

Consolidated Financial Statements

Tataskweyak Cree Nation

March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying March 31, 2015 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.






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, 2015, 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, 2015, and the consolidated results of its operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
September 29, 2015

Grant Thornton LLP
Chartered Accountants

Tataskweyak Cree Nation

Consolidated Statement of Operations

Year Ended March 31	Budget (Note 19)	2015	2014 (Note 16)
Revenues			
Aboriginal Affairs and Northern Development			
Canada (Note 6)	\$ 17,399,426	\$ 17,074,687	\$ 17,029,959
Manitoba Hydro	4,811,128	10,188,249	7,674,343
CMHC Housing Projects Subsidies and interest	388,744	390,843	414,573
Video Lottery Terminal Operation	-	1,482,386	1,407,015
Health Canada	2,638,895	2,608,470	4,639,142
Gas Bar	699,934	213,570	584,978
Smoke Shop	-	338,108	318,976
Rental	884,172	789,293	796,870
Manitoba Keewatinowi Okimakanak	-	950,776	880,383
Province of Manitoba	793,911	944,487	720,541
Tataskweyak Trust	298,700	220,000	415,808
National Crime Prevention Centre	-	132,628	216,209
Other (Note 7)	4,545,034	788,789	973,652
Other Government Organizations	5,511,998	5,086,494	737,731
Gain on equity from business enterprises	1,649,364	1,649,364	6,198,166
	<u>39,621,306</u>	<u>42,858,144</u>	<u>43,008,346</u>
Expenses			
Band Support	2,984,173	3,165,820	2,847,586
Community Fund	8,734,990	1,704,190	96,186
Policing	777,018	713,133	488,388
Operations and Maintenance	257,341	201,268	145,467
Public Works	994,647	951,745	-
Stephens Lake	-	147,578	158,054
Health Services	3,540,178	2,890,385	2,492,765
Pathways	-	978,467	880,383
Social Development	5,278,958	5,229,468	5,157,163
Elderly Person's Homecare	892,446	910,805	758,834
Tataskweyak Education Authority	9,207,256	8,358,860	8,188,392
Minor Capital	-	1,026	2,863
Ooskahtisuk Youth Club Project	-	139,089	237,409
Ininew Project Management – Ghost Point	-	-	24,408
CMHC Housing Projects	1,178,827	1,026,781	1,142,552
Housing Authority	2,397,421	2,498,076	1,873,762
Economic Development	153,197	140,191	125,074
Video Lottery Terminal Operation	16,407	1,387,691	1,591,980
Gaming Commission (Bingo)	-	15,653	15,771
Kistepinanik Hotel	377,298	342,330	400,619
On Going Jobs	-	485,603	459,304
Future Development	-	2,657,421	3,827,186
Adverse Effects	-	120,142	-
Access Program	-	507,087	348,476
Bipole III	-	114,171	629,561
Conawapa	-	299,226	162,062
Environmental Services	-	445,838	339,185
Gas Bar	1,020,196	1,304,540	1,471,286
Smoke Shop	-	456,268	424,719
Other Government Organizations	4,801,712	4,721,194	2,099,043
	<u>42,612,065</u>	<u>41,914,046</u>	<u>36,388,478</u>
Annual surplus	\$ (2,990,759)	\$ 944,098	\$ 6,619,868

Tataskweyak Cree Nation

Consolidated Statement of Financial Position

March 31

2015

2014

Financial assets

Cash and cash equivalents (Note 17)	\$ 4,188,667	\$ 6,761,106
Accounts receivable (Note 3)	4,594,867	3,754,382
Inventory	64,251	90,468
Portfolio investments (Note 4)	41,953	41,953
Business enterprise equity (Note 5)	5,670,096	4,528,149
Trust assets	<u>84,728</u>	<u>81,559</u>

Total financial assets

14,644,562 15,257,617

Liabilities

Bank indebtedness	135,940	98,915
Accounts payable and accruals	4,949,605	5,598,178
Demand loans (Note 9)	1,311,178	1,866,951
Long-term debt (Note 10)	11,153,559	5,962,470
Deferred revenue (Note 11)	<u>19,516,117</u>	<u>18,777,308</u>

Total liabilities

37,066,399 32,303,822

Net debt

(22,421,837) (17,046,205)

Non-financial assets

Tangible capital assets (Note 8)	65,185,569	58,912,931
Prepays	<u>189,812</u>	<u>142,720</u>

Total non-financial assets

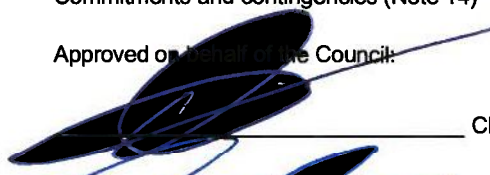



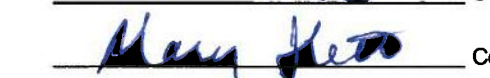
65,375,381 59,055,651

Accumulated surplus

\$ 42,953,544 \$42,009,446

Commitments and contingencies (Note 14)

Approved on behalf of the Council:

	Chief		Councillor
	Councillor		Councillor
	Councillor		Councillor
	Councillor		Councillor

Tataskweyak Cree Nation
Consolidated Statement of Change in Accumulated
Surplus

Year Ended March 31	2015	2014
Accumulated surplus, beginning of the year	\$ 42,009,446	\$ 35,389,578
Annual surplus	<u>944,098</u>	<u>6,619,868</u>
Accumulated surplus, end of year	<u>\$ 42,953,544</u>	<u>\$ 42,009,446</u>

Tataskweyak Cree Nation

Consolidated Statement of Change in Net Debt

Year Ended March 31	Budget (Note 19)	2015	2014
Annual surplus	<u>\$ (2,990,759)</u>	<u>\$ 944,098</u>	<u>\$ 6,619,868</u>
Capital assets acquired	(10,052,062)	(10,052,062)	(6,437,844)
Capital assets disposed – cost	371,484	371,484	428,192
Capital assets disposed – accumulated depreciation	(135,818)	(135,818)	(320,750)
Amortization	<u>3,543,758</u>	<u>3,543,758</u>	<u>3,380,147</u>
	<u>(9,263,397)</u>	<u>(5,328,540)</u>	<u>3,669,613</u>
Use of prepaid expenses	142,720	142,720	64,235
Acquisition of prepaid expenses	<u>(189,812)</u>	<u>(189,812)</u>	<u>(142,720)</u>
	<u>(47,092)</u>	<u>(47,092)</u>	<u>(78,485)</u>
Change in net debt	(9,310,489)	(5,375,632)	3,591,128
Net debt, beginning of year	<u>(17,406,205)</u>	<u>(17,046,205)</u>	<u>(20,637,333)</u>
Net debt, end of year	<u>\$ (26,356,694)</u>	<u>\$ (22,421,837)</u>	<u>\$ (17,046,205)</u>

Tataskweyak Cree Nation

Consolidated Statement of Cash Flow

Year Ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating

Annual surplus	\$ 944,098	\$ 6,619,868
Adjustments for non-cash items		
Gain of equity from business enterprises	(1,649,364)	(6,198,166)
Writedown of investment	-	42,318
Adjustment to equity	284,252	35,854
Amortization	3,543,758	3,380,147
Loss (gain) on disposal of tangible capital assets	<u>63,090</u>	<u>(178,190)</u>

3,185,834 3,701,831

Changes in non-cash working capital balances

Accounts receivable	(840,485)	(828,032)
Inventory	26,217	(68,538)
Prepays	(47,092)	(78,485)
Accounts Payables and accruals	(648,573)	1,273,947
Deferred revenue	<u>738,809</u>	<u>(4,276,936)</u>
	<u>2,414,710</u>	<u>(276,213)</u>

Capital transactions

Proceeds on disposition of capital assets	172,576	285,632
Purchase/construction of capital assets	<u>(10,052,062)</u>	<u>(6,437,844)</u>
	<u>(9,879,486)</u>	<u>(6,152,212)</u>

Financing

Long-term debt proceeds	6,699,573	818,496
Long-term debt repayments	(1,508,484)	(549,443)
Demand loan proceeds	516,063	88,933
Demand loan repayments	(1,071,836)	(786,262)
Bank indebtedness advances	<u>37,025</u>	<u>8,387</u>
	<u>4,672,341</u>	<u>(419,889)</u>

Investing

Purchase of portfolio investment	-	(2)
Contributions to business enterprises (Note 5)	(1,247,779)	-
Drawings from business enterprises (Note 5)	<u>1,470,944</u>	<u>5,798,475</u>
	<u>223,165</u>	<u>5,798,473</u>

Net decrease in cash and cash equivalents (2,569,270) (1,049,841)

Cash and cash equivalents

Beginning of year	<u>6,842,665</u>	<u>7,892,506</u>
End of year	<u>\$ 4,273,395</u>	<u>\$ 6,842,665</u>

Represented by

Trust assets	\$ 84,728	\$ 81,559
Cash and cash equivalents	<u>4,188,667</u>	<u>6,761,106</u>
	<u>\$ 4,273,395</u>	<u>\$ 6,842,665</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2015

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.

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
- 4209088 Manitoba Ltd.
- TC Building Materials Limited Partnership

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2015

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
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
Cree Nation Partners Limited Partnership #1	92.50% voting units
Cree Nation Partners Limited Partnership #2	92.50% voting units
Cree Nation Partners 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, 2015

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, 2015

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.

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2015

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 were not available for these assets, the valuation method utilized was as follows: used the current values and discounted 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.

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

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.

3. Accounts receivable	<u>2015</u>	<u>2014</u>
Manitoba Hydro	\$ 1,398,543	\$ 1,259,584
Province of Manitoba	101,559	58,659
Canada Mortgage and Housing Corporation	32,306	40,882
Aboriginal Affairs and Northern Development Canada	771,000	60,005
Manitoba Keewatinowi Okimakanak	187,315	87,841
Health Canada	185,808	1,139
Government Business Enterprises	55,382	753,425
Other Government Organizations	(1,749,381)	403,804
Portfolio Investments	(134,601)	(340,698)
Other	<u>3,746,936</u>	<u>1,429,740</u>
	<u>\$ 4,594,867</u>	<u>\$ 3,754,382</u>

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

The balance due (to) from other government organizations (OGO) represents timing differences due to draws received or advances paid after the year end of the OGO but before the year end of TCN. In the current year \$1,511,826 relates to draws received from Iron North Limited Partnership.

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

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 \$nil (2014: \$42,318).

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, 2014.
- Ininew Project Management Ltd. is a 38% owned corporation that is the general partner of Ininew Limited Partnership.
- Keewatin Railway Company Ltd. is a 44% owned corporation.

Limited Partnership

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

	<u>2015</u>	<u>2014</u>
<u>Corporations</u>		
Aboriginal Strategies Inc.	\$ 20	\$ 20
6407102 Manitoba Ltd.	2	2
Ininew Project Management Ltd.	39,887	39,887
Keewatin Railway Company Ltd.	<u>44</u>	<u>44</u>
	39,953	39,953
<u>Limited Partnership</u>		
Aboriginal Strategies Limited Partnership	<u>2,000</u>	<u>2,000</u>
	<u>\$ 41,953</u>	<u>\$ 41,953</u>

Aboriginal Strategies Limited Partnership contributed a total of \$139,350 up to December 31, 2014 toward the purchase of one new mobile home to donate to the community.

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

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, 2014. All loans are non-interest bearing and have no set terms of repayment.

	<u>Loans</u>	<u>Equity (deficit)</u>	<u>2015</u>	<u>2014</u>
<u>Corporations</u>				
336/344 Thompson Drive Corporation	\$ -	\$ 49,861	\$ 49,861	\$ 44,166
4209908 Manitoba Ltd.	-	-	-	82,583
5872066 Manitoba Ltd.	-	(2,392)	(2,392)	(1,349)
5925640 Manitoba Ltd.	-	3,651	3,651	4,344
6354671 Manitoba Ltd.	-	(3,692)	(3,692)	(3,532)
<u>Limited Partnerships</u>				
336/344 Thompson Drive LP	-	3,330,535	3,330,535	3,160,092
TC Building Materials LP	-	-	-	212,466
Cree Nation Partners Limited Partnership # 1	-	1,244,483	1,244,483	-
Cree Nation Partners Limited Partnership #2	-	377,554	377,554	893,230
Cree Nation Partners Limited Partnership #3	-	670,096	670,096	136,149
	<u>\$ -</u>	<u>\$ 5,670,096</u>	<u>\$ 5,670,096</u>	<u>\$ 4,528,149</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

5. Business enterprise equity (continued)

Summarized partner cash drawings from business enterprises are as follows:

	<u>2015</u>	<u>2014</u>
<u>Limited Partnerships</u>		
Cree Nation Partners Limited Partnership #2 – draw	\$ 877,431	\$ 5,623,475
Cree Nation Partners Limited Partnership # 3 – draw	451,663	-
336/344 Thompson Drive Limited Partnership – draw in kind for a community house	<u>141,850</u>	<u>175,000</u>
	<u>\$ 1,470,944</u>	<u>\$ 5,798,475</u>

Summarized partner contributions to business enterprises are as follows:

	<u>2015</u>	<u>2014</u>
<u>Limited Partnerships</u>		
Cree Nation Partners Limited Partnership #1 - contribution	<u>\$ 1,247,779</u>	<u>\$ -</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. During the year, the corporation became dependent on Tataskweyak Cree Nation and is considered to be an other government organization for the year ended March 31, 2015. The change in the type of government entity will be applied prospectively and the consolidation method will be applied.
- 5872066 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partners Limited Partnership.
- 5925640 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partners Limited Partnership #2.
- 6354671 Manitoba Ltd. is a 92.50% owned corporation that is the general partner of Cree Nation Partners Limited Partnership #3.

Summarized corporate financial information is as follows:

	<u>336/344</u>	<u>5872066</u>	<u>5925640</u>	<u>6354671</u>
Current assets	\$ -	\$ -	\$ 7,193	\$ 357
Long-term assets	<u>53,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>53,956</u>	<u>-</u>	<u>7,193</u>	<u>357</u>
Current liabilities	4,095	2,586	3,224	4,348
Long-term liabilities	-	-	-	-
Equity (deficit)	<u>49,861</u>	<u>(2,586)</u>	<u>3,969</u>	<u>(3,991)</u>
Total equity and liabilities	<u>\$ 53,956</u>	<u>\$ -</u>	<u>\$ 7,193</u>	<u>\$ 357</u>
Expenses	\$ 4,323	\$ 1,128	\$ 1,238	\$ 1,239
Other income	<u>10,017</u>	<u>-</u>	<u>485</u>	<u>1,067</u>
Net earnings (loss)	<u>\$ 5,694</u>	<u>\$ (1,128)</u>	<u>\$ (753)</u>	<u>\$ (172)</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

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. During the year, the partnership became dependent on Tataskweyak Cree Nation and is considered to be an other government organization for the year ended March 31, 2015. The change in the type of government partnership will be applied prospectively and the consolidation method will be applied.
- Cree Nation Partners Limited Partnership #1 has an investment in the Keeyask Hydropower Limited Partnership under the Joint Keeyask Development Agreement.
- Cree Nation Partners Limited Partnership #2 has an investment in the Amisk joint venture.
- Cree Nation Partners Limited Partnership #3 has an investment in Criti Care joint venture and an investment in Newton Mechanical joint venture.

Summarized partnership financial information is as follows:

	336/344 Thompson Drive LP	Cree Nation Partnership LP #1	Cree Nation Partnership LP #2	Cree Nation Partnership LP #3
Current assets	\$ 1,125,952	\$ 844	\$ 715,563	\$ 810,581
Long-term assets	<u>2,781,316</u>	<u>1,350,000</u>	<u>-</u>	<u>-</u>
Total assets	<u>3,907,268</u>	<u>1,350,844</u>	<u>715,563</u>	<u>810,581</u>
Current liabilities	223,073	5,458	10,729	7,645
Long-term liabilities	299,704	-	-	-
Equity (deficit)	<u>3,384,491</u>	<u>1,345,386</u>	<u>704,834</u>	<u>802,936</u>
Total equity and liabilities	<u>\$ 3,917,268</u>	<u>\$ 1,350,844</u>	<u>\$ 715,834</u>	<u>\$ 810,581</u>
Revenue	\$ 449,169	\$ -	\$ 455,648	\$ 1,074,608
Expenses	268,709	2,506	64,138	7,929
Other Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net earnings (loss)	<u>\$ 180,460</u>	<u>\$ (2,506)</u>	<u>\$ 391,510</u>	<u>\$ 1,066,679</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

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

	<u>2015</u>	<u>2014</u>
Gross AANDC revenue (including prior year deferred)	\$ 26,361,135	\$ 26,306,000
Deferred revenue (Note 11)	<u>(9,286,448)</u>	<u>(9,276,041)</u>
Total AANDC revenue reported	<u>\$ 17,074,687</u>	<u>\$ 17,029,959</u>

7. Other revenue

	<u>2015</u>	<u>2014</u> (Note 16)
Band Support - other	\$ 120,970	\$ 114,395
Community Fund – other	35,776	-
CMHC Housing Projects – gain on disposal of houses	-	178,190
Future Development - other	-	35,139
Aboriginal Policing Directorate	66,114	66,114
Housing Authority – other	197,828	185,250
Kistepinanik Hotel – other	28,516	42,526
Health Services – other	10,742	9,897
Video Lottery Terminal Operations – other	92,968	170,293
Tataskweyak Construction Limited Partnership – other	-	123,306
Other	<u>235,875</u>	<u>48,542</u>
	<u>\$ 788,789</u>	<u>\$ 973,652</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2015

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 2015</u>	<u>Total 2014</u>
Cost								
Opening costs	\$ 70,000	\$ 97,376,301	\$ 3,062,592	\$ 2,472,908	\$ 16,496,940	\$ 8,010,200	\$ 127,488,941	\$ 121,479,289
Additions	122,850	559,900	3,529,848	569,860	5,269,604	-	10,052,062	6,863,095
Transfers	-	3,406,814	-	-	(3,406,814)	-	-	(425,251)
Disposals	-	-	(246,385)	(125,099)	-	-	(371,484)	(428,192)
Closing costs	<u>192,850</u>	<u>101,343,015</u>	<u>6,346,055</u>	<u>2,917,669</u>	<u>18,359,730</u>	<u>8,010,200</u>	<u>137,169,519</u>	<u>127,488,941</u>
Accumulated Amortization								
Opening accumulated amortization	-	(57,597,915)	(1,914,553)	(1,819,083)	-	(7,244,459)	(68,576,010)	(65,516,613)
Disposals	-	-	86,404	49,414	-	-	135,818	320,750
Amortization expense	-	<u>(2,959,251)</u>	<u>(238,790)</u>	<u>(247,012)</u>	-	<u>(98,705)</u>	<u>(3,543,758)</u>	<u>(3,380,147)</u>
Closing accumulated amortization	-	<u>(60,557,166)</u>	<u>(2,066,939)</u>	<u>(2,016,681)</u>	-	<u>(7,343,164)</u>	<u>(71,983,950)</u>	<u>(68,576,010)</u>
Net book value								
Opening balance	70,000	39,778,386	1,148,039	653,825	16,496,940	765,741	58,912,931	55,962,676
Closing balance	<u>192,850</u>	<u>40,785,849</u>	<u>4,279,116</u>	<u>900,988</u>	<u>18,359,730</u>	<u>667,036</u>	<u>65,185,569</u>	<u>58,912,931</u>
Increase (decrease) in net book value	\$ <u>122,850</u>	\$ <u>1,007,463</u>	\$ <u>3,131,077</u>	\$ <u>247,163</u>	\$ <u>1,862,790</u>	\$ <u>(98,705)</u>	\$ <u>6,272,638</u>	\$ <u>2,950,255</u>

Tataskweyak Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2015

8. Tangible capital assets (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction in-Progress</u>	<u>Infrastructure</u>	<u>Total 2015</u>	<u>Total 2014</u>
Additions by entity	\$	\$	\$	\$	\$	\$	\$	
Band Support	-	-	101,393	-	-	-	101,393	3,137,319
Community Fund	-	-	-	-	3,389,387	-	3,389,387	2,927,739
Health Services	-	-	-	110,067	-	-	110,067	2,269,967
Gas Bar	-	-	82,500	-	-	-	82,500	4,600
Tataskweyak Education Authority	-	-	145,593	267,516	-	-	413,109	-
Video Lottery Terminal Operations	-	-	-	150,672	-	-	150,672	-
Ininev Project Management assets put in use	-	-	-	-	-	-	-	(5,643,427)
Ininev Project Management	-	-	-	-	1,880,217	-	1,880,217	3,051,956
CMHC Housing Projects	-	-	-	-	-	-	-	242,452
Housing Authority	-	559,900	-	-	-	-	559,900	366,729
Smoke Shop	-	-	-	-	-	-	-	72,401
Other Government Organizations	<u>122,850</u>	-	<u>3,200,362</u>	<u>41,605</u>	-	-	<u>3,364,817</u>	<u>8,108</u>
Total additions	\$ <u>122,850</u>	\$ <u>559,900</u>	\$ <u>3,529,848</u>	\$ <u>569,860</u>	\$ <u>5,269,604</u>	\$ -	\$ <u>10,052,062</u>	\$ <u>6,437,844</u>

Tataskweyak Cree Nation **Notes to the Consolidated Financial Statements**

March 31, 2015

8. Tangible capital assets (continued)

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Construction in-Progress</u>	<u>Infrastructure</u>	<u>Total 2015</u>	<u>Total 2014</u>
Disposals by entity								
Band Support	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 128,714
Gas Bar	-	-	4,600	-	-	-	4,600	-
Tataskweyak Education Authority	-	-	-	29,861	-	-	29,861	-
Video Lottery Terminal Operations	-	-	-	95,238	-	-	95,238	-
CMHC Housing Projects	-	-	-	-	-	-	-	214,478
Housing Authority	-	-	-	-	-	-	-	85,000
Other Government Organizations	-	-	241,755	-	-	-	241,755	-
Total disposals	\$ -	\$ -	\$ 246,385	\$ 125,099	\$ -	\$ -	\$ 371,484	\$ 428,192

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

9. Demand loans	<u>2015</u>	<u>2014</u>
Band Support:		
Operating loan payable at (prime plus 2.0%, repayable on demand).	\$ 95,000	\$ 175,000
CMHC:		
Royal Bank (Section 95) demand loan payable (Phase 1), principal balance was paid in full on August 1, 2014.	-	434,205
Education Authority:		
Operating loan payable at prime plus 2.0%, repayable on demand.	70,000	150,000
Housing Authority:		
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.	521,105	834,105
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.	94,239	190,583
Ininew Limited Partnership:		
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.	14,771	83,058
TC Building Materials Limited Partnership		
Operating loan payable at prime plus 2.0%, repayable on demand.	275,000	-
Royal Bank operating loan payable at prime plus 2.5%, repayable on November 1, 2015.	<u>241,063</u>	<u>-</u>
	<u>\$ 1,311,178</u>	<u>\$ 1,866,951</u>

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

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt	<u>2015</u>	<u>2014</u>
CMHC:		
CMHC (Section 95) mortgage payable (Phase 1) at 1.87%, due March 1, 2018, repayable in monthly instalments of \$9,550 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and assignment of fire insurance.	\$ 334,099	\$ -
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.	232,174	293,022
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.	195,226	252,403
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.	202,401	250,640
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>933,489</u>	<u>999,318</u>
Carry forward	<u>\$ 1,897,389</u>	<u>\$ 1,795,383</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt (continued)	<u>2015</u>	<u>2014</u>
Carried forward	\$ 1,897,389	\$ 1,795,383
CMHC (Section 95) mortgage payable (Phase 7) at 1.92%, due April 1, 2019, repayable in monthly instalments of \$4,150 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	617,580	655,206
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.	346,106	367,192
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.	602,080	631,753
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.	599,588	625,461
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.	841,274	877,575
Community Fund		
Royal Bank (Teacherages project) term loan payable at prime plus 2%, due March 31, 2015.	1,570,000	818,496
CMHC mortgage payable (Phase 12) at 1.23%, due May 1, 2020, repayable in monthly instalments of \$4,449 principal and interest, secured by an AANDC Ministerial Guarantee, supported by CMHC insurance and loan agreement, and an assignment of fire insurance.	<u>812,840</u>	<u>-</u>
Carry forward	<u>\$ 7,286,857</u>	<u>\$ 5,771,066</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt (continued)	<u>2015</u>	<u>2014</u>
Carried forward	\$ 7,286,857	\$ 5,771,066
Video Lottery Operation:		
Northland Ford Sales Ltd. vehicle loan, principal balance was paid in full on December 2014.	-	13,533
Northland Ford Sales Ltd. vehicle loan, principal balance was paid in full on December 2014.	-	23,986
Northland Ford Sales Ltd. vehicle loan repayable at 3.99%, due April 4, 2019. The loan is repayable at \$1,198 per month principal and interest and secured by the purchased vehicle.	53,064	-
Northland Ford Sales Ltd. vehicle loan repayable at 3.99%, due April 4, 2019. The loan is repayable at \$1,006 per month principal and interest and secured by the purchased vehicle.	44,561	-
Tataskweyak Education Authority:		
RBC vehicle lease repayable at 3.82% due June 25, 2015. The loan is repayable at \$6,298 per month principal and interest and is secured by the purchased school buses.	13,792	94,721
RBC vehicle lease repayable at 4.35% due October 28, 2017. The loan is repayable at \$5,709 per month principal and interest and is secured by the purchased school buses.	170,413	-
Xerox Canada Limited equipment loan repayable at 7% variable interest, due December 24, 2019. The loan is repayable at \$941 per quarter principal and interest.	15,165	-
Xerox Canada Limited equipment loan, repayable at 7% variable interest, due December 26, 2019. The loan is repayable at \$7,366 per quarter principal and interest.	<u>118,682</u>	<u>-</u>
Carry forward	<u>\$ 7,702,534</u>	<u>\$ 5,903,306</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt (continued)	2015	2014
Carried forward	\$ 7,702,534	\$ 5,903,306
Iron North Limited Partnership:		
SMS Equipment – HAMM 3412 - heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$6,000.	119,797	-
SMS Equipment - Komatsu PC360LC-10 S/N AA33254 - heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	316,912	-
SMS Equipment - Komatsu D65PX-17 S/N 1733 – heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	403,478	-
SMS Equipment Komatsu D65PX-17 S/N 1734 – heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	394,548	-
SMS Equipment - Komatsu D65PX-17 A/N 1886 – heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	398,694	-
SMS Equipment - Komatsu D65PX-17 S/N 2020 – heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	392,725	-
SMS Equipment - Komatsu D65PX-17 S/N 2041 – heavy equipment loan repayable at 2.5%, with monthly principal and interest payments of \$8,000.	408,852	-
Ininew Limited Partnership:		
HP Invent computer equipment lease repayable at 6.6%, in monthly installments of \$285 principal and interest.	4,568	-
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.	25,992	59,164
RBC loan repayable at 4.70%, due July 15, 2017, repayable in monthly instalments of \$37,229 principal and interest secured by a general security agreement over all of TCN's assets.	985,459	-
	<u>\$ 11,153,559</u>	<u>\$ 5,962,470</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

10. Long-term debt (continued)

During the year TCN paid \$172,963 (2014: \$148,077) 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:

2016	\$ 4,604,615
2017	1,991,827
2018	1,379,598
2019	785,354
2020 and thereafter	<u>3,694,303</u>
	<u>\$ 12,455,697</u>

11. Deferred revenue

Deferred revenue consists of the following:

	<u>2015</u>	<u>2014</u>
Manitoba Hydro		
Access Program	\$ 160,167	\$ 818,607
Adverse Effects	1,415,072	-
Future development	80,000	-
Keeyask Centre	5,039,203	5,039,203
Water and Sewer	<u>3,257,460</u>	<u>3,257,460</u>
	<u>9,951,902</u>	<u>9,115,270</u>
Aboriginal Affairs and Northern Development Canada		
- Water and Sewer (IPM)	\$ 8,921,791	\$ 8,925,033
Aboriginal Affairs and Northern Development Canada		
- Water and Wastewater Training	351,008	351,008
Aboriginal Affairs and Northern Development Canada		
- Band Support	<u>13,649</u>	<u>-</u>
	<u>9,286,448</u>	<u>9,276,041</u>
Province of Manitoba - Bipole III	13,131	13,131
Health Canada	16,025	91,898
Keeyask Centre	75,009	75,009
Manitoba Keewatinowi Okimakanak - Pathways	<u>173,602</u>	<u>205,959</u>
	<u>\$ 19,516,117</u>	<u>\$ 18,777,308</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

12. Related party transactions

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

	<u>2015</u>	<u>2014</u>
General and administrative expenditures		
Aboriginal Strategies LP cost reimbursements	\$ 216,139	\$ 307,638
Aboriginal Strategies LP fees, rentals and software costs	453,352	441,925
TC Building Materials LP	-	12,592

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.

At the end of the year, the amounts due (to) from related parties, all of which are reported as accounts receivable, are as follows:

	<u>2015</u>	<u>2014</u>
Aboriginal Strategies LP	\$ (134,599)	\$ (297,401)
Cree Nation Partners Limited Partnership # 2	(68,795)	732,642
6407102 Manitoba Ltd.	(2)	(2)
336/334 Thompson Drive LP	(290)	(290)
Tataskweyak Trust	80,632	89,085
TC Building Materials LP	-	(108,561)

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.

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.

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

14. Commitments and contingencies

During the year, a statement of claim was filed against TCN by the Cree Construction and Development Company Ltd. (CCDC) for \$2.7 million for unpaid work and materials together with an unspecified claim for damages arising out of the related contract. TCN has filed a counterclaim and statement of defence regarding the matter. Management has recorded progress billings received from CCDC in the amount of \$1.025 million. The additional amount in the claim is for other costs not billed to TCN and therefore not recorded in the records. All costs recorded to date are included in the construction in progress balance (Note 8) and have had no impact on the operating results of TCN for the year.

In addition, TCN has filed a statement of claim against the insurer for the project for a performance bond in the amount of \$7.3 million to complete the outstanding work on the project. This claim is ongoing and the outcome is currently undeterminable and therefore no additional construction in progress has been recorded.

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.

15. Defined contribution pension plan

The expense for TCN's pension plan for the year was \$208,533 (2014: \$180,378). 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.

16. Comparative figures

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

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

17. Restricted cash

Certain cash balances totalling \$1,576,371 (2014: \$2,902,917) are based on specific capital project contribution agreements (\$998,476) and replacement reserves (\$557,895). 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.

18. 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.

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

19. 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 deficit	<u>\$ (4,870,116)</u>	<u>\$ 1,879,357</u>	<u>\$ (2,990,759)</u>
Capital assets acquired	-	(10,052,062)	(10,052,062)
Capital assets disposed – cost	-	371,484	371,484
Capital assets disposed – accumulated amortization	-	(135,818)	(135,818)
Amortization	<u>1,756,881</u>	<u>1,786,877</u>	<u>3,543,758</u>
	<u>(3,113,235)</u>	<u>(6,150,162)</u>	<u>(9,263,397)</u>
Use of prepaid expenses	-	142,720	142,720
Acquisition of prepaids	-	(189,812)	(189,812)
	-	(47,092)	(47,092)
Change in net debt	(3,113,235)	(6,197,254)	(9,310,489)
Net debt, beginning of the year	-	(17,046,205)	(17,046,205)
Net debt, end of the year	<u>\$ (3,113,235)</u>	<u>\$ (23,243,459)</u>	<u>\$ (26,356,694)</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

19. 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	\$ 16,628,426	\$ 771,000	\$ 17,399,426
Manitoba Hydro	4,811,128	-	4,811,128
Health Canada	2,638,895	-	2,638,895
Gas Bar	699,934	-	699,934
Rental	884,172	-	884,172
Province of Manitoba	793,911	-	793,911
Tataskweyak Trust	298,700	-	298,700
Other	4,933,778	-	4,933,778
Other Government Organizations	-	5,511,998	5,511,998
Gain on Equity from Business Enterprises	-	1,649,364	1,649,364
	<u>31,688,944</u>	<u>7,932,362</u>	<u>39,621,306</u>
Expenses			
Band Support	2,282,429	701,744	2,984,173
Community Fund	8,734,990	-	8,734,990
Policing	777,018	-	777,018
Operations and Maintenance	257,341	-	257,341
Public Works	994,647	-	994,647
Health Services	3,540,178	-	3,540,178
Social Development	5,278,958	-	5,278,958
Elderly Person's Homecare	901,230	(8,784)	892,446
Tataskweyak Education Authority	8,584,562	622,694	9,207,256
CMHC Housing Projects	1,178,827	-	1,178,827
Housing Authority	2,397,421	-	2,397,421
Economic Development	241,332	(88,135)	153,197
Video Lottery Terminal Operation	-	16,407	16,407
Kistepinanik Hotel	377,298	-	377,298
Gas Bar	1,012,829	7,367	1,020,196
Other Government Organizations	-	4,801,712	4,801,712
	<u>36,559,060</u>	<u>6,053,005</u>	<u>42,612,065</u>
Annual deficit	<u>\$ (4,870,116)</u>	<u>\$ 1,879,357</u>	<u>\$ (2,990,759)</u>

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, 2015

20. Segment Disclosure

	Education			Health			Economic Development			Housing			Community Services		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
Revenues															
Federal Government	\$ 7,359,942	\$ 7,496,029	\$ 7,493,401	\$ 2,638,895	\$ 2,608,470	\$ 4,639,142	\$ 241,326	\$ 1,012,326	\$ 806,347	\$	\$	\$	\$ 33,126	\$	\$
Provincial Government			31,140				101,580	4,272,892	5,762,355				1,457,154	1,334,913	
Economic activities	243,200	245,011	152,622				895,634	3,019,665	3,226,018	346,272	312,840	373,619			
Gain (loss) of equity on business enterprises															
Other revenue	<u>20,000</u>	<u>23,450</u>	<u>25,008</u>	<u>193,758</u>	<u>240,931</u>	<u>200,501</u>	<u>90,000</u>	<u>5,734,972</u>	<u>1,329,095</u>	<u>923,329</u>	<u>858,871</u>	<u>857,813</u>	<u>22,805</u>	<u>5,115</u>	
Total revenue	<u>7,623,142</u>	<u>7,764,490</u>	<u>7,702,171</u>	<u>2,832,653</u>	<u>2,849,401</u>	<u>4,839,643</u>	<u>1,328,540</u>	<u>14,039,855</u>	<u>11,123,815</u>	<u>1,269,601</u>	<u>1,171,711</u>	<u>1,231,432</u>	<u>1,513,175</u>	<u>1,340,028</u>	
Expenses															
Salaries and benefits	4,795,836	4,891,261	4,891,262	1,327,223	1,310,814	1,332,706	313,617	3,336,394	1,932,122	344,223	360,262	429,474	553,192	547,017	
Amortization	744,387	744,387	747,505	510,673	510,673	390,426	81,304	256,969	345,616	1,076,904	1,086,821	1,093,255			
Interest on long term debt								-	11,266	130,297	125,592	174,459			
Travel	115,425	181,233	225,451	591,664	569,134	637,002	36,070	737,269	938,895	21,827	70,134	63,497	248,276	225,812	
Other	<u>2,928,914</u>	<u>2,734,198</u>	<u>2,639,385</u>	<u>1,110,618</u>	<u>1,029,555</u>	<u>726,791</u>	<u>1,200,468</u>	<u>8,516,193</u>	<u>8,532,434</u>	<u>2,002,997</u>	<u>1,985,384</u>	<u>1,335,429</u>	<u>708,748</u>	<u>566,857</u>	
Total expenses	<u>8,584,562</u>	<u>8,551,079</u>	<u>8,503,603</u>	<u>3,540,178</u>	<u>3,420,176</u>	<u>3,086,925</u>	<u>1,631,459</u>	<u>12,846,825</u>	<u>11,760,333</u>	<u>3,576,248</u>	<u>3,628,193</u>	<u>3,096,114</u>	<u>1,510,216</u>	<u>1,339,686</u>	
Annual surplus (deficit)	<u>\$ (961,420)</u>	<u>\$ (786,589)</u>	<u>\$ (801,432)</u>	<u>\$ (707,525)</u>	<u>\$ (570,775)</u>	<u>\$ 1,752,718</u>	<u>\$ ((302,919)</u>	<u>\$ 1,193,030</u>	<u>\$ (636,518)</u>	<u>\$ (2,306,647)</u>	<u>\$ (2,456,482)</u>	<u>\$ (1,864,682)</u>	<u>\$ 2,959</u>	<u>\$ 342</u>	

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

20. Segment Disclosure (continued)

	Social Services			Band Government			Inter-segment Eliminations			Consolidated Totals		
	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Revenues												
Federal Government	\$ 5,164,241	\$ 5,164,241	\$ 5,160,313	\$ 3,862,917	\$ 3,501,503	\$ 3,786,107	\$	\$		\$ 19,267,321	\$ 19,815,785	\$ 21,885,310
Provincial Government				5,503,459	6,392,589	2,146,859		39,123		5,605,039	12,083,512	9,275,267
Economic Activities	99,000	102,264	114,217						841,291	1,584,106	3,679,780	3,025,185
Gain (loss) of equity on business enterprises		3,911		4,005,391	1,649,364	6,198,166		1,635,571	162,280	5,232,478	1,649,364	6,198,166
Other revenue			18,150		380,334	351,016		1,674,694			5,629,703	2,624,418
Total Revenue	<u>5,263,241</u>	<u>5,270,416</u>	<u>5,292,680</u>	<u>13,371,767</u>	<u>11,923,790</u>	<u>12,482,148</u>		<u>1,674,694</u>	<u>1,003,571</u>	<u>31,688,944</u>	<u>42,858,144</u>	<u>43,008,346</u>
Expenses												
Salaries and benefits	792,722	808,189	680,189	1,458,291	1,533,474	937,929				9,031,912	12,793,586	10,748,832
Amortization				944,908	803,148	803,148				2,413,268	3,543,758	3,380,147
Interest on long term debt				47,371	21,135	21,135				130,297	172,963	206,860
Travel	49,876	56,932	68,765	373,314	396,835	219,194			627,588	1,188,176	2,259,813	1,744,117
Other	<u>5,337,590</u>	<u>5,277,562</u>	<u>5,167,043</u>	<u>11,214,820</u>	<u>4,566,980</u>	<u>1,707,785</u>		<u>1,674,694</u>	<u>375,983</u>	<u>23,795,407</u>	<u>23,143,926</u>	<u>20,308,522</u>
Total Expenses	<u>6,180,188</u>	<u>6,142,683</u>	<u>5,915,997</u>	<u>13,046,425</u>	<u>7,489,568</u>	<u>3,689,191</u>		<u>1,674,694</u>	<u>1,003,571</u>	<u>36,559,060</u>	<u>41,914,046</u>	<u>36,388,478</u>
Annual Surplus (Deficit)	<u>\$ (916,947)</u>	<u>\$ (872,267)</u>	<u>\$ (623,317)</u>	<u>\$ 325,342</u>	<u>\$ 4,434,222</u>	<u>\$ 8,792,957</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (4,870,116)</u>	<u>\$ 944,098</u>	<u>\$ 6,619,868</u>

Tataskweyak Cree Nation

Notes to Consolidated Financial Statements

March 31, 2015

21. Expenses by Object

The following is a summary of expenses by object.

	2015	2014 (Note 16)
Expenditures		
Administration fees	\$ 66,153	\$ 57,914
Allowances	896,394	776,083
Amortization	3,543,758	3,380,150
Audit fees	282,857	252,519
Bad debt	11,759	158,973
Basic needs (Welfare)	4,190,454	4,143,248
Commission expense	222,747	153,882
Community services	670,516	527,122
Consultant fees	2,899,239	3,265,516
Contribution to trust	1,142,302	-
Destitute payments	517,117	517,357
Equipment rentals	377,325	-
Insurance	1,106,655	876,237
Interest on long term debt	172,963	195,594
Investment write down	-	42,318
Materials and supplies	468,585	-
Office and general	394,594	284,719
Other	3,378,211	3,194,072
Professional fees	397,640	526,661
Program costs	453,247	239,714
Purchases	1,406,070	1,542,770
Rent	184,385	218,553
Repairs and maintenance	2,498,367	1,035,508
Salaries and benefits	12,169,059	10,784,841
Supplies	796,145	621,022
Travel	1,542,362	1,814,475
Tuition costs	454,238	421,592
Utilities	1,475,273	1,229,916
Vehicle	195,631	127,722
	\$ 41,914,046	\$ 36,388,478