

**Timiskaming First Nation**  
**Combined Financial Statements**  
**March 31, 2015**

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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, 2015 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:



Cherie Stanger

Mrs. Cherie Stanger  
Director of Economic Development



Kelly Bahm

Mrs. Kelly Bahm  
Finance Director

Date

July 16/2015

Date

July 16, 2015



## Independent Auditor's Report

To the Chief and Councillors  
Timiskaming First Nation

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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 31 mars 2015 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, 2015 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 2 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 163.

*Raymond Chabot Grant Thornton LLP*  
Rouyn-Noranda  
July 16, 2015

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**Timiskaming First Nation  
Combined Operations**

Year ended March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>REVENUE</b>		
AANDC - Fixed contribution	310,538	314,996
AANDC - Block contribution	5,404,149	5,229,382
AANDC - Set contribution	663,371	1,140,437
Recoverable from (Refundable to) AANDC	(3,927)	(1,578)
Administration fees	208,147	723,611
Anishnabe Long Term Care Centre (ALTCC)	75,488	69,052
Canadian Mortgage and Housing Corporation	159,375	193,939
First Nation Education Council	663,179	659,556
Health Canada	1,846,806	1,758,267
Recoverable from (Refundable to) Health Canada	(36,192)	(2,956)
Algonquin Nation HRSD Corporation	61,684	63,181
HRD Canada	73,456	53,259
Loan revenue	120,175	
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	83,000
Rent revenue	275,292	243,681
Revenue from replacement reserve		5,179
Sécurité publique du Québec	233,027	254,014
Public Safety and Emergency Preparedness Canada	252,446	275,182
Transfer from (to) social assistance program	(25,289)	(22,439)
Loss on disposal of assets		(5,262)
Western Quebec School Board Invoicing	95,534	105,921
Other income	748,674	1,136,406
Transfer to Net Investment in fixed assets	(1,065,732)	(1,548,475)
Deferred revenue from previous year	460,386	725,509
Deferred revenue to following year	(260,313)	(460,386)
	<b>10,558,985</b>	<b>11,237,687</b>

**Timiskaming First Nation  
Combined Operations**

Year ended March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>EXPENDITURE</b>		
Band Government	66,627	51,761
Administration	930,800	1,038,440
Education	3,468,403	3,829,165
Health	2,214,598	1,827,034
Public Works	1,125,208	1,469,871
Public Security	561,721	571,938
Social Assistance	1,038,281	1,060,202
Housing	915,451	1,070,596
Economic Development	305,918	395,838
Other	479,929	365,050
Social Development	206,195	195,288
	<b>11,313,131</b>	<b>11,875,183</b>
<b>Deficit of the year</b>	<b>(754,146)</b>	<b>(637,496)</b>

The accompanying notes are an integral part of the combined financial statements and Note 21 provides other information on combined operations.

**Timiskaming First Nation**  
**Combined Change in surplus (deficit)**  
Year ended March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
Balance at beginning of year	36,173	(22,468)
Allocation for the Community Resources Centre	(118,210)	(250,000)
Allocation for bus depreciation	(100,000)	
Transfer from appropriated accumulated surplus for business fund	27,224	32,776
Transfer to net investment in fixed assets - amortization (1)	815,115	798,499
Transfer to net investment in fixed assets - disposal of capital assets		85,262
Adjustment of reserves funds - article 95 (2)	(11,590)	29,600
	<b>648,712</b>	673,669
<b>Total deficit of the year (1)</b>	<b>754,146</b>	637,496
Balance at end of year	<b>(105,434)</b>	<b>36,173</b>

(1) The operating surplus before amortization is \$ 60,969 (\$161,003 in 2014)

(2) Adjustment from CMHC	(11,590)	29,600
	<b>(11,590)</b>	<b>29,600</b>

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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, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
Net investment in fixed assets at beginning of year	<b>14,399,182</b>	13,330,884
Adjustment to prior year - Net investment in fixed assets		181,957
Net investment in fixed assets at beginning of year - adjusted	<b>14,399,182</b>	<b>13,512,841</b>
Acquisition of fixed assets	1,065,732	1,548,474
Disposal of capital assets		(85,262)
Reimbursement of long term debt	162,701	221,628
Long-term debt financing	(120,175)	
Amortization	(815,115)	(798,499)
	<b>293,143</b>	<b>886,341</b>
Net investment in fixed assets at end of year	<b>14,692,325</b>	<b>14,399,182</b>

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

**Timiskaming First Nation  
Combined Cash Flows**

Year ended March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Total deficit of the year	(754,146)	(637,496)
Non-cash items		
Amortization of capital assets	815,115	798,499
Loss on disposal of fixed assets	5,262	
Changes in working capital items (Note 14)	<u>(672,741)</u>	<u>717,137</u>
Cash flows from operating activities	<u>(611,772)</u>	<u>883,402</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of capital assets	(1,065,732)	(1,548,474)
Proceeds from sale of property, plant and equipment	80,000	
Increase in the restricted cash and deposit	<u>(10,138)</u>	<u>(5,345)</u>
Cash flows from investing activities	<u>(1,075,870)</u>	<u>(1,473,819)</u>
<b>FINANCING ACTIVITIES</b>		
Adjustment of reserves funds - Article 95	(11,590)	29,600
Increase in the capital assets surplus	1,108,258	1,770,102
Increase in the replacement reserve fund	65,413	15,738
Decrease in the operating reserve fund	(504)	(16,600)
Increase in the In-Trust fund	5,952	5,191
Long-term debt financing	120,175	
Reimbursement of long term debt	<u>(162,701)</u>	<u>(221,628)</u>
Cash flows from financing activities	<u>1,125,003</u>	<u>1,582,403</u>
<b>Net increase (decrease) in cash</b>	<b>(562,639)</b>	<b>991,986</b>
Cash, beginning of year	<u>1,489,051</u>	<u>497,065</u>
Cash, end of year	<b><u>926,412</u></b>	<b><u>1,489,051</u></b>

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

**Timiskaming First Nation**  
**Combined Change in net debt**

Year ended March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
Deficit of the year	(754,146)	(637,496)
<b>CHANGES IN CAPITAL ASSETS</b>		
Net purchase of capital assets	(1,065,732)	(1,463,212)
Amortization	<u>815,115</u>	<u>798,499</u>
	<b>(250,617)</b>	<b>(664,713)</b>
<b>CHANGE IN OTHER NON-FINANCIAL ASSETS</b>		
Change in prepaid expenses	21,980	100,594
Change in inventories	<u>(27,000)</u>	<u>73,594</u>
	<b>21,980</b>	<b>73,594</b>
<b>CHANGES OF THE NON-OPERATIONAL SURPLUS AND RESERVES</b>		
Changes of replacement and operating reserves	64,909	(862)
Increase of in-trust surplus	<u>5,952</u>	<u>5,191</u>
Net financing by capital assets surplus	<u>1,108,258</u>	<u>1,770,102</u>
Adjustment of reserves funds - Article 95	<u>(11,590)</u>	<u>29,600</u>
	<b>1,167,529</b>	<b>1,804,031</b>
<b>Change in net debt</b>	<b>184,746</b>	<b>575,416</b>
Net debt, beginning of year	<u>(871,578)</u>	<u>(1,446,994)</u>
Net debt, end of year	<b>(686,832)</b>	<b>(871,578)</b>

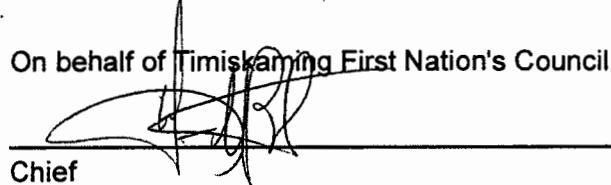
The accompanying notes are an integral part of the combined financial statements.

**Timiskaming First Nation**  
**Combined Financial Position**  
 March 31, 2015

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	926,412	1,489,051
Accounts receivable (Note 3)	1,555,664	1,395,585
Restricted cash and deposits (Note 5)	448,810	438,672
	<b>2,930,886</b>	<b>3,323,308</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	1,375,158	1,731,049
Due to Health Canada (Note 8)	36,192	14,870
Deferred revenue (Note 9)	260,313	460,386
Long-term debt (Note 10)	1,309,723	1,753,795
Current portion of long-term debt (Note 10)	636,332	234,786
	<b>3,617,718</b>	<b>4,194,886</b>
<b>NET DEBT</b>	<b>(686,832)</b>	<b>(871,578)</b>
<b>NON FINANCIAL ASSETS</b>		
Capital assets (Note 6)	16,638,380	16,387,763
Prepaid expenses (Note 4)	84,399	106,379
Inventories	27,000	27,000
	<b>16,749,779</b>	<b>16,521,142</b>
Accumulated surplus (Note 12)	<b>16,062,947</b>	<b>15,649,564</b>

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

On behalf of Timiskaming First Nation's Council,

  
Chief

  
Councillor

# Timiskaming First Nation

## Notes to Combined Financial Statements

March 31, 2015

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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 - 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%

#### 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.

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
March 31, 2015

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

**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.

**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.

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

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**3 - ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
	\$	\$
AANDC receivable	414,895	392,651
Advances on salaries and honoraries	1,301	
Canada Mortgage and Housing Corporation	56,787	97,958
First Nation Education Council	95,592	87,887
Health Canada	14,273	259,016
Algonquin Nation HRSD Corporation	10,216	10,351
Loan advances for construction	14,020	15,420
Police funding receivable	252,446	49,197
Rent receivable - Article 95	256,574	280,942
Rent receivable - Band housing	33,465	36,005
Western Quebec School Board	79,444	31,286
Other accounts receivable	426,757	299,932
	<b>1,654,469</b>	1,561,946
Allowance for doubtful accounts	98,805	166,361
	<b>1,555,664</b>	<b>1,395,585</b>

**4 - PREPAID EXPENSES**

	<b>2015</b>	<b>2014</b>
	\$	\$
Prepaid expenses - Tuition fees	34,031	
Prepaid expenses - Post-Secondary	50,695	37,846
Prepaid expenses from RRAP program	13,392	
Prepaid expenses - Insurances and professional fees	33,704	21,110
	<b>84,399</b>	<b>106,379</b>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

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**5 - RESTRICTED CASH AND DEPOSITS**

	<b>2015</b>	<b>2014</b>
	\$	\$
In-trust fund - Capital and revenue accounts	216,143	210,192
Replacement reserve fund (a) (Note 13)	200,193	197,412
Operating reserve fund (b)	<u>32,474</u>	<u>31,068</u>
	<b>448,810</b>	<b>438,672</b>

(a) Cash and term deposits, 0.65 % and 0.9 % (0.65 % and 0.9 % as at March 31, 2014), maturing until 2016

(b) Cash and term deposit, 1.4% (1 % as at March 31, 2014), maturing in 2017

**6 - CAPITAL ASSETS**

	<b>2015</b>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	129,005		129,005
Private Housing	9,361,819	4,300,233	5,061,586
Community buildings	<u>10,255,093</u>	<u>4,733,848</u>	<u>5,521,245</u>
Motorized equipment	1,596,605	701,803	894,802
Roadway system	8,116,105	5,692,948	2,423,157
Office and other equipment	1,026,791	559,592	467,199
Water and sanitation systems	<u>3,652,602</u>	<u>1,511,216</u>	<u>2,141,386</u>
	<b>34,138,020</b>	<b>17,499,640</b>	<b>16,638,380</b>
	<b>2014</b>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	129,005		129,005
Private Housing	8,970,096	3,941,313	5,028,783
Community buildings	<u>9,933,468</u>	<u>4,600,361</u>	<u>5,333,107</u>
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	<u>3,562,842</u>	<u>1,458,610</u>	<u>2,104,232</u>
	<b>33,072,288</b>	<b>16,684,525</b>	<b>16,387,763</b>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

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**7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2015</b>	<b>2014</b>
	\$	\$
Suppliers	756,630	671,647
District School Board Ontario N-E	92,871	494,573
Anishnabe Long Term Care Centre (ALTCC)	6,293	28,802
Salaries, vacation and pension plan	362,678	410,893
Remittances payable	59,847	29,499
Other	96,839	95,635
	<b>1,375,158</b>	<b>1,731,049</b>

**8 - DUE TO HEALTH CANADA**

	<b>2015</b>	<b>2014</b>
	\$	\$
O & M Medical building (Annex 36)	47	
Medical transportation (Annex 42)	35,552	
Home & community care (Annex 50)	640	14,823
	<b>36,192</b>	<b>14,870</b>

**9 - DEFERRED REVENUE**

	<b>2015</b>	<b>2014</b>
	\$	\$
Prenatal Nutrition (Annex 41)	1,398	
Fetal alcohol syndrome (Annex 44)	6,276	
Mental Health NHW (Annex 51)	48,240	
Maternal & Child Health Program (MCH) (Annex 55)	11,705	
First Line Services (Annex 56)	36,286	114,809
New Project - HISS (Annex 58)	135,187	91,994
Mental Wellness Team (Annex 60)	100,000	
RRAP - 27 Algonquin Rd. (Annex 105)	16,000	
RRAP - 5 Wabie St. (Annex 106)	13,300	
RRAP - 81 Polson St. (Annex 107)	10,800	
RRAP - 4 Wilfred St. (Annex 108)	5,800	
RRAP - 43 King's Rd. (Annex 109)	16,000	
HASI - 39 Stanger's Rd (Annex 115)	3,400	
Radio station (CHNT 92.3) (Annex 119)	3,776	
Natural Resources & Heritage (Annex 125)	9,000	
Sports (Annex 132)	23,814	15,064
FNQ-Initiative to combat poverty (Annex 134)	34,060	
New Horizons - Anishnabe Tails (Annex 137)	23,790	
	<b>260,313</b>	<b>460,386</b>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

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**10 - LONG-TERM DEBT**

	<b>2015</b>	<b>2014</b>
	\$	\$
Loans from Canada Mortgage and Housing Corporation, 0,98 % to 2,17 %, guaranteed by AANDC, repayable by monthly instalments of \$305 to \$3,839 capital and interests, renewable from 2016 to 2020	1,883,539	1,897,924
Loans, 3,7 % to 4,64 %, guaranteed by AANDC, repayable by monthly instalments of \$813 to \$1,799, capital and interests, renewable or maturing from 2016 to 2017	62,516	90,657
Instalments due within one year	<u>1,946,055</u>	<u>1,988,581</u>
	<u>636,332</u>	<u>234,786</u>
	<u><b>1,309,723</b></u>	<u><b>1,753,795</b></u>

The estimated instalments on long-term debt for the next five years are \$636,332 in 2016, \$168,839 in 2017, \$632,172 in 2018, \$296,681 in 2019 and \$212,031 in 2020.

**11 - 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>2015</b>	<b>2014</b>
	\$	\$
Appropriated accumulated surplus for business fund	27,224	
Appropriated accumulated surplus for Community Resources Centre	668,210	550,000
Appropriated accumulated surplus for health contingencies	20,074	20,074
Appropriated accumulated surplus for bus depreciation	<u>158,000</u>	<u>58,000</u>
	<u><b>846,284</b></u>	<u><b>655,298</b></u>

**12 - ACCUMULATED SURPLUS**

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

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>FUNDS BALANCES AND APPROPRIATED ACCUMULATED SURPLUS</b>		
Appropriated accumulated surplus (Note 11)	846,284	655,298
In-trust fund	216,143	210,191
Operating reserve fund	38,775	39,279
Replacement reserve (Note 13)	374,854	309,441
Net investment in fixed assets	<u>14,692,325</u>	<u>14,399,182</u>
Cumulative surplus (deficit)	<u>(105,434)</u>	<u>36,173</u>
	<u><b>16,062,947</b></u>	<u><b>15,649,564</b></u>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

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**13 - REPLACEMENT RESERVE**

	<b>2015</b>	<b>2014</b>
	\$	\$
Balance at beginning of the year	<b>309,441</b>	293,703
Add :		
Current year addition	49,013	33,763
Interests	2,900	154
Less :		
Withdrawals		(5,179)
Adjustment from CMHC	13,500	(13,000)
Balance at end of the year	<b>374,854</b>	<b>309,441</b>

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.

**14 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS**

The changes in working capital items are detailed as follows:

	<b>2015</b>	<b>2014</b>
	\$	\$
Accounts receivable	(160,079)	601,320
Inventories		(27,000)
Prepaid expenses	21,980	100,594
Accounts payable and accrued liabilities	(355,891)	450,078
Deferred revenue	(200,073)	(265,123)
Due to Health Canada	<b>21,322</b>	<b>(142,732)</b>
	<b>(672,741)</b>	<b>717,137</b>

# **Timiskaming First Nation**

## **Notes to Combined Financial Statements**

March 31, 2015

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### **15 - UNAPPROPRIATED SURPLUS**

The unappropriated deficit as of March 31, 2015 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.

### **16 - BUDGET**

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

### **17 - 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 \$ 189,948 (\$ 179,537 in 2014) is included in salaries and fringe benefits in various departments.

### **18 - 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.

# Timiskaming First Nation

## Notes to Combined Financial Statements

March 31, 2015

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### **18 - FINANCIAL INSTRUMENTS (Continued)**

#### **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 is 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.

##### *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.

### **19 - 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 \$294,058. No provision has been made in the combined financial statements.

# Timiskaming First Nation

## Notes to Combined Financial Statements

March 31, 2015

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### 19 - CONTINGENCY (Continued)

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. As at March 31, 2015, the amount that could be reimbursed if the conditions are not respected is \$ 181,935.

### 20 - SEGMENT DISCLOSURE

	Band Government		Administration	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	48,361	45,372	1,026,013	650,294
Other revenue and transfer	18,266	5,856	(192,556)	699,314
	66,627	51,228	833,457	1,349,608
<b>EXPENDITURE</b>				
Salaries and fringe benefits	31,059	35,036	554,024	580,689
Amortization			24,224	24,254
Other expenditure	35,568	16,725	352,552	433,497
	66,627	51,761	930,800	1,038,440
Annual surplus (deficit)	-	(533)	(97,343)	311,168

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**

March 31, 2015

	Education		Health	
	2015	2014	2015	2014
<b>REVENUE</b>	\$	\$	\$	\$
Federal government operating transfers	2,825,221	3,000,641	1,748,226	1,693,298
Provincial government operating transfers	758,713	765,478	205,711	205,711
Other revenue and transfer	(19,153)	59,101	225,566	(102,422)
	<b>3,564,781</b>	<b>3,825,220</b>	<b>2,179,503</b>	<b>1,796,587</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	1,478,854	1,442,560	1,015,538	801,451
Amortization	63,332	59,490	28,349	24,912
Other expenditure	1,926,217	2,327,115	1,170,711	1,000,671
	<b>3,468,403</b>	<b>3,829,165</b>	<b>2,214,598</b>	<b>1,827,034</b>
Annual surplus (deficit)	<b>96,378</b>	<b>(3,945)</b>	<b>(35,095)</b>	<b>(30,447)</b>
<b>REVENUE</b>				
		Public Works	Public Security	
		2015	2014	2015
		\$	\$	\$
Federal government operating transfers	1,173,961	1,735,673	260,686	283,059
Provincial government operating transfers			233,027	254,014
Other revenue and transfer	(239,671)	(659,905)		(14,761)
	<b>934,290</b>	<b>1,075,768</b>	<b>493,713</b>	<b>522,312</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	300,307	295,175	381,217	389,386
Amortization	243,360	246,211	38,965	38,410
Other expenditure	581,541	928,485	141,539	144,142
	<b>1,125,208</b>	<b>1,469,871</b>	<b>561,721</b>	<b>571,938</b>
Annual deficit	<b>(190,918)</b>	<b>(394,103)</b>	<b>(68,008)</b>	<b>(49,626)</b>

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**  
 March 31, 2015

	Social Assistance		Housing	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	1,046,966	1,067,630	249,271	246,819
Other revenue and transfer	14,528	16,687	263,092	395,032
	<b>1,061,494</b>	<b>1,084,317</b>	<b>512,363</b>	<b>641,851</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	162,372	115,364	300,903	335,804
Amortization			388,714	376,262
Reimbursement of long-term debt			201,654	194,954
Other expenditure	875,909	944,838	24,180	163,576
	<b>1,038,281</b>	<b>1,060,202</b>	<b>915,451</b>	<b>1,070,596</b>
Annual surplus (deficit)	23,213	24,115	(403,088)	(428,745)
<b>REVENUE</b>				
Federal government operating transfers	108,840	108,840		12,375
Provincial government operating transfers	10,000	10,000	83,000	83,000
Other revenue and transfer	135,154	245,004	369,568	241,203
	<b>253,994</b>	<b>363,844</b>	<b>452,568</b>	<b>336,578</b>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	185,341	224,535	199,548	157,132
Amortization	810	450	27,361	28,508
Other expenditure	119,767	170,853	253,020	179,410
	<b>305,918</b>	<b>395,838</b>	<b>479,929</b>	<b>365,050</b>
Annual deficit	(51,924)	(31,994)	(27,361)	(28,472)

**Timiskaming First Nation**  
**Notes to Combined Financial Statements**

March 31, 2015

	Social Development		Total	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>REVENUE</b>				
Federal government operating transfers	120,310	77,426	8,670,023	8,960,927
Provincial government operating transfers			1,290,451	1,318,203
Other revenue and transfer	85,885	112,948	598,511	958,557
	<u>206,195</u>	<u>190,374</u>	<u>10,558,985</u>	<u>11,237,687</u>
<b>EXPENDITURE</b>				
Salaries and fringe benefits	78,916	77,332	4,549,098	4,312,206
Amortization			815,115	798,499
Reimbursement of long-term debt			201,654	194,954
Other expenditure	127,279	117,956	5,747,264	6,569,524
	<u>206,195</u>	<u>195,288</u>	<u>11,313,131</u>	<u>11,875,183</u>
Annual surplus (deficit)	-	(4,914)	(754,146)	(637,496)

**21 - INFORMATION INCLUDED IN COMBINED EARNINGS**

	2015	2014
	\$	\$
Amortization of capital assets	815,115	798,499

**22 - LIABILITY FOR CONTAMINATED SITES**

The Nation may have unlisted contaminated sites on its territory. However, as the Nation's responsibility for remediation, subject to applicable legislation, regulations and by-laws, has not yet been determined for those potential contaminated sites, no liabilities have been recognized in the financial statements. Should the Nation's responsibility for remediation be determined in the future and the amount of the related liability reasonably estimated, it would be charged against earnings, net of expected recoveries from other governmental authorities, in the year of such determination.