

**Timiskaming First Nation  
Combined Financial Statements  
March 31, 2014**



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## **Management's Responsibility for the Financial Statements**

The accompanying combined financial statements of the Timiskaming First Nation as at March 31, 2014 are the responsibility of management and have been approved by the Council.

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

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

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

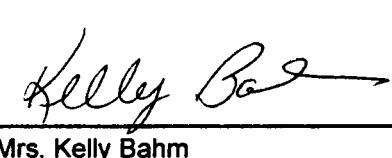
The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Raymond Chabot Grant Thornton, LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the combined financial statements. The external auditors have full and free access to financial management of the Timiskaming First Nation and meet when required.

On behalf of Timiskaming First Nation:

  
Mrs. Cherie Stanger  
Band Manager

Date

  
Mrs. Kelly Bahm  
Director

Date

July 24/2014.

July 24/2014.



## Independent Auditor's Report

To the Chief and Councillors  
Timiskaming First Nation

Raymond Chabot Grant Thornton

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We have audited the accompanying combined financial statements of Timiskaming First Nation, which comprise the statement of combined financial position as at March 31, 2014 and the combined statements of operations, change in surplus (deficit), net investment in fixed assets, change 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 combined financial statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Timiskaming First Nation as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Observation**

Without modifying our opinion, we draw attention to Note 3 to the combined financial statements, which states that the band includes certain financial information that are not required by the Canadian public sector accounting standards. This information is presented in order to satisfy to Aboriginal Affairs and Northern Development Canada and presented on pages 24 to 167.

#### **Other matter**

The combined financial statements of Timiskaming First Nation, as at March 31, 2013 and the year then ended, were audited by another auditor who expressed an unmodified opinion on those combined financial statements on August 20, 2013.

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*Raymond Chabot Grant Thornton LLP*  
Rouyn-Noranda  
July 24, 2014

**Timiskaming First Nation  
Combined Operations**  
Year ended March 31, 2014

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>REVENUE</b>		
AANDC - Fixed contribution	314,996	585,916
AANDC - Block contribution	5,229,382	4,979,212
AANDC - Set contribution	1,140,437	1,507,275
Recoverable from (Refundable to) AANDC	(1,578)	(28,946)
Administration fees	723,611	681,455
Anishnabe Long Term Care Centre (ALTCC)	69,052	68,317
Canadian Mortgage and Housing Corporation	193,939	224,944
First Nation Education Council	659,556	533,933
Health Canada	1,758,267	1,599,627
Recoverable from (Refundable to) Health Canada	(2,956)	(149,330)
Algonquin Nation HRSD Corporation	63,181	118,518
HRD Canada	53,259	25,000
Loan revenue		153,700
Centre jeunesse de l'Abitibi-Témiscamingue	205,711	205,711
Ministry of Culture and Communications	10,000	10,000
Ministère de l'Éducation, du Loisir et du Sport	28,500	
Ministère des Ressources naturelles	83,000	125,000
Rent revenue	243,681	238,886
Revenue from replacement reserve	5,179	115,249
Sécurité publique du Québec	254,014	230,400
Public Safety and Emergency Preparedness Canada	275,182	249,600
Transfer from (to) social assistance program	(22,439)	(30,888)
Loss on disposal of assets	(5,262)	(14,256)
Western Quebec School Board Invoicing	105,921	131,717
Adjustment of revenue from previous year (CMHC subsidies for ALTCC)		(197,443)
Adjustment of revenue from previous year (mortgage payment)		(39,048)
Other income	1,136,408	753,004
Transfer to Net Investment in fixed assets	(1,548,475)	(636,382)
Deferred revenue from previous year	725,509	540,801
Deferred revenue to following year	(460,388)	(725,509)
	<b>11,237,687</b>	<b>11,256,461</b>

**Timiskaming First Nation  
Combined Operations**  
Year ended March 31, 2014

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>EXPENDITURE</b>		
Band Government	51,761	31,307
Administration	1,038,440	1,017,819
Education	3,829,165	3,704,873
Health	1,827,034	1,645,391
Public Works	1,469,871	2,077,358
Public Security	571,938	560,171
Social Assistance	1,060,202	1,070,057
Housing	1,070,596	1,110,633
Economic Development	395,838	253,014
Other	365,050	328,805
Social Development	195,288	226,174
	<b>11,875,183</b>	<b>12,025,602</b>
<b>Deficit of the year</b>	<b>(637,496)</b>	<b>(769,141)</b>

The accompanying notes are an integral part of the combined financial statements and Note 23 provides other information on combined operations.

**Timiskaming First Nation**  
**Combined Change in surplus (deficit)**  
Year ended March 31, 2014

	<u>2014</u> \$	<u>2013</u> \$
Balance at beginning of year	(22,468)	(567,493)
Allocation for the Community Resources Centre	(250,000)	
Transfer from appropriated accumulated surplus for business fund	32,776	
Transfer to net investment in fixed assets - amortization (1)	798,499	787,455
Transfer to net investment in fixed assets - disposal of capital assets	85,262	55,256
Adjustment of reserves funds - article 95 (2)	<u>29,600</u>	<u>471,455</u>
	673,669	746,673
<b>Total deficit of the year (1)</b>	<b>637,496</b>	769,141
<b>Balance at end of year (3)</b>	<b>36,173</b>	<b>(22,468)</b>
<hr/>		
(1) The operating surplus before amortization is \$ 161,003 (\$18 314 \$ in 2013)		
(2) Reversal of a part of replacement reserve to reflect the completion of certain commitments Pre-1997 as requested by CMHC		616,921
Adjustment from CMHC	29,600	(21,275)
Transfert from ALTCC		(124,191)
	<u>29,600</u>	<u>471,455</u>

(3) This surplus will be appropriated for specific projects in 2014-2015.

The accompanying notes are an integral part of the combined financial statements.

**Timiskaming First Nation**  
**Combined Net investment in fixed assets**  
Year ended March 31, 2014

	<b>2014</b>	<b>2013</b>
	\$	\$
Net investment in fixed assets at beginning of year	<b>13,330,884</b>	13,518,878
Adjustment to prior year - Net investment in fixed assets (Note 2)	<b>181,957</b>	137,181
Net investment in fixed assets at beginning of year - adjusted	<b>13,512,841</b>	13,656,059
Acquisition of fixed assets	1,548,474	636,382
Disposal of capital assets	(85,262)	(55,256)
Reimbursement of long term debt	221,628	216,811
Proceeds of long term debt		(153,700)
Amortization	<b>(798,499)</b>	<b>(787,455)</b>
	<b>886,341</b>	<b>(143,218)</b>
Net investment in fixed assets at end of year	<b>14,399,182</b>	13,512,841

The accompanying notes are an integral part of the combined financial statements.

**Timiskaming First Nation**  
**Combined Cash Flows**  
Year ended March 31, 2014

	<b>2014</b> \$	<b>2013</b> \$
<b><i>OPERATING ACTIVITIES</i></b>		
Total deficit of the year	(637,496)	(769,141)
Non-cash items		
Amortization of capital assets	798,499	787,455
Loss on disposal of fixed assets	5,262	14,256
Changes in working capital items (Note 16)	<u>717,137</u>	<u>(211,810)</u>
Cash flows from operating activities	<u>883,402</u>	<u>(179,240)</u>
<b><i>INVESTING ACTIVITIES</i></b>		
Acquisition of capital assets	(1,548,474)	(636,382)
Proceeds from sale of property, plant and equipment	80,000	41,000
Decrease (increase) in the restricted cash and deposit	<u>(5,345)</u>	<u>530,467</u>
Cash flows from investing activities	<u>(1,473,819)</u>	<u>(64,915)</u>
<b><i>FINANCING ACTIVITIES</i></b>		
Adjustment of reserves funds - Article 95	29,600	471,455
Increase in the capital assets surplus	1,770,102	699,494
Increase (decrease) in the replacement reserve fund	15,738	(559,668)
Increase (decrease) in the operating reserve fund	<u>(16,600)</u>	<u>24,285</u>
Increase in the In-Trust fund	5,191	4,915
Long-term debt financing		153,700
Reimbursement of long term debt	<u>(221,628)</u>	<u>(216,811)</u>
Cash flows from financing activities	<u>1,582,403</u>	<u>577,370</u>
<b>Net increase in cash</b>	<b>991,986</b>	<b>333,215</b>
Cash, beginning of year	<b>497,065</b>	<b>163,850</b>
Cash, end of year	<b>1,489,051</b>	<b>497,065</b>

The accompanying notes are an integral part of the combined financial statements.

**Timiskaming First Nation**  
**Change in net debt**  
Year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Deficit of the year	(637,496)	(769,141)
<b>CHANGES IN CAPITAL ASSETS</b>		
Net purchase of capital assets	(1,463,212)	(581,126)
Amortization	<u>798,499</u>	<u>787,455</u>
	(664,713)	206,329
<b>CHANGE IN OTHER NON-FINANCIAL ASSETS</b>		
Change in prepaid expenses	100,594	40,540
Change in inventories	<u>(27,000)</u>	<u>        </u>
	73,594	40,540
<b>CHANGES OF THE NON-OPERATIONAL SURPLUS AND RESERVES</b>		
Changes of replacement and operating reserves	(862)	(535,383)
Increase of in-trust surplus	<u>5,191</u>	<u>4,915</u>
Net financing by capital assets surplus	<u>1,770,102</u>	<u>699,494</u>
Adjustment of reserves funds - Article 95	<u>29,600</u>	<u>471,455</u>
	<u>1,804,031</u>	<u>640,481</u>
<b>Change in net debt</b>	<b>575,416</b>	<b>118,209</b>
Net debt, beginning of year	<u>(1,446,994)</u>	<u>(1,565,203)</u>
Net debt, end of year	<b>(871,578)</b>	<b>(1,446,994)</b>

The accompanying notes are an integral part of the combined financial statements.

**Timiskaming First Nation  
Combined Financial Position  
March 31, 2014**

	<u>2014</u> \$	<u>2013</u> \$
<b><i>FINANCIAL ASSETS</i></b>		
Cash	1,489,051	497,065
Accounts receivable (Note 4)	1,395,585	1,996,905
Restricted cash and deposits (Note 6)	438,672	433,327
	<u>3,323,308</u>	<u>2,927,297</u>
<b><i>LIABILITIES</i></b>		
Accounts payable and accrued liabilities (Note 8)	1,731,049	1,280,971
Due to Health Canada (Note 9)	14,870	157,602
Deferred revenue (Note 10)	460,386	725,509
Long-term debt (Note 11)	1,753,795	1,951,667
Current portion of long-term debt (Note 11)	234,786	258,542
	<u>4,194,886</u>	<u>4,374,291</u>
<b><i>NET DEBT</i></b>	<u>(871,578)</u>	<u>(1,446,994)</u>
<b><i>NON FINANCIAL ASSETS</i></b>		
Capital assets (Note 7)	16,387,763	15,723,050
Prepaid expenses (Note 5)	106,379	206,973
Inventories	27,000	
	<u>16,521,142</u>	<u>15,930,023</u>
Accumulated surplus (Note 13)	<u>15,649,564</u>	<u>14,483,029</u>

The accompanying notes are an integral part of the combined financial statements.

On behalf of Timiskaming First Nation's Council,

Collen Pobson  
Vice-Chief |

Shelly Cliff  
Councillor

# Timiskaming First Nation

## Notes to Combined Financial Statements

March 31, 2014

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### 1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The First Nation is an unincorporated legal body as defined in the Indian Act. A band council is considered a form of local government consisting of a chief and two or more councillors who are chosen by election or band custom to carry out the functions of government for the First Nation.

### 2 - CHANGE IN ACCOUNTING POLICY

During the year, Timiskaming First Nation retrospectively changed the method of accounting for the forgivable loan from Canada Mortgage and Housing Corporation for the Reserve Rehabilitation Assistance Program (RRAP). Previously, Timiskaming First Nation accounted a RRAP loan when the requested loan was approved. The loan was then amortized over the period that the forgivable loan was earned (two (2) to five (5) years) if the conditions of the agreement were met. This amortization was recorded directly in the net investment in fixed assets, while the grant income was recognized in operations the year of the receipt. Since these amounts were not the same and that it is really rare that the forgivable loan have to be repaid, no loan will now be recorded and the grant income is recognized in the operations when the funds are received. A contingency note is however added to the financial statements to indicate that if the terms of the loan are not met, it should be reimbursed.

For the year ended March 31, 2013, this change led to a decrease in long-term debt of \$137 181 and an increase in net investment in fixed assets of \$ 137 181.

### 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Combined financial statements

The combined financial statements have been prepared in accordance with Canadian public sector accounting standards applicable to local governments issued by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants.

The principles of fund accounting have been used in the preparation of these combined financial statements in accordance with Canadian public sector accounting standards. Accounts are classified into funds in accordance with specified requirements, activities and objectives. The accrual method is followed for the recognition of revenue and expenditure.

#### Capital assets

The capital assets are composed of all capital assets recorded at cost. Capital assets are amortized over their estimated useful lives according to the following methods, annual rates and period:

	Methods	Rates and period
Private housing	Straight-line	25 years
Community buildings	Diminishing balance	2.5%
Motorized equipment	Diminishing balance	10% & 20%
Roadway system	Diminishing balance	2.5%
Office and other equipment	Diminishing balance	20%
Water and sanitation systems	Diminishing balance	2.5%



# Timiskaming First Nation

## Notes to Combined Financial Statements

March 31, 2014

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### **3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue recognition**

Revenue is recorded in the period specified in funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenditure is deferred. Revenue is recognized when persuasive evidence of an arrangement exists, and price or amount is fixed or determinable and collection is reasonably assured.

Capital and interests repayments on the long-term debt are treated as expenditure in the housing operation projects whereas the rent charged by the First Nation council to the tenants and the grant coming from CMHC are treated as revenue in that same project.

#### **Accounting estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

#### **Financial assets and liabilities**

##### *Initial measurement*

The Organization recognizes a financial asset or a financial liability on the statement of financial position when, and only when, it becomes a party to the contractual provisions of the financial instrument. Unless otherwise stated, financial assets and liabilities are initially measured at cost.

##### *Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (including any impairment in the case of financial assets).

The Organization determines whether there is any objective evidence of impairment of the financial assets for financial assets subsequently measured at amortized cost. Any financial asset impairment is recognized in the statement of operations.

#### **Inventory valuation**

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

#### **Pension plan**

The cost of the defined pension plan is equal to the pension plan expenses.

The pension plan is a multi-employer defined benefit pension plan that is accounted for as a defined contribution plan.

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2014

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**3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Loans**

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion.

**Proceeds on the disposal of fixed assets and the related deferred revenue**

Proceeds on the disposal of fixed assets and from assets held for sale are recorded in the Net investment in fixed assets.

**4 - ACCOUNTS RECEIVABLE**

	<b>2014</b>	<b>2013</b>
	\$	\$
AANDC receivable	392,651	648,291
Advances on salaries and honoraries	1,301	12,451
Canada Mortgage and Housing Corporation	97,958	238,613
First Nation Education Council	87,887	80,565
Health Canada	259,016	223,097
Algonquin Nation HRSD Corporation	10,351	153,112
Loan advances for construction	15,420	21,732
Police funding receivable	49,197	143,046
Rent receivable - Article 95	280,942	337,206
Rent receivable - Band housing	36,005	45,919
Western Quebec School Board	31,286	27,966
Other accounts receivable	299,932	314,375
	<b>1,561,946</b>	<b>2,246,373</b>
Allowance for doubtful accounts	166,361	249,468
	<b>1,395,585</b>	<b>1,996,905</b>

**5 - PREPAID EXPENSES**

	<b>2014</b>	<b>2013</b>
	\$	\$
Prepaid expenses - Tuition fees	34,031	36,895
Prepaid expenses - Welfare and CSST	85,677	
Prepaid expenses - Post-Secondary	37,846	50,459
Prepaid expenses from RRAP program	13,392	12,378
Prepaid expenses - Insurances and professional fees	21,110	21,564
	<b>106,379</b>	<b>206,973</b>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2014

**6 - RESTRICTED CASH AND DEPOSITS**

	<u>2014</u>	<u>2013</u>
	\$	\$
In-trust fund - Capital and revenue accounts	210,192	205,001
Replacement reserve fund (Note 14)	197,412	197,258
Operating reserve fund	31,068	31,068
	<u>438,672</u>	<u>433,327</u>

**7 - CAPITAL ASSETS**

	<u>2014</u>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	129,005		129,005
Private Housing	8,970,096	3,941,313	5,028,783
Community buildings	9,933,468	4,600,361	5,333,107
Motorized equipment	1,565,211	565,109	1,000,102
Roadway system	8,116,105	5,630,816	2,485,289
Office and other equipment	795,561	488,316	307,245
Water and sanitation systems	3,562,842	1,458,610	2,104,232
	<u>33,072,288</u>	<u>16,684,525</u>	<u>16,387,763</u>
	<u>2013</u>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Private Housing	8,475,510	3,596,968	4,878,542
Community buildings	9,886,515	4,464,218	5,422,297
Motorized equipment	1,462,691	512,479	950,212
Roadway system	8,090,350	5,567,421	2,522,929
Water and sanitation systems	3,072,202	1,410,946	1,661,256
Office and other equipment	710,013	422,199	287,814
	<u>31,697,281</u>	<u>15,974,231</u>	<u>15,723,050</u>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2014

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**8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2014</b>	<b>2013</b>
	\$	\$
Suppliers	671,647	501,857
District School Board Ontario N-E	494,573	115,083
Anishnabe Long Term Care Centre (ALTCC)	28,802	159,843
Salaries, vacation and pension plan	410,893	337,393
Federal Police (Barriere Lake)		41,842
Remittances payable	29,499	47,188
Other	95,635	77,765
	<b>1,731,049</b>	<b>1,280,971</b>

**9 - DUE TO HEALTH CANADA**

	<b>2014</b>	<b>2013</b>
	\$	\$
O & M Medical building (Annex 39)	47	2,997
Brighter futures (Annex 42)		140,077
Medical transportation (Annex 45)	14,823	22,182
Home & community care (Annex 53)		17,241
Maternal & Child Health Program (Annex 58)	<b>14,870</b>	<b>182,497</b>
Amount already collected by Health Canada		(24,895)
	<b>14,870</b>	<b>157,602</b>

**10 - DEFERRED REVENUE**

	<b>2014</b>	<b>2013</b>
	\$	\$
CHR (Annex 36)		14,356
Brighter futures (Annex 42)		28,474
NHW Aids program (Annex 43)		2,889
Prenatal Nutrition (Annex 44)	1,398	
Fetal alcohol syndrome (Annex 47)	6,276	9,450
Suicide & Family Violence Prevention (Annex 49)		12,799
Mental Health NHW (Annex 54)	48,240	
Maternal & Child Health Program (MCH) (Annex 58)	11,705	
Centre Jeunesse First Line Project (Annex 59)	114,809	189,359
New Project - HISS (Annex 60)	91,994	42,857
Mental Wellness Team (Annex 62)	100,000	
Road Reconstruction (Annex 66)		25,755
Capital Planning Project Infrastructure (Annex 69)		96,354
Sewer Rehabilitation (Annex 71)		43,256
Art 95 (New houses) (Annex 95)		88,000
Band Owned (New houses) (Annex 97)		65,700
RRAP - 5 Wilfred St. (Annex 105)		4,000
RRAP - 30 Stranger's Rd. (Annex 106)		9,160
RRAP - 38 Algonquin Ave. (Annex 107)		13,200

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2014

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**10 - DEFERRED REVENUE (Continued)**

RRAP - 62 Richard's Rd. (Annex 108)	16,000
RRAP - 68 Richard's Rd. (Annex 109)	16,000
RRAP - 36 Algonquin Rd. (Annex 110)	16,000
RRAP - 27 Algonquin Rd. (Annex 115)	16,000
RRAP - 5 Wabie St. (Annex 116)	13,300
RRAP - 81 Polson St. (Annex 117)	10,800
RRAP - 5 Wilfred St. (Annex 118)	5,800
RRAP - 43 King's Rd. (Annex 119)	16,000
Natural Ress & Heritage (Annex 129)	9,000
Social Development (Annex 135)	15,064
New Horizons - Anishnabe Tails (Annex 140)	6,900
	<hr/>
	<b>460,386</b>
	<b>725,509</b>

**11 - LONG-TERM DEBT**

	2014	2013
	\$	\$
Loans from Canada Mortgage and Housing Corporation, 1,53 % to 3,47 %, guaranteed by AANDC, repayable by monthly instalments of \$305 to \$3,839 capital and interests, renewable from 2015 to 2019	<b>1,897,924</b>	2,025,120
Loans, 3,7 % to 4,64 %, guaranteed by AANDC, repayable by monthly instalments of \$813 to \$1,799, capital and interests, renewable or maturing in 2016	<b>90,657</b>	117,519
Loan, 6,5 %		67,570
	<b>1,988,581</b>	2,210,209
Instalments due within one year	<b>234,786</b>	258,542
	<b>1,753,795</b>	1,951,667

The estimated instalments on long-term debt for the next five years are \$234,786 in 2015, \$737,152 in 2016, \$133,857 in 2017, \$596,825 in 2018 and \$260,926 in 2019.

**Timiskaming First Nation**  
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**12 - APPROPRIATED ACCUMULATED SURPLUS**

These appropriated accumulated surplus are created from the cumulative deficit and when events for which they were created will occur, they shall be reversed against the cumulative deficit.

	<b>2014</b>	<b>2013</b>
	\$	\$
Appropriated accumulated surplus for business fund	27,224	60,000
Appropriated accumulated surplus for Community Resources Centre	550,000	300,000
Appropriated accumulated surplus for health contingencies	20,074	20,074
Appropriated accumulated surplus for bus depreciation	58,000	58,000
	<b>655,298</b>	<b>438,074</b>

**13 - ACCUMULATED SURPLUS**

The accumulated surplus of Timiskaming First Nation is divided among several surplus and reserves, as detailed below.

<b>FUNDS BALANCES AND APPROPRIATED ACCUMULATED SURPLUS</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Appropriated accumulated surplus (Note 12)	655,298	438,074
In-trust fund	210,191	205,000
Operating reserve fund	39,279	55,879
Replacement reserve (Note 14)	309,441	293,703
Net investment in fixed assets	14,399,182	13,512,841
Cumulative surplus (deficit)	36,173	(22,468)
	<b>15,649,564</b>	<b>14,483,029</b>

**14 - REPLACEMENT RESERVE**

	<b>2014</b>	<b>2013</b>
	\$	\$
Balance at beginning of the year	293,703	853,371
Add :		
Current year addition	33,763	45,680
Interests	154	5,642
Transfer from ALTCC	124,191	
Less :		
Reversal of a part of the replacement reserve to reflect the completion of certain commitments Pre-1997 as requested by CMHC	(5,179)	(616,921)
Withdrawals	(13,000)	(115,249)
Adjustment from CMHC	309,441	(3,011)
Balance at end of the year	<b>309,441</b>	<b>293,703</b>

# Timiskaming First Nation

## Notes to Combined Financial Statements

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### 14 - REPLACEMENT RESERVE (Continued)

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually. These funds along with accumulated interests, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Housing Corporation from time to time. The funds in the account may only be used as approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interests first and then principal.

### 15 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

### 16 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Accounts receivable	601,320	(379,186)
Inventories	(27,000)	
Prepaid expenses	100,594	40,540
Accounts payable and accrued liabilities	450,078	(183,591)
Deferred revenue	(265,123)	184,708
Due to Health Canada	<u>(142,732)</u>	<u>125,719</u>
	<u>717,137</u>	<u>(211,810)</u>

### 17 - UNAPPROPRIATED DEFICIT

The unappropriated deficit as of March 31, 2014 does not take in consideration possible modifications following the review and analysis of the present combined financial statements by the Aboriginal Affairs and Northern Development Canada (AANDC), the Canada Mortgage and Housing Corporation and Health Canada. Any adjustment resulting of this analysis will be recorded in the current year as an adjustment of funds balances. Precision : AANDC applies the control and monitoring measures of its Transfer Payments Policy. In general, this policy does not allow the posting of deferred revenue. In fact, funding granted in a fiscal year must be spent in the same fiscal year and this, for every type of mode of financing, especially for "set contribution". Indeed, by definition, the revenue coming from AANDC's mode of financing "set contribution" cannot be deferred to following year since unused funds are normally recovered by AANDC. Accordingly, if deferred revenue are recorded in any kind of mode of financing, AANDC may decide, when considering projects, if they accept or not.

### 18 - BUDGET

Budget figures are unaudited and are presented in each statements of Revenue and Expenditure by project, when available.

# Timiskaming First Nation

## Notes to Combined Financial Statements

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### **19 - PENSION PLAN**

The band sponsors contributory defined benefit pension plan for substantially all of its employees (except for the police department which is described below). It is a multiemployer plan that is administrated by the Native benefit plan. The pension for native employees and non-natives are respectively 8.5 % and 6.8 % of the gross salary and the employer's contribution is 1.82 time the amount.

For the police department, the rate is 8.5 % of the gross salary for the native employees and 7.2 % for the non native employees. The employer's contribution is 2 times the amount.

An expense of \$ 187,732 (\$ 156,245 in 2013) is included in salaries and fringe benefits in various departments.

### **20 - FINANCIAL INSTRUMENTS**

#### **Financial risk management objectives and policies**

The Organization is exposed to various financial risks resulting from its operating, investing and financing activities. The Organization's management manages financial risks.

#### **Financial risks**

The Organization's main financial risk exposure and its financial risk management policies are as follows.

##### *Credit risk*

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are accounts receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

The credit risk regarding cash and restricted cash and deposits are considered to be negligible because they are held by a reputable financial institution with an investment grade external credit rating.

##### *Market risk*

The Organization's financial instruments expose it to market risk, in particular, interest rate risk:

– Interest rate risk:

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed interest rates.

The restricted deposits and long-term debts bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

# Timiskaming First Nation

## Notes to Combined Financial Statements

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### 20 - FINANCIAL INSTRUMENTS (Continued)

#### Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Organization has financing sources such as bank loans for a sufficient authorized amount. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

### 21 - CONTINGENCY

A lawsuit was brought against the First Nation by a person who has been dismissed. The First Nation has disputed this claim. It is currently impossible to assess the outcome of the dispute at the amount of \$157,308. No provision has been made in the combined financial statements.

The Timiskaming First Nation entered into forgivable loans agreements with CMHC for the On-Reserve Residential Rehabilitation Assistance Program (RRAP). These loans bear interest at rates varying between 3,1 % and 5,4 %. If the same person owns and occupies the house for the term of the loan, which could vary for periods from two to five years, ending different date until 2020, the loan will be earned to the full amount. Failing which, the unearned portion of this forgivable loan plus interests will become due and payable. Timiskaming First Nation must notify CMHC if the property is sold, rented or transferred before the loan being fully earned. In that case, CMHC, at its sole discretion, could approve an assignment of this forgivable loan if the property is sold to a band member who is eligible and meets the RRAP program criteria.

### 22 - SEGMENT DISCLOSURE

	Band Government		Administration	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	45,372	30,819	650,294	661,235
Other revenue	5,856		699,314	723,977
	51,228	30,819	1,349,608	1,385,212
<b>EXPENDITURE</b>				
Salaries and fringe benefits	35,036	29,744	580,689	558,789
Amortization			24,254	27,002
Reimbursement of long-term debt				15,286
Other expenditure	16,725	1,563	433,497	416,742
	51,761	31,307	1,038,440	1,017,819
Annual surplus (deficit)	(533)	(488)	311,168	367,393

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
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	Education		Health	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	3,000,641	2,828,752	1,693,298	1,385,284
Provincial government operating transfers	765,478	665,650	205,711	205,711
Other revenue	59,101	85,887	(102,422)	(24,323)
	<u>3,825,220</u>	<u>3,580,289</u>	<u>1,796,587</u>	<u>1,566,672</u>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	1,442,560	1,437,414	801,451	691,448
Amortization	59,490	65,891	24,912	20,357
Other expenditure	2,327,115	2,201,568	1,000,671	933,586
	<u>3,829,165</u>	<u>3,704,873</u>	<u>1,827,034</u>	<u>1,645,391</u>
Annual deficit	(3,945)	(124,584)	(30,447)	(78,719)
<b>REVENUE</b>				
Federal government operating transfers	1,735,673	2,289,649	283,059	249,600
Provincial government operating transfers			254,014	230,400
Other revenue	(659,905)	(161,168)	(14,761)	(55,091)
	<u>1,075,768</u>	<u>2,128,481</u>	<u>522,312</u>	<u>424,909</u>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	295,175	258,232	389,386	366,630
Amortization	246,211	228,475	38,410	40,385
Other expenditure	928,485	1,590,651	144,142	153,156
	<u>1,469,871</u>	<u>2,077,358</u>	<u>571,938</u>	<u>560,171</u>
Annual surplus (deficit)	(394,103)	51,123	(49,626)	(135,262)

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
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	Social Assistance		Housing	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	1,067,630	993,719	246,819	248,444
Other revenue	16,687	3,158	395,032	127,864
	<b>1,084,317</b>	<b>996,877</b>	<b>641,851</b>	<b>376,308</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	115,364	40,253	335,804	233,816
Amortization			376,262	375,822
Reimbursement of long-term debt			194,954	200,720
Other expenditure	944,838	1,029,804	163,576	300,275
	<b>1,060,202</b>	<b>1,070,057</b>	<b>1,070,596</b>	<b>1,110,633</b>
Annual surplus (deficit)	<b>24,115</b>	<b>(73,180)</b>	<b>(428,745)</b>	<b>(734,325)</b>
<b>REVENUE</b>				
Federal government operating transfers	108,840	103,633	12,375	
Provincial government operating transfers	10,000	10,000	83,000	125,000
Other revenue	245,004	121,735	241,203	181,123
	<b>363,844</b>	<b>235,368</b>	<b>336,578</b>	<b>306,123</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	224,535	152,475	157,132	135,828
Amortization	450	3,100	28,508	26,423
Reimbursement of long-term debt				289
Other expenditure	170,853	97,439	179,410	166,265
	<b>395,838</b>	<b>253,014</b>	<b>365,050</b>	<b>328,805</b>
Annual deficit	<b>(31,994)</b>	<b>(17,646)</b>	<b>(28,472)</b>	<b>(22,682)</b>

**Timiskaming First Nation**  
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	Social Development		Total	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	77,426	137,813	8,960,927	8,993,298
Provincial government operating transfers			1,318,203	1,236,761
Other revenue	112,948	87,591	958,557	1,026,402
	190,374	225,404	11,237,687	11,256,461
<b>EXPENDITURE</b>				
Salaries and fringe benefits	77,332	115,250	4,312,206	3,955,842
Amortization			798,499	787,455
Reimbursement of long-term debt			194,954	216,295
Other expenditure	117,956	110,924	6,569,524	7,066,010
	195,288	226,174	11,875,183	12,025,602
Annual deficit	(4,914)	(770)	(637,496)	(769,141)

**23 - INFORMATION INCLUDED IN COMBINED EARNINGS**

	2014	2013
	\$	\$
Amortization of capital assets	798,499	787,455