

**Temagami First Nation**  
**Financial Statements**  
For the year ended March 31, 2012

**Temagami First Nation**  
**Financial Statements**  
For the year ended March 31, 2012

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# TEMAGAMI FIRST NATION



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## Temagami First Nation Management's Responsibility for Financial Reporting

March 31, 2012

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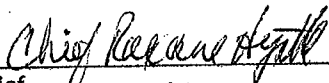
The accompanying financial statements of the Temagami First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief on behalf of Council.


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

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

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

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Executive Director



Tel: 705 495 2000  
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BDO Canada LLP  
142 Main Street W  
North Bay ON P1B 2T5 Canada

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## Independent Auditor's Report

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### To the Members of Temagami First Nation

We have audited the accompanying financial statements of Temagami First Nation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net financial assets 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Temagami First Nation as at March 31, 2012 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*


Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
July 23, 2012

**Temagami First Nation  
Statement of Financial Position**

March 31	2012	2011
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 881,025	\$ 554,109
Investments (Note 1)	4,346,792	4,394,421
Funds held in trust by AANDC (Note 2)	35,659	34,468
Accounts receivable	542,885	787,928
	<b>5,806,361</b>	<b>5,770,926</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	389,510	548,825
Deferred revenue (Note 6)	344,423	410,618
Long-term debt (Note 7)	2,608,308	2,661,730
	<b>3,342,241</b>	<b>3,621,173</b>
<b>Net financial assets</b>	<b>2,464,120</b>	<b>2,149,753</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 5)	7,861,097	7,956,943
Prepaid expenses	77,850	-
	<b>7,938,947</b>	<b>7,956,943</b>
<b>Accumulated surplus (Note 3)</b>	<b>\$ 10,403,067</b>	<b>\$ 10,106,696</b>

Contingent asset (Note 9)

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Executive Director

## Temagami First Nation Statement of Operations

For the year ended March 31

	2012 Budget	2012 Actual	2011 Actual
<b>Revenues (Note 15)</b>			
AANDC - core funding	\$ 1,877,727	\$ 1,881,224	\$ 1,841,285
AANDC - non-core funding	796,091	714,387	568,631
Health Canada	1,495,788	1,683,240	1,459,407
Government of Canada	57,822	32,138	53,699
Other organizations and transfers to reserves	190,569	492,209	228,550
Miscellaneous band generated revenue	295,966	324,143	843,930
Province of Ontario	867,888	882,775	830,233
Rent	145,028	137,669	120,031
Interest	-	93,532	65,485
CMHC subsidy	109,868	156,034	98,662
Ontario First Nation General Partner (Note 11)	750,000	851,591	1,567,835
Add: Deferred revenue (Note 6)	410,618	410,618	110,408
Less: Deferred revenue (Note 6)	-	(344,423)	(410,618)
	<u>6,997,365</u>	<u>7,315,137</u>	<u>7,377,538</u>
<b>Expenses (Note 12)</b>			
Community development	660,063	880,510	587,065
Health and social	2,151,943	2,314,547	2,224,394
Administration (Note 13)	821,835	885,289	1,240,034
Operations and maintenance	963,595	693,756	510,330
Education	1,189,273	1,306,966	1,147,398
Housing	108,950	280,420	250,130
Other	551,603	657,278	490,221
	<u>6,447,262</u>	<u>7,018,766</u>	<u>6,449,572</u>
<b>Annual surplus</b>	550,103	296,371	927,966
<b>Accumulated surplus, beginning of year</b>	<u>10,106,696</u>	<u>10,106,696</u>	<u>9,178,730</u>
<b>Accumulated surplus, end of year (Note 3)</b>	<u>\$ 10,656,799</u>	<u>\$ 10,403,067</u>	<u>\$ 10,106,696</u>

**Temagami First Nation**  
**Statement of Changes in Net Financial Assets**

For the year ended March 31	2012 Budget	2012 Actual	2011 Actual
Annual surplus	\$ 550,103	\$ 296,371	\$ 927,966
Acquisition of tangible capital assets	(207,567)	(423,784)	(568,323)
Amortization of tangible capital assets	-	516,256	461,135
Gain on disposition of tangible capital assets	-	1,665	62,637
Proceeds of disposition of tangible capital assets	-	1,709	-
	<u>342,536</u>	<u>392,217</u>	<u>883,415</u>
Acquisition of prepaid expenses	-	(77,850)	-
Use of prepaid expenses	-	-	1,595
<b>Change in net financial assets</b>	<b>342,536</b>	<b>314,367</b>	<b>885,010</b>
<b>Net financial assets, beginning of year</b>	<b><u>2,149,753</u></b>	<b><u>2,149,753</u></b>	<b><u>1,264,743</u></b>
<b>Net financial assets, end of year</b>	<b>\$ 2,492,289</b>	<b>\$ 2,464,120</b>	<b>\$ 2,149,753</b>

**Temagami First Nation**  
**Statement of Cash Flows**

**For the year ended March 31**

**2012**

**2011**

**Cash provided by (used in):**

**Operating activities**

Annual surplus	\$ 296,371	\$ 927,966
Items not involving cash		
Amortization of tangible capital assets	516,256	461,135
Loss on disposal of tangible capital assets	1,665	62,637
	814,292	1,451,738
Changes in non-cash working capital balances		
Funds held in trust by AANDC	(1,191)	(1,282)
Prepaid expenses	(77,850)	1,595
Accounts receivable	245,043	638,507
Accounts payable	(159,315)	156,335
Deferred revenue	(66,195)	318,085
	(59,508)	1,113,240

**Capital activities**

Proceeds of disposition of tangible capital assets	1,709	-
Purchase of tangible capital assets	(423,784)	(568,323)
	(422,075)	(568,323)

**Investing activities**

Investments	47,629	(1,883,501)
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**Financing activities**

Debt principal repayments	(53,422)	(41,836)
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**Increase in cash and cash equivalents during the year**

**326,916**      **71,318**

**Cash and cash equivalents, beginning of year**

**554,109**      **482,791**

**Cash and cash equivalents, end of year**

**\$ 881,025**      **\$ 554,109**



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## Temagami First Nation Summary of Significant Accounting Policies

March 31, 2012

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<b>Accounting Principles</b>	The financial statements of the Temagami First Nation ("TFN") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Canadian public sector accounting standards.
<b>Method of Accounting</b>	Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
<b>Basis of Consolidation</b>	TFN reporting entity consolidates the assets, liabilities and results of operations for TFN government and all related entities which are accountable to TFN and are either owned or controlled by TFN, including the Casino Rama Fund, which is administered by TFN.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents includes cash on hand, current bank accounts and short-term deposits, if any, with terms to maturity of less than 90 days.
<b>Investments</b>	Investments are recorded at lower of cost or market value.
<b>Funds Held in Trust by AANDC</b>	Band funds held in trust by Aboriginal Affairs and Northern Development Canada arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada (AANDC) and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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## Temagami First Nation Summary of Significant Accounting Policies

March 31, 2012

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**Tangible Capital Assets**      Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs attributable to acquisition or construction of the tangible capital asset including but not limited to transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue, when fair value can be reasonably estimated. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year the asset is available for productive use as follows:

Buildings	25 to 50 years
Vehicles	3 to 20 years
Machinery and equipment	3 to 10 years
Land improvements	7 to 40 years
Infrastructure	15 to 75 years
IT equipment	2 to 4 years

**Reserves and Reserve Funds**      Certain amounts as approved by TFN's Chief and Council, are set aside for future purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective reserve when approved.

**Revenue Recognition**      Revenue is recognized as it is received or becomes receivable under the terms of applicable contribution agreements. Certain government funding received but not expended is reported as deferred revenue on the Statement of Financial Position, depending on the nature of the funding agreements.

All other revenue is recorded as the applicable service is provided and collection is reasonably assured.

**Use of Estimates**      The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant items subject to such estimates include the useful lives of tangible capital assets.

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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**1. Investments**

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

	<u>2012</u>	<u>2011</u>
GIC's <sup>(i)</sup>	\$ 3,088,965	\$ 3,145,693
Mutual funds, T-Bill funds, bonds and equities	<u>1,257,827</u>	<u>1,248,728</u>
	<u>\$ 4,346,792</u>	<u>\$ 4,394,421</u>

- (i) GIC's balance consists of three guaranteed investment certificates maturing between May and August 2012 bearing interest at rates ranging from 1.36% to 1.43%

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**2. Funds Held in Trust by AANDC**

	<u>2012</u>	<u>2011</u>
Revenue	\$ 33,306	\$ 32,115
Capital	<u>2,353</u>	<u>2,353</u>
	<u>\$ 35,659</u>	<u>\$ 34,468</u>

These funds are held by Aboriginal Affairs and Northern Development Canada in trust for TFN. These funds can only be used with approval from the TFN community.

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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**3. Accumulated Surplus**

	2012	2011
Investment in tangible capital assets	\$ 7,861,097	\$ 7,956,943
Less: CMHC Debt (Note 7)	1,607,726	1,661,148
Net band infrastructure	6,253,371	6,295,795
Net operating assets	725,636	417,062
<b>Reserve and earmarked funds</b>		
Doreen Potts Health Centre MCAR <sup>i)</sup>	38,548	37,938
Water treatment plant <sup>i)</sup>	130,410	130,410
Canada Mortgage and Housing Corporation <sup>i)</sup>	126,166	104,352
Future generations fund <sup>ii)</sup>	1,257,827	1,172,323
Housing <sup>ii)</sup>	11,778	16,282
Elder's complex <sup>ii)</sup>	644,489	500,000
Multi-use facility <sup>ii)</sup>	242,537	300,000
	2,451,755	2,261,305
Unallocated surplus	972,305	1,132,534
	\$ 10,403,067	\$ 10,106,696

- i) Reserve funds have been established for future capital repairs on existing buildings  
ii) Earmarked funds for revenue generation and planned capital projects

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**4. Pension and Benefit Plans**

TFN has a defined contribution pension plan for permanent employees. Under the terms of this plan, employee contributions of up to 5.5% of salary are matched by TFN. All investment decisions are the responsibility of the individual employee. During the year, TFN made contributions to this plan in the amount of \$162,647 (2011 - \$152,299).

In addition, TFN has a benefit plan for employees covering supplemental health and dental costs. The full cost of this plan is covered by TFN.

**Temagami First Nation**  
Notes to Financial Statements

March 31, 2012

**5. Tangible Capital Assets**

	2012							
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	IT Equipment	Total
Cost, beginning of year	\$ 1,854,060	\$ 1,164,071	\$ 550,345	\$ 121,372	\$ 5,102,499	\$ 3,192,131	\$ 290,453	\$ 12,274,931
Additions	-	66,329	34,396	16,000	194,678	41,170	71,211	423,784
Disposals	-	(1,800)	(1,333)	-	-	-	(10,265)	(13,398)
Cost, end of year	\$ 1,854,060	\$ 1,228,600	\$ 583,408	\$ 137,372	\$ 5,297,177	\$ 3,233,301	\$ 351,399	\$ 12,685,317
Accumulated amortization, beginning of year	\$ 171,760	\$ 438,506	\$ 247,708	\$ 31,698	\$ 1,769,995	\$ 1,473,776	\$ 184,545	\$ 4,317,988
Amortization	53,421	111,804	51,700	3,396	154,280	90,307	51,348	516,256
Disposals	-	(300)	(1,203)	-	-	-	(8,521)	(10,024)
Accumulated amortization, end of year	\$ 225,181	\$ 550,010	\$ 298,205	\$ 35,094	\$ 1,924,275	\$ 1,564,083	\$ 227,372	\$ 4,824,220
Net carrying amount, end of year	\$ 1,628,879	\$ 678,590	\$ 285,203	\$ 102,278	\$ 3,372,902	\$ 1,669,218	\$ 124,027	\$ 7,861,097

**Temagami First Nation**  
**Notes to Financial Statements**

March 31, 2012

**5. Tangible Capital Assets (continued)**

	2011								
	Buildings - CMHC	Vehicles	Machinery and equipment	Land Improvements	Infrastructure	Buildings	Equipment	IT Equipment	Total
Cost, beginning of year	\$ 1,854,060	\$ 1,255,379	\$ 677,381	\$ 81,859	\$ 5,037,455	\$ 3,037,381	\$ 234,846	\$ -	\$ 12,178,361
Additions	-	208,410	44,999	39,513	65,044	154,750	55,607	-	568,323
Disposals	-	(299,718)	(172,035)	-	-	-	-	-	(471,753)
Cost, end of year	\$ 1,854,060	\$ 1,164,071	\$ 550,345	\$ 121,372	\$ 5,102,499	\$ 3,192,131	\$ 290,453	\$ -	\$ 12,274,931
Accumulated amortization, beginning of year	\$ 129,924	\$ 577,359	\$ 370,603	\$ 28,997	\$ 1,628,288	\$ 1,384,986	\$ 145,812	\$ -	\$ 4,265,969
Amortization	41,836	98,228	49,140	2,701	141,707	88,790	38,733	-	461,135
Disposals	-	(237,081)	(172,035)	-	-	-	-	-	(409,116)
Accumulated amortization, end of year	\$ 171,760	\$ 438,506	\$ 247,708	\$ 31,698	\$ 1,769,995	\$ 1,473,776	\$ 184,545	\$ -	\$ 4,317,988
Net carrying amount, end of year	\$ 1,682,300	\$ 725,565	\$ 302,637	\$ 89,674	\$ 3,332,504	\$ 1,718,355	\$ 105,908	\$ -	\$ 7,956,943

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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**6. Deferred Revenue**

Deferred revenue by program is detailed as follows:

	<u>2012</u>	<u>2011</u>
Diabetes program	\$ 22,381	\$ 36,401
Doreen Potts Health Centre	52,830	31,073
Other Housing	15,950	-
Early Childhood Development	4,055	-
AHHRI careers	-	41,930
IFN Health Coordinator - Other	96,605	96,605
AHHRI Capacity	-	4,946
IFN Coordinator - other	5,904	-
Elders building repairs	4,249	25,000
IFN Health Coordinator	25,871	-
From Legacy to Choice	-	37,300
Aurico (formerly Northgate Minerals)	116,578	137,363
	<u>\$ 344,423</u>	<u>\$ 410,618</u>

**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

**7. Long-Term Debt**

	2012	2011
Loan payable, contingent on the settlement of the land claim. <sup>(i)</sup>	\$ 1,000,582	\$ 1,000,582
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,529 including interest at 4.55%. The loan matures June 2027. <sup>(ii)</sup>	335,548	350,486
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,652 including interest at 4.45%. The loan matures May 2032. <sup>(ii)</sup>	265,125	273,116
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,128 including interest at 4.55%. The loan matures June 2032. <sup>(ii)</sup>	337,553	347,685
Canada Mortgage and Housing Corporation mortgage receivable, repayable in monthly instalments of \$3,202 including interest at 2.69%. The loan matures August 2035. <sup>(ii)</sup>	669,500	689,861
	<b>\$ 2,608,308</b>	<b>\$ 2,661,730</b>

Assuming refinancing of mortgages under similar terms, principal payments due over the next five years and thereafter, assuming similar refinancing, are as follows:

2013	\$ 54,622
2014	56,753
2015	58,972
2016	61,282
2017	1,064,270
Thereafter	1,312,409
	<b>\$ 2,608,308</b>

In 2012, interest expense of \$60,712 (2011 - \$56,286) has been reflected in the Statement of Operations.



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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**7. Long-Term Debt (continued)**

- (i) The loan payable of \$1,000,582 owing to the Research Branch of Aboriginal Affairs and Northern Development Canada was made for the research, development and negotiation of the land claim. An amount of \$50,000 was loaned to the Band in 1976, a further \$75,584 loaned in the 1980-81 fiscal year, \$190,000 in the 1981-82 fiscal year, \$423,000 in the 1982-83 fiscal year, \$177,000 in the 1983-84 fiscal year, \$27,523 in the 1984-85 fiscal year to cover deficiencies from 1981 to 1984, and \$57,475 was loaned in the 1985-86 fiscal year. The loan repayment is contingent on the settlement of the land claim, at which time it will be repayable. (See Note 9)
- (ii) The CMHC loan for \$265,125 represents a loan made by CMHC to TFN to construct two apartment duplexes as rental units. The other CMHC loans are made to TFN to enable Band members to purchase rent-to-own houses.

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**8. Intergovernmental Arrangements**

TFN has historical funding arrangements with the Government of Canada, particularly AANDC, that enable TFN to administer its operations and provide service to its members. Funding provided to TFN pursuant to these agreements constitutes a significant portion of TFN's revenues. The nature of these arrangements continues to evolve.

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**9. Contingent Asset**

TFN remains in ongoing land claim negotiations. It is expected that the parties will negotiate an amount of financial compensation to be paid by the Government of Ontario to TFN. At the date of financial statement preparation the outcome of these negotiations and any financial compensation is unknown and cannot be reasonably estimated.

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**10. Funding Reconciliation**

AANDC revenue per the financial statements	\$ 2,595,611
Amounts repaid / repayable	<u>47,135</u>
	<u>\$ 2,642,746</u>
AANDC revenue per funding confirmation	<u>\$ 2,642,746</u>

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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**11. Ontario First Nation General Partner**

During the prior year, there was a one-time payment of \$1,233,976 received from the Ontario First Nation General Partner ("OFNGP"), as a result of the 35% court case between Mnjikaning First Nation and the OFNGP, in addition to the monthly receipts. This is the first year that TFN shared in the profits of 1.7% of all gaming by the Ontario Lottery Gaming Corporation and annual receipts were \$789,339, in addition to a one-time HST payment of \$62,252.

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**12. Expenses by Object**

	<u>2012</u>	<u>2011</u>
Salaries, wages and benefits	\$ 2,798,522	\$ 2,659,468
Materials, supplies and capital	1,079,869	875,112
Contracted services	1,635,314	1,731,388
Rents and financial expenses	62,426	58,346
Travel and training	638,370	408,656
Other	288,009	255,467
Amortization	516,256	461,135
	<u>\$ 7,018,766</u>	<u>\$ 6,449,572</u>

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**13. Administration Expenses**

Administration expenses in 2012 include \$NIL (2011 - \$775,000) relating to the settlement of legal costs.

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**14. Subsequent Event**

On July 14, 2012, TFN and the Teme-Augama Anishnabai ("TAA") entered into an Impact Benefit Agreement with Aurico Gold Inc. The agreement covers the construction and operation of the Young Davidson mine near Mattachewan, located within N'Daki Menan. The agreement provides participation opportunities for members of the TFN and TAA as well as financial benefits to the TFN and TAA during the estimated twenty year mine life. The agreement also provides financial resources to assist the TFN to monitor the activities of the mine, particularly the environmental impacts and remediation plans.

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## Temagami First Nation Notes to Financial Statements

March 31, 2012

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### 15. Segmented information

TFN is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises and other services.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### Community Development

TFN provides a wide array of other services, including ferry and air boat services, fire protection, dog control, postal services, youth employment projects and economic development. Also included are forestry and mining resources and community events such as the PowWow and Community Days.

#### Health and Social

The department provides a diverse bundle of services directed towards the well being of members including such activities as medical transportation, home support services, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention and many other smaller programs designed to enhance the health of members.

The social assistance department is responsible for administering assistance payments as well as providing services directed towards members.

#### Administration

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

#### Operations and Maintenance

This department is responsible for public services such as the operation and maintenance of roads, the water and sanitation system and waste management. Maintenance of Band buildings and community infrastructure is also included in this segment.

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**Temagami First Nation  
Notes to Financial Statements**

**March 31, 2012**

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**15. Segmented information (continued)**

**Education**

The education department provides services to elementary students through operation of the Laura McKenzie Learning Centre and the public library. It also provides support for secondary students, primarily by entering into service contracts with provincially funded area school boards. In addition, the department supports post-secondary students by providing funds for tuition fees, books and living allowances.

**Housing**

This department is responsible for all housing including rental units, CMHC rent-to-own housing and any Residential Repair Assistance Programs (RRAP).

**Other services**

TFN administers funds received for the Independent First Nations Co-ordinator and Health Co-ordinator that are not solely for the benefit of TFN.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

## Temagami First Nation Segment Disclosure

For the year ended March 31, 2012

	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	Other	Total
<b>Revenues</b>								
Aboriginal Affairs and Northern Development Canada	\$ 121,388	\$ 66,100	\$ 477,513	\$ 694,201	\$ 1,074,809	\$ 25,600	\$ 136,000	\$ 2,595,611
Province of Ontario	110,500	741,115	-	17,400	13,760	-	-	882,775
Government of Canada	32,048	1,197,063	6,552	-	-	149,572	486,177	1,871,412
Band operated enterprises	25,023	5,088	16	17,931	174	-	20,000	68,232
Other	547,621	286,878	677,767	99,141	155,739	114,860	15,101	1,897,107
	<b>836,580</b>	<b>2,296,244</b>	<b>1,161,848</b>	<b>828,673</b>	<b>1,244,482</b>	<b>290,032</b>	<b>657,278</b>	<b>7,315,137</b>
<b>Expenses</b>								
Salaries, wages and benefits	254,889	1,146,528	513,963	192,549	508,644	1,085	180,864	2,798,522
Materials, supplies and capital	111,767	473,412	36,946	80,959	153,793	61,116	161,876	1,079,869
Contracted services	345,067	339,810	156,957	166,517	396,190	85,665	145,108	1,635,314
Rents and financial expenses	-	-	1,714	-	-	60,712	-	62,426
Amortization	42,585	78,933	53,020	230,940	39,016	71,762	-	516,256
Travel and training	115,529	207,978	105,483	22,791	17,079	80	169,430	638,370
Other	10,673	67,886	17,206	-	192,244	-	-	288,009
	<b>880,510</b>	<b>2,314,547</b>	<b>885,289</b>	<b>693,756</b>	<b>1,306,966</b>	<b>280,420</b>	<b>657,278</b>	<b>7,018,766</b>
<b>Annual Surplus</b>	<b>\$ (43,930)</b>	<b>\$ (18,303)</b>	<b>\$ 276,559</b>	<b>\$ 134,917</b>	<b>\$ (62,484)</b>	<b>\$ 9,612</b>	<b>\$ -</b>	<b>\$ 296,371</b>

# Temagami First Nation Segment Disclosure

For the year ended March 31, 2011

	Community Development	Health and Social	Administration	Operations & Maintenance	Education	Housing	Other	Total
<b>Revenues</b>								
Aboriginal Affairs and Northern Development Canada	\$ 133,309	\$ 87,812	\$ 501,288	\$ 502,002	\$ 1,005,505	\$ 44,000	\$ 136,000	\$ 2,409,916
Province of Ontario	50,521	732,992	30,000	15,960	760	-	-	830,233
Government of Canada	32,094	1,128,127	1,205	34,892	(4,600)	98,662	321,388	1,611,768
Band operated enterprises	52,329	5,414	155	14,236	-	9,188	20,000	101,322
Other	169,703	219,850	1,863,547	8,523	53,213	96,630	12,833	2,424,299
	437,956	2,174,195	2,396,195	575,613	1,054,878	248,480	490,221	7,377,538
<b>Expenses</b>								
Salaries, wages and benefits	215,388	1,172,861	456,972	174,443	485,197	-	154,607	2,659,468
Materials, supplies and capital	43,992	476,419	68,778	83,736	48,277	23,526	130,384	875,112
Contracted services	246,743	313,582	200,986	230,851	546,799	108,450	83,977	1,731,388
Rents and financial expenses	-	-	2,060	-	-	56,286	-	58,346
Amortization	-	-	419,299	-	-	41,836	-	461,135
Travel and training	34,243	186,386	36,577	21,300	8,694	203	121,253	408,656
Other	46,699	75,146	55,362	-	58,431	19,829	-	255,467
	587,065	2,224,394	1,240,034	510,330	1,147,398	250,130	490,221	6,449,572
<b>Annual Surplus</b>	\$ (149,109)	\$ (50,199)	\$ 1,156,161	\$ 65,283	\$ (92,520)	\$ (1,650)	\$ -	\$ 927,966



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## Auditor's Comments on Supplementary Financial Information

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To the Chief and Council of Temagami First Nation

We have audited the financial statements of the Temagami First Nation, which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of changes in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated July 23, 2012 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The schedules are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
July 23, 2012

**Temagami First Nation  
Administration  
Schedule of Revenues and Expenses  
(Unaudited)**

**For the year ended March 31, 2012**

	Band Support Funding	Membership Code	Land Claim Negotiations
<b>Revenues</b>			
Aboriginal Affairs and Northern Development Canada			
- core funding	\$ 439,513	\$ -	\$ -
- non-core funding	-	38,000	-
Government of Canada	90	-	-
CMHC subsidy	6,462	-	-
Interest	7,487	-	-
Miscellaneous band generated revenue	16	-	-
Other	204,486	-	-
Transfer from Casino Rama program	40,000	-	-
	<u>698,054</u>	<u>38,000</u>	<u>-</u>
<b>Expenses</b>			
Consultants	7,884	-	167
Contractors/subcontractors	25,863	-	-
Honorariums	75	-	-
Insurance	1,184	-	-
Miscellaneous	20,949	-	-
Office equipment and supplies	20,942	37	-
Professional fees	71,709	14,327	4,233
Repairs supplies and maintenance	15,284	50	-
Service fees & interest	1,677	-	-
Telephone	11,964	-	764
Training	39,866	10,800	-
Travel	31,985	7,596	55
Utilities	11,528	-	-
Wages and benefits	461,336	24,394	-
Amortization	53,020	-	-
	<u>775,266</u>	<u>57,204</u>	<u>5,219</u>
<b>Deficiency of revenues over expenses</b>	<u>\$ (77,212)</u>	<u>\$ (19,204)</u>	<u>\$ (5,219)</u>
<b>Capital assets purchased</b>	<u>\$ 76,025</u>	<u>\$ -</u>	<u>\$ -</u>



**Temagami First Nation**  
**Operations and Maintenance Programs**  
**Schedule of Revenues and Expenses**  
**(Unaudited)**

For the year ended March 31, 2012

	Water Treatment Plant	Heavy Equipment	Safe Water Operations	Band Buildings	Ice Roads	FNIF Roads
<b>Revenues</b>						
Aboriginal Affairs and Northern Development Canada						
- core funding	\$ 94,904	\$ 147,196	\$ -	\$ 99,000	\$ -	\$ -
- non-core funding	-	-	50,407	-	15,771	235,500
- current year repayable to AANDC	-	-	-	-	-	(46,910)
Province of Ontario	-	-	-	-	17,400	-
Rent	-	25,865	-	21,068	-	-
Miscellaneous band generated revenue	22,221	9,286	-	-	-	-
Other	17,461	-	-	420	-	-
Add: Deferred revenue (Elders Building)	-	-	-	25,000	-	-
Less: Deferred revenue (Elders Building)	-	-	-	(4,249)	-	-
	134,586	182,347	50,407	141,239	33,171	188,590
<b>Expenses</b>						
Administration overhead	700	-	-	-	-	-
Consultants	-	-	-	5,200	-	-
Contractors	7,867	12,768	52,889	12,785	1,750	-
Insurance	-	8,000	-	7,807	3,877	-
Repairs and maintenance	10,827	24,155	-	18,224	6,299	-
Telephone	1,530	-	-	664	-	-
Training and meetings	7,152	-	-	1,007	-	-
Travel	2,454	1,987	-	3,672	7,526	-
Utilities	3,355	-	-	26,654	646	-
Wages and benefits	67,851	25,035	-	30,946	10,855	-
Amortization	150,304	55,970	-	12,093	-	12,573
	252,040	127,915	52,889	119,052	30,953	12,573
<b>(Deficiency) excess of revenues over expenses</b>	\$ (117,454)	\$ 54,432	\$ (2,482)	\$ 22,187	\$ 2,218	\$ 176,017
Capital assets purchased	\$ 22,088	\$ 10,150	\$ -	\$ -	\$ 12,675	\$ 188,590

**Temagami First Nation**  
**Operations and Maintenance Programs (continued)**  
**Schedule of Revenues and Expenses**  
**(Unaudited)**

**For the year ended March 31, 2012**

	<u>Water O&amp;M Contribution</u>	<u>Wastewater O&amp;M Contribution</u>
<b>Revenues</b>		
Aboriginal Affairs and Northern Development Canada - non-core funding	\$ 52,605	\$ 45,728
<b>Expenses</b>		
Contractors	1,445	7,870
Insurance	4,456	1,823
Repairs, supplies and maintenance	11,662	4,238
Utilities	6,106	2,871
Wages	28,936	28,926
	<u>52,605</u>	<u>45,728</u>
<b>Excess of revenues over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

**Temagami First Nation  
Housing Programs  
Schedule of Revenues and Expenses  
(Unaudited)**

**For the year ended March 31, 2012**

	CMHC Housing	Other Housing
<b>Revenues</b>		
Aboriginal Affairs and Northern Development Canada		
- core funding	\$ -	\$ 25,600
CMHC subsidy	109,872	39,700
Rent	88,233	28,368
Miscellaneous band generated revenue	2,307	-
Transfer (to) from reserves	(21,112)	4,504
Less: Deferred revenue	-	(15,950)
	<u>179,300</u>	<u>82,222</u>
<b>Expenses</b>		
Administration overhead costs	11,000	-
Contractors/subcontractors	1,227	8,009
Insurance	6,352	2,629
Legal and professional fees	5,000	-
Mortgage interest	60,712	-
Repairs, supplies and maintenance	12,313	27,497
Travel	20	60
Utilities	29,121	15,122
Wages and benefits	133	952
Amortization	53,422	18,340
	<u>179,300</u>	<u>72,609</u>
<b>Excess of revenues over expenses</b>	<u>\$ -</u>	<u>\$ 9,613</u>
<b>Capital assets purchased</b>	<u>\$ -</u>	<u>\$ 34,116</u>

**Temagami First Nation  
Education Programs  
Schedule of Revenues and Expenses  
(Unaudited)**

For the year ended March 31, 2012

	Bear Island Education Authority	Special Education BIEA	Library	CAP Program	New Paths	Other
<b>Revenues</b>						
Aboriginal Affairs and Northern Development Canada						
- core funding	\$ 895,500	\$ -	\$ -	\$ -	\$ -	\$ -
- non-core funding	12,400	161,209	-	-	5,700	-
Province of Ontario	-	-	13,760	-	-	-
Miscellaneous band generated revenue	-	-	2,061	9,756	-	27,627
Transfer from Casino Rama program	55,000	-	-	-	-	-
	962,900	161,209	15,821	9,756	5,700	27,627
<b>Expenses</b>						
Books and supplies	18,093	116	579	-	-	-
Clothing allowance	2,700	-	-	-	-	-
Consultants	2,209	7,608	-	480	632	803
Honorariums	10,500	-	-	-	-	-
Insurance	7,911	-	-	-	-	-
Legal and professional fees	1,113	-	-	-	-	-
Miscellaneous expense	2,500	-	-	-	-	-
Office equipment and supplies	15,670	8,057	853	3,723	-	166
Program costs	-	-	-	-	3,447	21,376
Repairs, supplies and maintenance	11,828	-	156	1,053	-	-
Room and board	194,625	-	-	-	-	-
Student allowance	32,555	-	-	-	-	-
Student transportation	32,933	-	-	-	-	-
Telephone	2,470	-	435	-	-	-
Training and meetings	3,274	-	-	-	-	-
Travel	9,510	130	408	-	1,621	216
Tuition	299,633	-	-	-	-	-
Utilities	8,955	-	-	-	-	-
Wages and benefits	336,106	142,292	13,851	4,500	-	1,395
Amortization	32,773	-	6,243	-	-	-
	1,025,358	158,203	22,525	9,756	5,700	23,956
<b>(Deficiency) excess of revenues over expenses</b>	\$ (62,458)	\$ 3,006	\$ (6,704)	\$ -	\$ -	\$ 3,671
Capital assets purchased	\$ 1,818	\$ 3,275	\$ -	\$ -	\$ -	\$ -

**Temagami First Nation**  
**Health and Social - Doreen Potts Health Centre**  
**Schedule of Revenues and Expenses**  
**(Unaudited)**

<b>For the year ended March 31,</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Health Canada	\$ 572,820	\$ 563,181
Miscellaneous band generated revenue	-	7,671
Add: Deferred revenue	31,073	57,270
Less: Deferred revenue	(52,830)	(31,073)
	<u>551,063</u>	<u>597,049</u>
<b>Expenses</b>		
Administration overhead costs	62,965	49,619
Consultants	5,494	40,524
Contractors/subcontractors	40,690	10,410
Honorariums	400	-
Insurance	12,812	10,292
Legal and professional fees	475	1,459
Office equipment and supplies	19,766	20,691
Program costs	98,233	88,280
Rental	34	78
Repairs, supplies and maintenance	19,878	19,338
Telephone	9,331	8,818
Training and meetings	4,299	8,037
Travel	23,586	57,901
Utilities	14,862	16,693
Wages and benefits	231,900	261,070
Amortization	38,168	-
	<u>582,893</u>	<u>593,210</u>
<b>Excess of revenues over expenses</b>	<u>\$ (31,830)</u>	<u>\$ 3,839</u>
<b>Capital assets purchased</b>	<u>\$ 6,338</u>	<u>\$ -</u>

**Temagami First Nation  
Health and Social  
Schedule of Revenues and Expenses  
(Unaudited)**

For the year ended March 31, 2012

	Prenatal	Social Assistance	Community Support Services	Family Violence	Childcare	AIDS Initiative
<b>Revenues</b>						
Aboriginal Affairs and Northern Development Canada						
- core funding	\$ -	\$ 37,400	\$ -	\$ -	\$ -	\$ -
- non-core funding	-	2,300	-	3,600	-	-
Health Canada	12,333	-	-	-	-	4,020
Province of Ontario	-	73,721	147,049	-	50,807	-
	12,333	113,421	147,049	3,600	50,807	4,020
<b>Expenses</b>						
Administration overhead costs	-	21,100	14,705	-	3,000	-
Aids and assistance	-	80,373	-	-	-	-
Consultants	-	-	-	1,014	-	-
Food	-	-	-	37	-	-
Program costs	5,247	2,351	-	-	11,035	3,901
Travel	-	2,915	6,185	2,549	911	119
Wages and benefits	7,086	-	126,159	-	35,861	-
	12,333	106,739	147,049	3,600	50,807	4,020
<b>Excess of revenues over expenses</b>	\$ -	\$ 6,682	\$ -	\$ -	\$ -	\$ -
<b>Capital assets purchased</b>	\$ -	\$ 6,500	\$ -	\$ -	\$ -	\$ -

**Temagami First Nation  
Health and Social (continued)  
Schedule of Revenues and Expenses  
(Unaudited)**

For the year ended March 31, 2012

	Home and Community Care	Medical Transportation & Drivers	Green Plan and and Wastewater Action	DPHC Diabetes Worker	AHRI Health Careers DPHC-LMLC	AIDS - Ministry of Health	Other
<b>Revenues</b>							
Aboriginal Affairs and Northern Development Canada							
- non-core funding	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Province of Ontario						7,286	
Health Canada	51,334	111,369	16,000	42,336	5,000		28,182
Miscellaneous band generated revenue	-	-	-	-	-	-	92,655
Add: Deferred revenue	-	-	-	36,401	-	-	37,300
Less: Deferred revenue	-	-	-	(22,381)	-	-	-
	54,134	111,369	16,000	56,356	5,000	7,286	158,137
<b>Expenses</b>							
Administration overhead costs	4,839	9,329	-	-	-	-	5,350
Consultants	-	-	-	-	-	-	28,085
Insurance	-	603	-	-	-	-	-
Office equipment and supplies	-	-	-	-	394	-	-
Program costs	1,039	43	771	30,407	-	7,118	32,412
Repairs, supplies and maintenance	-	-	49	-	-	-	-
Training and meetings	774	20	-	-	-	-	2,829
Travel	-	45,956	106	2,804	4,606	168	42,221
Wages and benefits	47,482	55,418	15,074	11,255	-	-	48,961
Amortization	-	9,039	-	-	-	-	-
	54,134	120,408	16,000	44,466	5,000	7,286	159,858
<b>(Deficiency) excess of revenues over expenses</b>	\$ -	\$ (9,039)	\$ -	\$ 11,890	\$ -	\$ -	\$ (1,721)
Capital assets purchased	\$ -	\$ -	\$ -	\$ 11,890	\$ -	\$ -	\$ 4,097

**Temagami First Nation**  
**Health and Social - Tillie Missabie Family Centre**  
**Schedule of Revenues and Expenses**  
**(Unaudited)**

**For the year ended March 31, 2012**

	Aboriginal Head Start	Daycare Centre	Early Childhood Development	Other
<b>Revenues</b>				
Aboriginal Affairs and Northern Development Canada - core funding	\$ -	\$ 20,000	\$ -	\$ -
Health Canada	309,471	-	44,198	-
Province of Ontario	-	80,000	-	-
Miscellaneous band generated revenue	-	-	-	69,688
Less: Deferred revenue	-	-	(4,055)	-
	<u>309,471</u>	<u>100,000</u>	<u>40,143</u>	<u>69,688</u>
<b>Expenses</b>				
Administration overhead costs	30,947	-	-	8,551
Insurance	-	10,918	-	-
Office equipment and supplies	3,407	-	-	-
Program costs	30,484	3,391	21,399	8,836
Repairs, supplies and maintenance	-	3,659	340	-
Telephone	-	2,953	-	-
Training and meetings	-	4,292	20	1,500
Travel	8,374	-	2,452	1,107
Utilities	-	7,542	-	-
Wages and benefits	236,259	67,259	8,540	38,518
Amortization	10,865	8,970	-	-
	<u>320,336</u>	<u>108,984</u>	<u>32,751</u>	<u>58,512</u>
<b>(Deficiency) excess of revenues over expenses</b>	<u>(10,865)</u>	<u>(8,984)</u>	<u>7,392</u>	<u>11,176</u>
Capital assets purchased	\$ -	\$ -	\$ 7,752	\$ -