

Consolidated Financial Statements of

WASAUKSING FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Wasauksing First Nation are the responsibility of management and have been approved by the Chief and Council of the First Nation.

The consolidated 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 consolidated financial statements are presented fairly, in all material respects.

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

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

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet to discuss and to review the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.



Chief



Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Council and Members of Wasauksing First Nation

Opinion

We have audited the consolidated financial statements of Wasauksing First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
December 2, 2020

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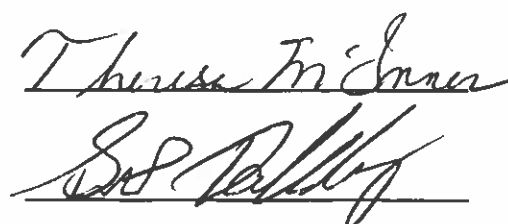
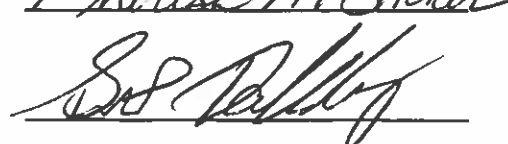
Exhibit A - Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash	\$ 5,515,639	\$ 5,460,790
Accounts receivable (note 2)	3,503,451	2,988,325
Consolidated revenue trust fund	14,671	14,671
Restricted cash (note 3)	329,704	325,871
Restricted assets - M'tigo Min Trust (note 4)	3,033,081	2,922,373
Investment in government business enterprises (note 5)	553,252	10,299
	<u>12,949,798</u>	<u>11,722,329</u>
Financial Liabilities		
Accounts payable and accrued liabilities	1,814,245	1,932,399
Deferred revenue (note 6)	2,306,068	1,705,688
Obligations under capital leases (note 7)	217,250	183,342
Long-term debt (note 8)	1,224,488	1,307,260
	<u>5,562,051</u>	<u>5,128,689</u>
Net financial assets	7,387,747	6,593,640
Non-Financial Assets		
Tangible capital assets (note 9)	23,041,270	23,066,822
Prepaid expenses	108,007	27,502
	<u>23,149,277</u>	<u>23,094,324</u>
Contingent liabilities (note 10)		
Effect of COVID-19 (note 14)		
Subsequent event (note 15)		
Accumulated surplus (note 11)	\$ 30,537,024	\$ 29,687,964

See accompanying notes to consolidated financial statements.

Approved:

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Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (note 13)	2020 Actual	2019 Actual
Revenue:			
Indigenous Services Canada (note 12)	\$ 4,078,454	\$ 3,424,341	\$ 3,785,557
Indigenous Services Canada - Health (note 12)	1,195,405	1,107,540	1,301,521
Ontario First Nations Limited Partnership	882,939	921,010	1,066,912
Canada Mortgage and Housing Corporation	64,374	65,742	163,697
Provincial funding	2,789,899	2,768,237	2,416,236
Kinoomaadziwin Education Body	2,551,414	2,340,947	1,631,280
Rentals, leasing and permits	358,404	591,013	591,068
Investment income (loss)	-	161,154	(67,017)
Share of loss of investment in government business enterprises	-	(91,025)	-
Other	1,731,845	2,886,465	2,929,930
	13,652,734	14,175,424	13,819,184
Expenses:			
Band Support	963,560	977,745	806,296
Social Assistance	1,089,630	1,116,561	1,048,973
Education	2,304,032	2,080,237	1,993,139
Economic Development	319,489	133,179	304,710
Land Management	909,044	876,927	661,699
Community Infrastructure	2,919,105	3,262,202	2,668,813
Community Property	1,415,114	447,689	598,692
Day Care Operations	690,500	711,600	711,163
Social Services	762,203	1,210,489	580,084
Health Services	2,187,918	1,872,310	1,779,360
Library	22,405	14,398	14,398
Employment and Training	14,988	15,216	94,698
CMHC Housing	261,878	305,933	270,460
Rental Housing	229,697	230,019	192,607
Marina	245,114	-	247,528
M'tigo Min Trust	-	71,859	-
	14,334,677	13,326,364	11,972,620
Excess (deficiency) of revenue over expenses	(681,943)	849,060	1,846,564
Accumulated surplus, beginning of year	29,687,964	29,687,964	27,841,400
Accumulated surplus, end of year	\$ 29,006,021	\$ 30,537,024	\$ 29,687,964

See accompanying notes to consolidated financial statements.

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Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget (note 13)	2020 Actual	2019 Actual
Excess (deficiency) of revenue over expenses	\$ (681,943)	\$ 849,060	\$ 1,846,564
Acquisition of tangible capital assets	(1,725,373)	(1,837,006)	(2,093,432)
Amortization of tangible capital assets	1,321,080	1,321,080	1,251,014
Proceeds from disposal of tangible capital assets	-	541,478	-
	(1,086,236)	874,612	1,004,146
Acquisition of prepaid expenses	-	(80,505)	48,121
Change in net financial assets	(1,086,236)	794,107	1,052,267
Net financial assets, beginning of year	6,593,640	6,593,640	5,541,373
Net financial assets, end of year	\$ 5,507,404	\$ 7,387,747	\$ 6,593,640

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Operating transactions:		
Excess of revenue over expenses	\$ 849,060	\$ 1,846,564
Adjustment for:		
Amortization of tangible capital assets	1,321,080	1,251,014
Share of loss of investment in government business enterprises	91,025	-
	2,261,165	3,097,578
Change in non-cash working capital:		
Increase in accounts receivable	(515,126)	(1,028,526)
Decrease (increase) in prepaid expenses	(80,505)	48,121
Increase (decrease) in accounts payable and accrued liabilities	(118,154)	1,049,681
Increase (decrease) in deferred revenue	600,380	(323,298)
	2,147,760	2,843,556
Capital transactions:		
Acquisition of tangible capital assets	(1,725,373)	(1,922,107)
Proceeds from disposal of tangible capital assets	541,478	-
	(1,183,895)	(1,922,107)
Financing transactions:		
Principal payments on long-term debt	(82,772)	(81,826)
Principal payments on obligations under capital leases	(77,725)	(65,392)
	(160,497)	(147,218)
Investing transactions:		
Increase in restricted assets - M'tigo Min Trust	(110,708)	(2,922,373)
Decrease in marketable securities	-	3,014,138
Investment in government business enterprise	(633,978)	-
	(744,686)	91,765
Net increase in cash	58,682	865,996
Cash, beginning of year	5,786,661	4,920,665
Cash, end of year	\$ 5,845,343	\$ 5,786,661
Represented by:		
Cash	\$ 5,515,639	\$ 5,460,790
Restricted cash	329,704	325,871
	\$ 5,845,343	\$ 5,786,661

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Wasauksing First Nation, located near Parry Sound, Ontario, administers programs and provides services on behalf of its members.

1. Significant accounting policies:

The consolidated financial statements of Wasauksing First Nation (the "First Nation") are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

(i) Basis for consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council. All controlled entities are fully consolidated on a line-by-line basis, except for commercial enterprises which meet the definition of a government business enterprise. Inter-organizational balances and transactions are eliminated upon consolidation.

Government business enterprises are included in the consolidated financial statements on a modified equity basis.

(ii) Consolidated entities:

M'tigo Min Trust is consolidated in these financial statements.

(iii) Investment in government business enterprises:

Organizations accounted for on a modified equity basis include:

- Wasauksing Holdings GP Inc. ("WHGP")
- Wasauksing Marina GP Inc. ("WMGP")
- Wasauksing Maple Products GP Inc. ("WMPGP")
- Wasauksing Holdings, LP ("WHLP")

Under the modified equity basis, the government business enterprises' accounting policies are not adjusted to conform with those of the First Nation and inter-organization transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the government business enterprises in its consolidated statement of operations and accumulated surplus with corresponding increase or decrease in its investment account.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

(d) Consolidated revenue trust funds:

Funds held in trust are comprised of funds held in Ottawa Trust accounts and 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 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.

(e) Marketable securities:

Investments in non-controlled entities are recorded at cost. Temporary changes in the market value of the investments are not recorded.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and land improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	5 - 10 years
Roads	25 years
Water systems	25 years
Housing	25 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(ii) Works of art and cultural and historic assets are not recorded as assets in the consolidated financial statements.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(h) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

Adjustments made under funding arrangements relating to prior years are charged to operations in the year during which the adjustments are made.

2. Accounts receivable:

	2020	2019
Ministry of Education	\$ 1,212,714	\$ 837,219
Innovation, Science and Economic Development Canada	1,027,936	1,027,936
Ministry of Children, Community and Social Services	213,280	14,193
Union of Ontario Indians	172,829	150,939
Indigenous Services Canada	160,252	578,629
Ministry of Health and Long-Term Care	167,714	87,516
Kinoomaadziwin Education Body	119,270	—
Other	430,366	323,788
Band members	985,530	994,302
Allowance for doubtful accounts	(986,440)	(1,026,197)
	\$ 3,503,451	\$ 2,988,325

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Restricted cash:

	2020	2019
Robinson Huron Treaty (i)	\$ 287,332	\$ 285,189
First Nations Finance Authority (ii)	42,372	40,682
	<u>\$ 329,704</u>	<u>\$ 325,871</u>

(i) The First Nation has pledged \$282,750 as security for a loan guarantee arrangement with the Bank of Montreal as described in note 10(c).

(ii) The First Nation is required to maintain a debt reserve bank account of \$37,500 as part of a borrowing agreement with First Nations Finance Authority as described in note 8.

Any interest earned in excess of these pledged amounts is unrestricted for use by the First Nation.

4. Restricted assets – M'tigo Min Trust:

Under the terms of an agreement with the trustees of the M'tigo Min Trust (the "Trust"), the restricted assets are to be used for the benefit of the First Nation for specified purposes outlined in the agreement. Disbursements are not to be made for the normal operating activities of the First Nation.

The restricted assets of the Trust consist of the following:

2020	Cost	Fair Market Value
Cash	\$ 90,469	\$ 90,469
Marketable securities	2,942,612	2,749,799
	<u>\$ 3,033,081</u>	<u>\$ 2,840,268</u>

2019	Cost	Fair Market Value
Cash	\$ 114,704	\$ 114,704
Marketable securities	2,807,669	2,948,289
	<u>\$ 2,922,373</u>	<u>\$ 3,062,993</u>

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

5. Investment in government business enterprises:

The First Nation has a 100% equity interest in WGHP, WMGP, WMPGP and a 99% equity interest in WHLP. These organizations are government business enterprises of the First Nation and are accounted for on the modified equity method in these consolidated financial statements.

The investment in government business enterprises consists of the following:

	WGHP		WMGP		WMPGP		Sub-total
Balance, beginning of year	\$	100	\$	100	\$	100	\$ 300
Contributions		—		—		—	—
Share of loss		(9)		(3)		(5)	(17)
Balance, end of year	\$	91	\$	97	\$	95	\$ 283

	Sub-total		WHLP		2020		2019
Balance, beginning of year	\$	300	\$	9,999	\$	10,299	\$ 10,299
Contributions		—		633,978		633,978	—
Share of loss		(17)		(91,008)		(91,025)	—
Balance, end of year	\$	283	\$	552,959	\$	553,252	\$ 10,299

The following tables provide condensed supplementary financial information of WHLP for the year ended December 31, 2019:

	2019		2018	
Financial position:				
Current assets	\$	62,694	\$	—
Non-current assets		578,419		19,998
Total assets		641,113		19,998
Current liabilities		(80,038)		—
Partners' equity	\$	561,075	\$	19,998

	2019		2018	
Results of operations:				
Expenses	\$	(7,346)	\$	—
Other income (loss)		(75,558)		—
Net income (loss)	\$	(82,904)	\$	—

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Deferred revenue:

	2020	2019
Kinoomaadziwin Education Body	\$ 916,563	\$ 718,260
Indigenous Services Canada	570,893	726,050
Ministry of Health and Long-Term Care	203,005	–
Ministry of Education	195,700	–
Indigenous Services Canada – Health	168,671	–
Other	251,236	261,378
	\$ 2,306,068	\$ 1,705,688

7. Obligations under capital leases:

	2020	2019
Capital lease obligation, \$2,098 payable monthly principal, interest-free, due April 2023, secured by equipment with net book value of \$123,043 (2019 - \$137,268)	\$ 77,470	\$ 102,582
Capital lease obligation, \$1,253 payable monthly principal, interest-free, due November 2024, secured by vehicle with net book value of \$71,411 (2019 - \$Nil)	70,158	–
Capital lease obligation, \$823 payable monthly including principal and interest, bearing interest at 3.99%, due October 2023, secured by vehicle with net book value of \$36,461 (2019 - \$Nil)	32,927	–
Capital lease obligation, \$762 payable monthly principal, interest-free, due April 2023, secured by vehicle with net book value of \$38,857 (2019 - \$43,429)	28,191	37,334
Capital lease obligation, \$1,110 payable monthly principal, interest-free, due September 2020, secured by vehicle with net book value of \$34,632 (2019 - \$39,960)	6,660	19,980
Capital lease obligation, \$1,851 payable monthly including principal and interest, bearing interest at 4.45%, due May 2020, secured by equipment with net book value of \$59,348 (2019 - \$70,139)	1,844	23,446
	\$ 217,250	\$ 183,342

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Obligations under capital leases (continued):

Future minimum lease payments are as follows:

2021	\$	67,687
2022		59,176
2023		59,176
2024		23,611
2025		10,022
		219,672
Less: interest included in lease payments		(2,422)
Present value of future minimum lease payments	\$	217,250

8. Long-term debt:

	2020	2019
<u>Canada Mortgage and Housing Corporation:</u>		
Mortgage payable, \$2,204 monthly including principal and interest, bearing interest at 1.69% per annum, due August 2024	\$ 336,528	\$ 356,970
Mortgage payable, \$3,201 monthly including principal and interest, bearing interest at 2.49% per annum, due May 2023	275,927	307,071
<u>First Nations Finance Authority:</u>		
Promissory note payable, \$4,191 monthly including principal and interest, bearing interest at 2.985% per annum, due June 2024	612,033	643,219
	\$ 1,224,488	\$ 1,307,260

The First Nation may request to refinance the promissory note with First Nations Finance Authority no less than six months prior to the end of its maturity in June 2024. The promissory note is secured by an assignment of distributions from the Ontario First Nations Limited Partnership.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

8. Long-term debt (continued):

Principal payments due are as follows:

2021	\$ 80,738
2022	81,898
2023	83,084
2024	84,298
2025	84,656
Thereafter	809,814
	<hr/>
	\$ 1,224,488

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets:

Cost	2019	Additions	Disposals/ Transfers	2020
Land	\$ 1	-	-	\$ 1
Buildings and land improvements	7,630,241	430,142	(293,464)	7,766,919
Equipment	1,804,261	356,597	1,204,231	3,365,089
Vehicles	1,194,717	369,060	337,364	1,901,141
Roads	1,473,236	195,024	-	1,668,260
Water systems	16,740,082	15,755	-	16,755,837
Housing	10,452,126	39,439	-	10,491,565
Assets under construction	2,098,915	430,989	(2,073,864)	456,040
Total	\$ 41,393,579	1,837,006	(825,733)	\$ 42,404,852

Accumulated Amortization	2019	Disposals	Amortization expense	2020
Buildings and land improvements	\$ 2,842,120	(29,777)	151,664	\$ 2,964,007
Equipment	1,241,006	(238,953)	99,716	1,101,769
Vehicles	878,189	(15,525)	102,441	965,105
Roads	993,080	-	37,690	1,030,770
Water systems	5,043,203	-	669,917	5,713,120
Housing	7,329,159	-	259,652	7,588,811
Total	\$ 18,326,757	(284,255)	1,321,080	\$ 19,363,582

	Net book value 2019	Net book value 2020
Land	\$ 1	\$ 1
Buildings and land improvements	4,788,121	4,802,912
Equipment	563,255	2,263,320
Vehicles	316,528	936,036
Roads	480,156	637,490
Water systems	11,696,879	11,042,717
Housing	3,122,967	2,902,754
Assets under construction	2,098,915	456,040
Total	\$ 23,066,822	\$ 23,041,270

Equipment includes items acquired under capital lease with a net book value of \$182,391 (2019 - \$207,407).
Vehicles includes items acquired under capital lease with a net book value of \$179,541 (2019 - \$83,389).

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Tangible capital assets (continued):

Cost	2018	Additions	Disposals/ Transfers	2019
Land	\$ 1	-	-	\$ 1
Buildings and land improvements	7,630,241	-	-	7,630,241
Equipment	1,644,467	159,794	-	1,804,261
Vehicles	1,078,471	116,246	-	1,194,717
Roads	1,473,236	-	-	1,473,236
Water systems	16,740,082	-	-	16,740,082
Housing	11,448,126	-	(996,000)	10,452,126
Assets under construction	281,523	1,817,392	-	2,098,915
Total	\$ 40,296,147	2,093,432	(996,000)	\$ 41,393,579

Accumulated Amortization	2018	Disposals	Amortization expense	2019
Buildings and land improvements	\$ 2,688,889	-	153,231	\$ 2,842,120
Equipment	1,168,809	-	72,197	1,241,006
Vehicles	814,858	-	63,331	878,189
Roads	959,290	-	33,790	993,080
Water systems	4,373,601	-	669,602	5,043,203
Housing	8,066,296	(996,000)	258,863	7,329,159
Total	\$ 18,071,743	(996,000)	1,251,014	\$ 18,326,757

	Net book value 2018	Net book value 2019
Land	\$ 1	\$ 1
Buildings and land improvements	4,941,352	4,788,121
Equipment	475,658	563,255
Vehicles	263,613	316,528
Roads	513,946	480,156
Water systems	12,366,481	11,696,879
Housing	3,381,830	3,122,967
Assets under construction	281,523	2,098,915
Total	\$ 22,224,404	\$ 23,066,822

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

10. Contingent liabilities:

- (a) The First Nation has guaranteed loans to various chartered banks on behalf of First Nation members totaling \$631,602 (2019 - \$664,041).
- (b) Under an agreement with Royal Bank of Canada ("RBC"), the First Nation may guarantee a maximum of \$2,500,000 of mortgages owing to RBC on behalf of First Nation members. As of March 31, 2020, the total balance guaranteed by the First Nation is \$2,178,202 (2019 - \$1,533,179).
- (c) In accordance with terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust (the "Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$282,750 (2019 - \$282,750). As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$281,821 (2019 - \$281,821).

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 21,599,532	\$ 21,632,388
Ontario First Nations Limited Partnership	3,753,168	3,474,421
Investment in government business enterprises	553,252	10,299
Operations	337,725	298,417
Consolidated revenue trust	14,671	14,671
CMHC Housing operations	(362,925)	(339,628)
	25,895,423	25,090,568
M'tigo Min Trust	2,863,092	2,815,007
Committed reserves	1,706,314	1,667,184
Housing replacement reserves	72,195	115,205
	\$ 30,537,024	\$ 29,687,964

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

12. Indigenous Services Canada and Indigenous Services Canada – Health revenue:

ISC revenue is comprised of the following:

Funding per confirmation	\$ 4,525,518
Add: opening deferred revenue	726,050
Add: prior approval Medical Transportation funding	19,877
Less: ending deferred revenue	(739,564)
Revenue per consolidated financial statements	\$ 4,531,881

Indigenous Services Canada	\$ 3,424,341
Indigenous Services Canada – Health	1,107,540
Revenue per consolidated financial statements	\$ 4,531,881

13. Budget information:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below:

Approved expense budget:	
Total expenses per budget	\$ 14,899,467
Less:	
Capital acquisitions	(1,725,373)
Principal payments on long-term debt	(82,772)
Principal payments on obligations under capital leases	(77,725)
	(1,885,870)
Add:	
Amortization of tangible capital assets	1,321,080
Expense budget per consolidated financial statements	\$ 14,334,677

14. Effect of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation remains dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the First Nation is not known at this time.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

15. Subsequent event:

In July 2020, the First Nation settled a severance entitlement with an employee in the amount of \$81,141.

16. Comparative information:

Certain 2020 comparative information have been reclassified where necessary to conform with the presentation adopted in 2019.

17. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band support, health services, education, social assistance, capital projects and business operations in addition to also managing specific funds from others. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

Band Support

The band support functional area 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. This department includes the governance activities of Chief and Council, management and assistance for the related departments within the First Nation, and administration of all land and resource management activities on behalf of the First Nation.

Community Infrastructure

The community infrastructure functional area provides public services that contribute to sustainability through the provision of maintenance and operating services such as infrastructure, roads, water and sanitation, fire protection, street lighting and community buildings.

Economic Development

The economic development functional area develops employment and training opportunities, along with identification of economic development initiatives for the First Nation.

Health

The health services functional area provides a diverse bundle of services directed toward the well-being of the Members including such activities as patient transportation, early childhood development, mental health and various other health-related activities.

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17. Segmented Information (continued):

Education

The education functional area delivers band-operated elementary school programming, administers tuition agreements with various school boards, manages the post-secondary program for its members, provides local transportation for students, and delivers various other educational initiatives.

Community Property

The community property functional area provides services for the longevity of the First Nation by the acquisition or construction of vehicles, equipment, roads, housing and community buildings. Revenue and expenses included in the community property department are generally long-term in nature, capitalized in the accounts of the First Nation and amortized over their useful life.

Social Services

The social services functional area delivers a variety of programming including Ontario Works, employment support services, homemakers, and national child benefit programs. The department also includes the delivery of day care operations, library services and child welfare initiatives.

Housing

The housing functional area manages the operations of the various rental housing owned by the First Nation, including both CMHC and other band-owned social housing. This includes tenant identification, rent collection and maintenance management.

Other

The other functional areas includes the First Nation's activities related to its participation with the Ontario First Nations Limited Partnership, its investments in business enterprises via Wasauksing Holdings LP Inc., and the activities of the M'tigo Min Trust on behalf of the First Nation.

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 allocations 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 consolidated financial statements as disclosed in the summary of significant accounting policies.

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

17. Segmented Information (continued):

	Band Support	Community Infrastructure	Economic Development	Health	Education	Community Property	Social Services	Housing	Other	2020 Total
Revenue:										
Revenue	\$ 2,201,083	2,825,657	155,627	1,845,786	2,220,482	540,707	3,137,546	261,099	987,437	14,175,424
Expenses:										
Salaries, benefits and honoraria	1,100,814	839,031	35,117	1,100,754	978,076	82,093	1,313,102	80,224	2,300	5,531,511
Travel and training	112,914	5,904	1,630	97,738	62,456	-	101,184	-	3,071	384,897
Interest on long-term debt	6,511	13,852	-	-	-	-	-	13,279	-	33,642
Contractual and professional fees	308,225	889,927	84,634	90,381	53,103	381,310	205,020	4,200	9,709	2,026,509
Materials, supplies and rentals	364,648	1,186,407	11,047	309,818	316,413	403,036	799,141	177,907	-	3,568,417
Tuition and student allowances	-	-	-	-	835,863	-	-	-	-	835,863
Other	644,214	149,065	15,966	273,218	24,572	3,675	749,870	689	56,779	1,918,048
Administration chargebacks	(568,230)	-	-	-	-	-	-	-	-	(568,230)
Amortization of tangible capital assets	-	1,043,873	-	-	17,555	-	-	259,652	-	1,321,080
Investment in tangible capital assets	(114,022)	(965,857)	(207,800)	-	-	(422,425)	(115,269)	-	-	(1,725,373)
	1,855,074	3,262,202	(59,406)	1,871,909	2,288,038	447,689	3,053,048	535,951	71,859	13,326,364
Excess (deficiency) of revenue over expenses	\$ 346,009	(436,545)	215,033	(26,123)	(67,556)	93,018	84,498	(274,852)	915,578	849,060

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2020

17. Segmented Information (continued):

	Band Support	Community Infrastructure	Economic Development	Health	Education	Community Property	Social Services	Housing	Other	2019 Total
Revenue:										
Revenue	\$ 1,725,310	2,064,049	1,904,615	1,746,989	1,966,041	582,689	2,442,508	388,352	998,631	13,819,184
Expenses:										
Salaries, benefits and honoraria	865,041	713,953	203,459	780,139	782,404	58,619	1,243,290	73,997	-	4,720,902
Travel and training	72,861	5,301	3,681	103,811	58,163	-	61,839	-	-	305,656
Interest on long-term debt	1,793	35,119	7,992	-	-	-	-	14,466	-	59,370
Contractual and professional fees	222,545	4,292	1,604,051	205,621	39,255	77,021	45,787	4,200	-	2,202,772
Materials, supplies and rentals	147,216	1,261,446	138,199	301,242	211,070	370,426	393,026	89,077	-	2,911,702
Tuition and student allowances	-	-	-	-	854,374	-	-	-	-	854,374
Other	646,340	117,341	113,072	373,616	40,708	92,627	670,573	22,463	-	2,076,740
Administration chargebacks	(487,803)	-	-	-	-	-	-	-	-	(487,803)
Amortization of tangible capital assets	-	952,502	32,484	-	7,165	-	-	258,863	-	1,251,014
Investment in tangible capital assets	-	(421,140)	-	(44,967)	-	(1,456,000)	-	-	-	(1,922,107)
	1,467,993	2,668,814	2,102,938	1,719,462	1,993,139	(857,307)	2,414,515	463,066	-	11,972,620
Excess (deficiency) of revenue over expenses	\$ 257,317	(604,765)	(198,323)	27,527	(27,098)	1,439,996	27,993	(74,714)	998,631	1,846,564