u>	<u>2,472,908</u>	<u>16,496,940</u>	<u>8,010,200</u>	<u>127,488,941</u>	<u>121,479,289</u>
<b>Accumulated Amortization</b>								
Opening accumulated amortization	-	(55,099,122)	(1,561,570)	(1,720,083)	-	(7,135,838)	(65,516,613)	(61,973,196)
Disposals	-	192,036	-	128,714	-	-	320,750	119,840
Amortization expense	-	(2,690,829)	(352,983)	(227,714)	-	(108,621)	(3,380,147)	(3,663,257)
Closing accumulated amortization	<u>-</u>	<u>(57,597,915)</u>	<u>(1,914,553)</u>	<u>(1,819,083)</u>	<u>-</u>	<u>(7,244,459)</u>	<u>(68,576,010)</u>	<u>(65,516,613)</u>
<b>Net book value</b>								
Opening balance	70,000	36,698,826	1,405,691	753,125	16,160,672	874,362	55,962,676	58,350,221
Closing balance	<u>70,000</u>	<u>39,778,386</u>	<u>1,148,039</u>	<u>653,825</u>	<u>16,496,940</u>	<u>765,741</u>	<u>58,912,931</u>	<u>55,962,676</u>
Increase (decrease) in net book value	\$ -	\$ 3,079,560	\$ (257,652)	\$ (99,300)	\$ 336,268	\$ (108,621)	\$ 2,950,255	\$ (2,387,545)

# Tataskweyak Cree Nation

## Notes to the Consolidated Financial Statements

March 31, 2014

### 8. Tangible capital assets (continued)

	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction in-Progress</u>	<u>Infrastructure</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>Additions by entity</b>							
Band Support	\$ 2,948,012	\$ 70,000	\$ 119,307	\$ -	\$ -	\$ 3,137,319	\$ 278,659
Community Fund	-	-	-	2,927,739	-	2,927,739	-
Tataskweyak Construction Limited Partnership	-	-	-	-	-	-	14,160
Health Services	2,269,967	-	-	-	-	2,269,967	290,688
Gas Bar	-	4,600	-	-	-	4,600	-
Tataskweyak Education Authority	-	-	-	-	-	-	288,224
Ininew Project Management assets put in use	-	-	-	(5,643,427)	-	(5,643,427)	-
Ininew Project Management	-	-	-	3,051,956	-	3,051,956	69,751
CMHC Housing Projects	242,452	-	-	-	-	242,452	198,652
Housing Authority	366,729	-	-	-	-	366,729	218,826
Smoke Shop	50,671	12,623	9,107	-	-	72,401	-
Other Government Organizations	-	8,108	-	-	-	8,108	17,287
<b>Total additions</b>	<b>\$ 5,877,831</b>	<b>\$ 95,331</b>	<b>\$ 128,414</b>	<b>\$ 336,268</b>	<b>\$ -</b>	<b>\$ 6,437,844</b>	<b>\$ 1,376,247</b>
<b>Disposals by entity</b>							
Housing Authority	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ 125,602
Band Support	-	-	128,714	-	-	128,714	-
CMHC Housing Projects	214,478	-	-	-	-	214,478	94,773
<b>Total disposals</b>	<b>\$ 299,478</b>	<b>\$ -</b>	<b>\$ 128,714</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 428,192</b>	<b>\$ 220,375</b>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

9. Demand loans	<u>2014</u>	<u>2013</u>
<b>Band Support:</b>		
Operating loan payable at (prime plus 2.0%, repayable on demand).	\$ 175,000	\$ 245,000
Royal Bank demand loan payable at (prime plus 2.5%) \$200,000 annual instalments plus interest, due March 1, 2014.	-	200,000
<b>CMHC:</b>		
Royal Bank (Section 95) demand loan payable (Phase 1) at prime plus 2%, due July 15, 2014, repayable in monthly instalments of \$11,043 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	434,205	541,123
<b>Education Authority:</b>		
Operating loan payable at prime plus 2.0%, repayable on demand.	150,000	70,000
<b>Housing Authority:</b>		
Royal Bank (Section 10 – 45 Unit) demand loan payable at 6.25%, in annual instalments of \$313,000 plus interest due April 1, 2017. The loan is secured by assignment of fire insurance.	834,105	1,147,105
Royal Bank (Section 10 – 15 Unit) demand loan payable at 6.25%, in annual instalments of \$96,344 plus interest due April 1, 2016. The mortgage is secured by assignment of fire insurance.	<u>190,583</u>	<u>286,927</u>
Carry forward	<u>\$ 1,783,893</u>	<u>\$ 2,490,155</u>



# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

<b>9. Demand loans (continued)</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Carry forward	\$ 1,783,893	\$ 2,490,155
<b>Ininew Limited Partnership:</b>		
Royal Bank operating loan payable at (prime plus 2.0%, Repayable on demand). The loan is secured by an assignment of cash collateral in the amount of \$100,000 that is guaranteed by the partners.	<u>83,058</u>	<u>74,125</u>
	<b><u>\$ 1,866,951</u></b>	<b><u>\$ 2,564,280</u></b>

Demand loans are secured by Band Council Resolutions, signed by a quorum of Chief and Council, authorizing the demand loans.

<b>10. Long-term debt</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>CMHC:</b>		
CMHC (Section 95) mortgage payable (Phase 2) at 1.71%, Due September 1, 2017, repayable in monthly instalments of \$5,448 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	\$ 293,022	\$ 352,844
CMHC (Section 95) mortgage payable (Phase 3) principal balance was paid in full October 1, 2013.	-	51,647
TD Canada Trust (Section 95) mortgage payable (Phase 4) at 3.63%, due September 1, 2016, repayable in monthly instalments of \$5,445 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	252,403	307,560
CMHC (Section 95) mortgage payable (Phase 5) at 1.92%, due March 1, 2019, repayable in monthly instalments of \$4,383 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	250,640	298,112
CMHC (Section 95) mortgage payable (Phase 6) at 1.53% due December 1, 2017, repayable in monthly instalments of \$6,718 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<u>999,318</u>	<u>1,064,152</u>
Carry forward	<b><u>\$ 1,795,383</u></b>	<b><u>\$ 2,074,315</u></b>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

<b>10. Long-term debt (continued)</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Carried forward	<b>\$ 1,795,383</b>	<b>\$ 2,074,315</b>
CMHC (Section 95) mortgage payable (Phase 7) at 1.81%, due April 1, 2019, repayable in monthly instalments of \$4,117 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<b>655,206</b>	692,434
CMHC (Section 95) mortgage payable (Phase 8) at 1.92% due April 1, 2019, repayable in monthly instalments of \$2,326 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<b>367,192</b>	388,056
CMHC (Section 95) mortgage payable (Phase 9) at 2.65%, due April 1, 2016, repayable in monthly instalments of \$3,831 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<b>631,753</b>	660,655
CMHC (Section 95) mortgage payable (Phase 10) at 2.04%, due March 1, 2019, repayable in monthly instalments of \$3,195 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<b>625,461</b>	650,359
CMHC (Section 95) mortgage payable (Phase 11) at 2.04%, due March 1, 2019, repayable in monthly instalments of \$4,483 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<b>877,575</b>	912,597
<b>Community Fund</b>		
Royal Bank (teacherages project) term loan payable at prime plus 2%, due March 31, 2014.	<b><u>818,496</u></b>	-
Carry forward	<b><u>\$ 5,771,066</u></b>	<b><u>\$ 5,378,416</u></b>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

10. Long-term debt (continued)	<u>2014</u>	<u>2013</u>
Carried forward	\$ 5,771,066	\$ 5,378,416

### Video Lottery Operation:

Northland Ford Sales Ltd. vehicle loan repayable at 7.59%, due June 25, 2016. The loan is repayable at \$566.08 per month principal and interest and secured by the purchased vehicle.

13,533 19,068

Northland Ford Sales Ltd. vehicle loan repayable at 8.39%, due October 13, 2016. The loan is repayable at \$889.07 per month principal and interest and secured by the purchased vehicle.

23,986 32,251

### Tataskweyak Education Authority:

RBC vehicle lease repayable at 11.45% due June 24, 2015, repayable in monthly instalments of \$6,928 principal and interest secured by the purchased vehicles.

94,721 172,625

### Band Support:

Wells Fargo vehicle loan repayable at 3.94%, due February 1, 2016, repayable in monthly instalments of \$2,908 principal and interest and secured by the purchased vehicles.

59,164 91,057

\$ 5,962,470 \$ 5,693,417

During the year TCN paid \$148,077(2013: \$180,941) in interest charges on long-term debt.

Principal repayments on demand loans and long-term debt in each of the next five years, based on the anticipated renewals at consistent interest rates, are due as follows:

2015	\$ 2,581,359
2016	853,741
2017	613,441
2018	407,721
2019 and thereafter	<u>3,373,158</u>
	<u>\$ 7,829,421</u>

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 11. Deferred revenue 2014 2013

Deferred revenue consists of the following:

Manitoba Hydro		
Future Development	\$ -	\$ 22,439
Adverse Effects	818,607	232,819
Keeyask Centre	5,039,203	5,039,203
Anglican Church	-	1,400,000
Ghost Point	-	45,000
Water and Sewer	<u>3,257,460</u>	<u>3,257,460</u>
	<u>9,115,270</u>	<u>9,996,921</u>
Aboriginal Affairs and Northern Development Canada		
– Water and Sewer (IPM)	\$ 8,925,033	\$ 9,812,309
Aboriginal Affairs and Northern Development Canada		
– Water and Wastewater Training	351,008	-
Province of Manitoba- Job and skills development	-	4,256
Province of Manitoba – Section 35 Consultation	13,131	-
Health Canada – Nurse Residence (IPM)	-	2,270,913
Health Canada	91,898	-
Keeyask Centre	75,009	51,357
Anglican Church	-	400,000
Anglican Church – interest income	-	565
Insurance proceeds – School repair (IPM)	-	350,000
Pathways – MKO	<u>205,959</u>	<u>167,923</u>
	<u>\$ 18,777,308</u>	<u>\$ 23,054,244</u>

### 12. Related party transactions

The following summarizes TCN's related party transactions for the year:

	<u>2014</u>	<u>2013</u>
<b>General and administrative expenditures</b>		
Aboriginal Strategies LP cost reimbursements	\$ 307,638	\$ 295,406
Aboriginal Strategies LP fees, rentals and software costs	441,925	270,366
TC Building Materials LP	12,592	345,065

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sale of products or provision of services.

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# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

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### 12. Related party transactions (continued)

At the end of the year, the amounts due (to) from related parties are as follows:

	<u>2014</u>	<u>2013</u>
Aboriginal Strategies LP	\$ (297,401)	\$ (174,920)
Cree Nation Partnership Limited Partnership # 2	732,642	-
6407102 Manitoba Ltd.	(2)	-
336/334 Thompson Drive LP	(290)	(290)
Tataskweyak Trust	89,085	74,286
TC Building Materials LP	(108,561)	(286,692)

These balances are interest-free, payable on demand and have arisen from the sale of products and provision of services referred to above. All parties are related by common ownership.

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### 13. Economic dependence

TCN is economically dependent on funding from the Department of Aboriginal Affairs and Northern Development Canada and the Government of Canada, Manitoba Hydro and the Province of Manitoba. TCN is attempting to develop alternative sources of revenue in order to become self-sufficient.

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### 14. Commitments and contingencies

In 2010 TCN signed a Revenue Advance Agreement with the Manitoba Hydro Electric Board (Hydro) that superceded and replaced the previous TCN Advance Agreements. Pursuant to the TCN Advance Agreement, Hydro had advanced \$1,475,000 to TCN through March 31, 2010 that constituted charges against TCN's income from its anticipated interest in the Gull Rapids project. Should TCN not acquire an equity interest in the Gull Rapids project, Hydro may apply these contributions toward any obligation or liability of Hydro to TCN under Articles 18.4 or 18.5 of the Northern Flood Agreement or against any other obligations as may be agreed to by Hydro and TCN. This amount has been previously recognized as revenue as it is not likely that TCN will need to repay these funds in the future.

TCN has guaranteed loans for certain of its business enterprises (see Note 5). It is not possible at this time to determine whether any liability will result from these guarantees. As the loan facilities are not currently in default, a provision has not been reflected in the financial statements.

TCN has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if TCN fails to comply with the terms and conditions of the agreements.

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# **Tataskweyak Cree Nation**

## **Notes to Consolidated Financial Statements**

March 31, 2014

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### **15. Defined contribution pension plan**

The expense for TCN's pension plan for the year was \$180,378 (2013: \$182,266). The plan is funded equally by TCN and TCN's employees at rates of 3.0% to 7.6% of the employees' salaries. The funds are invested in mutual funds as directed by TCN's individual employees' investment directives.

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### **16. Replacement reserves**

The accumulated surplus includes the cumulative total of the levy of operations, interest earned on deposits, less expenditures incurred since inception in accordance with the agreement with Canadian Mortgage and Housing Corporation of \$933,081 (2013: \$849,225).

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### **17. Comparative figures**

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

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### **18. Restricted cash**

Certain cash balances totalling \$2,902,917 (2013: \$5,056,000) are based on specific capital project contribution agreements (\$2,702,497) and replacement reserves (\$200,420). This cash is only available for use in completing the specific terms of the contribution agreements or eligible replacement reserve expenses and is kept in segregated bank accounts.

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### **19. Subsequent event**

Subsequent to year end TCN received notice of statement of claim against the Band. The claim is for \$2.7 million of costs associated with work on the Water and Sewer Project in the community. Chief and Council is of the opinion that they will be successful in defending this claim and is preparing a statement of defence as well as a counter claim for an amount in excess of \$2.7 million.

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# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

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### 20. Financial instrument risk management

Tataskweyak Cree Nation is susceptible to credit risk due to the large balances of accounts receivable and significant overdue accounts. Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due. Accounts receivable from federal and provincial governments pose minimal credit risk. Miscellaneous receivables from various other individuals and entities are monitored on a regular basis. Tataskweyak Cree Nation measures its exposure to credit risk base on how long the amounts have been outstanding. An impairment allowance is set up based on Tataskweyak Cree Nation's historical experience regarding collections.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and price risk. Unless otherwise noted, it's management's opinion that Tataskweyak Cree Nation is not exposed to significant currency, interest and price risk.

Liquidity risk is the risk that Tataskweyak Cree Nation will not be able to meet all cash outflow obligations as they become due. TCN mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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### 21. Prior period adjustments

The replacement reserve required by CMHC, as described in Note 16, was recognized in error as an expense each year with a corresponding increase to a liability. The replacement reserve liability does not meet the definition of a liability and the amount required to be reserved by CMHC is included within accumulated surplus. The effect of the restatement on the consolidated financial statement is summarized below. There is no effect in 2014.

	<b><u>2013</u></b>
Increase in accumulated surplus, beginning of the year	\$ 748,805
Increase in annual surplus	100,420
Increase in accumulated surplus, end of year	849,225
Decrease in replacement reserve liability	(849,225)
Decrease in CMHC Housing Project expenditures	(100,420)

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 22. Budgeted figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal budget in the statement of change in net debt and statement of operations has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal budget to the budget per the financial statements:

#### Statement of Change in Net Debt

	<u>Approved Fiscal Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget per Financial Statements</u>
Annual surplus	\$ 617,973	\$ 8,918,832	\$ 9,536,805
Capital assets acquired	-	(5,576,240)	(5,576,240)
Capital assets disposed – cost	-	-	-
Capital assets disposed – accumulated amortization	-	-	-
Amortization	-	3,341,376	3,341,376
	<u>617,973</u>	<u>6,683,968</u>	<u>7,301,941</u>
Use of prepaid expenses	-	-	-
Acquisition of prepaids	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change in net debt	617,973	6,683,968	7,301,941
Net debt, beginning of the year	<u>-</u>	<u>(20,637,333)</u>	<u>(20,637,333)</u>
Net debt, end of the year	\$ <u>617,973</u>	\$ <u>(13,953,365)</u>	\$ <u>(13,335,392)</u>



# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 22. Budgeted figures (continued)

#### Statement of Operations

	<u>Approved Fiscal Budget</u>	<u>Adjustments</u>	<u>Fiscal Budget per Financial Statements</u>
Revenue			
Aboriginal Affairs and Northern Development of Canada	\$ 16,522,825	\$ -	\$ 16,522,825
Manitoba Hydro	364,365	-	346,365
Video Lottery Terminal Operation	1,600,000	-	1,600,000
Health Canada	2,457,937	-	2,457,937
Gas Bar	523,080	-	523,080
Rental	955,576	-	955,576
Province of Manitoba	535,816	-	535,816
Tataskweyak Trust	20,000	-	20,000
National Crime Prevention Centre	260,357	-	260,357
Other	9,550,428	-	9,550,428
Other Government Organizations	-	882,596	882,596
Gain on equity from business Enterprises	-	6,198,166	6,198,166
	<u>32,790,384</u>	<u>7,080,762</u>	<u>39,871,146</u>
Expenses			
Band Support	1,918,486	803,148	2,721,634
Community Fund	5,777,448	(5,467,000)	310,448
Policing	545,862	-	545,862
Operations and Maintenance	163,070	-	163,070
Tataskweyak Construction LP	937,715	23,714	961,429
Stephens Lake	155,400	-	155,400
Health Services	2,727,213	390,426	3,117,639
Social Development	5,146,781	-	5,146,781
Elderly Person's Homecare	779,810	-	779,810
Tataskweyak Education Authority	7,802,135	712,130	8,514,265
Ooskahtisuk Youth Club Project	281,557	-	281,557
Minor Capital	30,796	-	30,796
CMHC Housing Projects	1,290,448	605,040	1,895,488
Housing Authority	2,002,956	(30,369)	1,972,587
Economic Development	223,385	-	223,385
Video Lottery Terminal Operation	1,490,548	32,477	1,523,025
Kistepinanik Hotel	287,946	81,304	369,250
Gas Bar	610,855	7,367	618,222
Other Government Organizations	-	1,003,693	1,003,693
	<u>32,172,411</u>	<u>(1,838,070)</u>	<u>30,334,341</u>
Annual surplus	\$ 617,973	\$ 8,918,832	\$ 9,536,805

The adjustments include the addition of amortization, gain on equity from business enterprises and other government organizations and removal of principal payments on debt and capital asset additions.

## Tataskweyak Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 23. Segment Disclosure

	Education			Health			Economic Development			Housing			Community Services		
	<u>Budget</u>			<u>Budget</u>			<u>Budget</u>			<u>Budget</u>			<u>Budget</u>		
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
Revenues															
Federal Government	\$ 7,686,915	\$ 7,493,401	\$ 7,583,308	\$ 2,457,937	\$ 4,639,142	\$ 2,550,382	\$ 799,067	\$ 806,347	\$ 793,911	\$	\$	\$	\$	\$ 33,735	\$
Provincial Government		31,140					102,000	5,762,355	5,887,293				1,334,913	1,202,267	
Economic Activities	143,500	152,622	298,814				2,331,376	3,226,018	3,614,524	481,980	373,619	336,794			
Gain (loss) of equity on business enterprises															
Other revenue	<u>27,200</u>	<u>25,008</u>	<u>9,600</u>	<u>182,977</u>	<u>200,501</u>	<u>332,212</u>	<u>175,382</u>	<u>1,329,095</u>	<u>1,452,010</u>	<u>692,949</u>	<u>857,813</u>	<u>993,294</u>	<u>5,115</u>	<u>24,862</u>	
Total Revenue	7,857,615	7,702,171	7,891,722	2,640,914	4,839,643	2,882,594	3,407,825	11,123,815	11,747,738	1,174,929	1,231,432	1,330,088	-	1,340,028	1,260,864
Expenses															
Salaries and benefits	4,960,891	4,891,262	4,857,848	1,410,029	1,332,706	1,357,642	1,185,245	1,932,122	2,142,155	427,735	429,474	375,529		547,017	495,927
Amortization		747,505	720,577		390,426	344,918		345,616	397,213		1,093,255	1,131,236			
Interest on long term debt			22,465					11,266	4,012	1,136,881	174,459	173,696			
Travel	288,170	225,451	341,778	501,256	637,002	682,750	96,175	938,895	1,227,040	12,160	63,497	45,643			
Other	2,834,630	2,639,385	2,346,563	815,928	726,791	906,837	2,269,029		8,750,237	1,716,628	1,335,429	1,027,447		225,812	226,455
Total Expenses	<u>8,083,691</u>	<u>8,503,803</u>	<u>8,289,231</u>	<u>2,727,213</u>	<u>3,086,925</u>	<u>3,292,147</u>	<u>3,550,449</u>	<u>8,532,434</u>	<u>12,520,657</u>	<u>3,293,404</u>	<u>3,096,114</u>	<u>2,753,551</u>	<u>566,857</u>	<u>1,339,686</u>	<u>1,252,837</u>
Annual Surplus (Deficit)	\$ (226,076)	\$ (801,632)	\$ (397,509)	\$ (86,299)	\$ 1,752,718	\$ (409,553)	\$ (142,624)	\$ 11,760,333	\$ (772,919)	\$ (2,118,475)	\$ (1,864,682)	\$ (1,423,463)	\$ -	\$ 342	\$ 8,027

## Tataskweyak Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 23. Segment Disclosure (continued)

	Social Services			Band Government			Inter-segment Eliminations			Consolidated Totals		
	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013
Revenues												
Federal Government	\$ 5,160,313	\$ 5,160,313	\$ 5,080,001	\$ 3,136,887	\$ 3,786,107	\$ 3,312,272	\$	\$	\$	\$ 19,241,119	\$ 21,885,310	\$ 19,353,609
Provincial Government				798,181	2,146,859	1,639,846				900,181	9,275,267	8,733,886
Economic Activities	121,800	114,217	132,518					841,291	1,054,881	3,078,656	3,025,185	3,327,768
Gain (loss) of equity on business enterprises					6,198,166	2,989,600					6,198,166	2,989,600
Other revenue		18,150	63,816	8,491,920	351,016	364,392		162,280	585,325	9,570,428	2,624,418	2,654,862
Total Revenue	5,282,113	5,292,680	5,276,335	12,426,988	12,482,148	8,306,110	-	1,003,571	1,640,206	32,790,384	43,008,346	37,059,725
Expenses												
Salaries and benefits	692,937	680,189	689,798	934,327	937,929	1,104,359				9,611,164	10,748,832	11,045,533
Amortization					803,148	1,069,313					3,380,147	3,663,257
Interest on long term debt					21,135	36,615				1,136,881	206,860	210,311
Travel	47,540	68,765	92,272	179,042	219,194	332,306		627,588	634,019	1,124,343	1,744,117	2,314,225
Other	5,186,114	5,167,043	5,438,203	7,477,694	1,707,785	2,682,795		375,983	1,006,187	20,300,023	20,308,522	20,685,034
Total Expenses	5,926,591	5,915,997	6,220,273	8,591,063	3,689,191	5,225,388		1,003,571	1,640,206	32,172,411	36,388,478	37,918,360
Annual Surplus (Deficit)	\$ (644,478)	\$ (623,317)	\$ (943,938)	\$ 3,835,925	\$ 8,792,957	\$ 3,080,722	\$ -	\$ -	\$ -	\$ 617,973	\$ 6,619,868	\$ (858,635)

# Tataskweyak Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 24. Expenses by Object

The following is a summary of expenses by object.

	<u>2014</u>	<u>2013</u>
Expenditures		
Administration fees	\$ 57,914	\$ 42,100
Allowances	776,083	688,992
Audit fees	252,519	309,957
Bad debt	158,973	498,456
Basic needs	4,143,248	4,398,385
Commission expense	153,882	234,409
Community services	527,122	364,130
Consultant fees	3,265,516	3,407,566
Depreciation	3,182,595	3,417,933
Insurance	876,237	655,525
Interest on long term debt	195,594	322,180
Investment write down	42,318	150,182
Office and general	284,719	240,207
Other	3,908,984	4,464,020
Professional fees	526,661	500,957
Program costs	239,714	296,602
Purchases	1,542,770	1,221,877
Rent	218,553	165,761
Repairs and maintenance	1,035,508	858,341
Salaries and benefits	10,784,841	11,020,697
Supplies	621,022	608,496
Travel	1,814,475	2,329,376
Tuition costs	421,592	324,082
Utilities	1,229,916	1,176,828
Vehicle	<u>127,722</u>	<u>221,298</u>
	<u>\$ 36,388,478</u>	<u>\$ 37,918,357</u>