

Consolidated Financial Statements of

WASAUKSING FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2021

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.

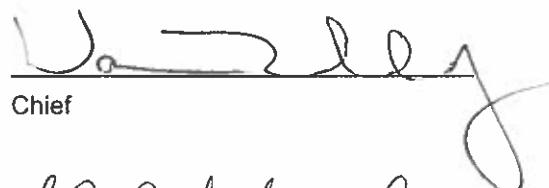
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen 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.

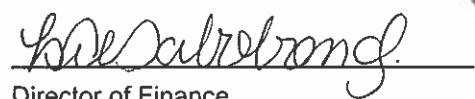
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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, 2021
- 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, 2021, 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 and those Charged with Governance 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.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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

March 18, 2022

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Year ended March 31, 2021, with comparative information for 2020

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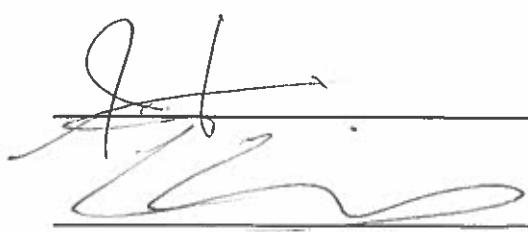
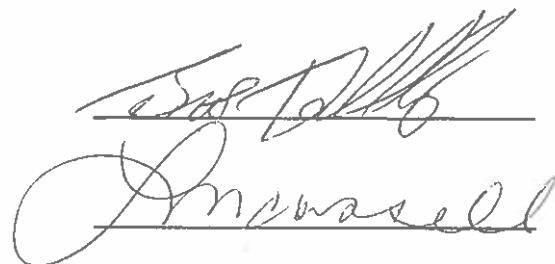
Exhibit A - Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ 8,891,672	\$ 5,515,639
Accounts receivable (note 2)	4,182,934	3,503,451
Consolidated revenue trust fund	14,842	14,671
Restricted cash (note 3)	518,754	329,704
Restricted assets - M'tigo Min Trust (note 4)	3,297,261	3,033,081
Investment in government business enterprises (note 5)	509,828	553,252
	<hr/> 17,415,291	<hr/> 12,949,798
Financial Liabilities		
Accounts payable and accrued liabilities	3,907,567	1,814,245
Deferred revenue (note 6)	2,966,362	2,306,068
Obligations under capital leases (note 7)	150,717	217,250
Long-term debt (note 8)	4,899,462	1,224,488
	<hr/> 11,924,108	<hr/> 5,562,051
Net financial assets	5,491,183	7,387,747
Non-Financial Assets		
Tangible capital assets (note 9)	24,834,182	23,041,270
Prepaid expenses	531,560	108,007
	<hr/> 25,365,742	<hr/> 23,149,277
Contingent liabilities (note 10)		
Accumulated surplus (note 11)	\$ 30,856,925	\$ 30,537,024

See accompanying notes to consolidated financial statements.

Approved:

WASAUKSING FIRST NATION

Exhibit B - Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
	(note 13)		
Revenue:			
Indigenous Services Canada (note 12)	\$ 4,002,701	\$ 4,472,173	\$ 4,531,881
Ontario First Nations Limited Partnership	909,653	893,633	921,010
Canada Mortgage and Housing Corporation	64,374	65,617	65,742
Provincial funding	3,325,466	3,575,193	2,768,237
Kinoomaadziwin Education Body	2,563,495	2,118,305	2,340,947
Rentals, leasing and permits	903,703	828,614	1,134,366
Investment income (loss)	11,000	289,585	161,154
Share of loss of investment in government business enterprises	-	(115,318)	(91,025)
Other	1,565,153	1,821,144	2,343,112
	13,345,545	13,948,946	14,175,424
Expenses:			
Band Support	1,032,143	876,591	977,745
Social Assistance	1,242,725	1,399,003	1,116,561
Education	2,479,141	2,076,594	2,080,237
Economic Development	204,410	34,065	133,179
Land Management	829,590	810,495	876,927
Community Infrastructure	2,877,836	3,326,918	3,431,475
Community Property	1,448,989	332,018	278,416
Day Care Operations	1,124,671	986,452	711,600
Social Services	822,274	815,923	1,210,489
Health Services	2,626,356	2,317,760	1,872,310
Library	30,165	8,452	14,398
Employment and Training	88,988	49,343	15,216
CMHC Housing	261,495	309,910	305,933
Rental Housing	233,757	255,102	230,019
Marina	258,912	-	-
M'tigo Min Trust	-	30,419	71,859
	15,561,452	13,629,045	13,326,364
Excess (deficiency) of revenue over expenses	(2,215,907)	319,901	849,060
Accumulated surplus, beginning of year	30,537,024	30,537,024	29,687,964
Accumulated surplus, end of year	\$ 28,321,117	\$ 30,856,925	\$ 30,537,024

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Exhibit C - Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2021	2020
	Budget	Actual	Actual
	(note 13)		
Excess (deficiency) of revenue over expenses	\$ (2,215,907)	\$ 319,901	\$ 849,060
Acquisition of tangible capital assets	(3,242,456)	(3,242,457)	(1,837,006)
Amortization of tangible capital assets	1,449,544	1,449,545	1,321,080
Proceeds from disposal of tangible capital assets	-	-	541,478
	(4,008,819)	(1,473,011)	874,612
Acquisition of prepaid expenses	-	(423,553)	(80,505)
Change in net financial assets	(4,008,819)	(1,896,564)	794,107
Net financial assets, beginning of year	7,387,747	7,387,747	6,593,640
Net financial assets, end of year	\$ 3,378,928	\$ 5,491,183	\$ 7,387,747

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Exhibit D - Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Operating transactions:		
Excess of revenue over expenses	\$ 319,901	\$ 849,060
Adjustment for:		
Amortization of tangible capital assets	1,449,545	1,321,080
Share of loss of investment in government business enterprises	115,318	91,025
	<u>1,884,764</u>	<u>2,261,165</u>
Change in non-cash working capital:		
Increase in accounts receivable	(679,483)	(515,126)
Increase in prepaid expenses	(423,553)	(80,505)
Increase (decrease) in accounts payable and accrued liabilities	2,093,321	(118,154)
Increase in deferred revenue	660,294	600,380
	<u>3,535,343</u>	<u>2,147,760</u>
Capital transactions:		
Acquisition of tangible capital assets	(3,242,456)	(1,725,373)
Proceeds from disposal of tangible capital assets	-	541,478
	<u>(3,242,456)</u>	<u>(1,183,895)</u>
Financing transactions:		
Principal payments on long-term debt	(85,026)	(82,772)
Proceeds on long-term debt	3,760,000	-
Principal payments on obligations under capital leases	(66,533)	(77,725)
	<u>3,608,441</u>	<u>(160,497)</u>
Investing transactions:		
Increase in restricted assets - M'tigo Min Trust	(264,180)	(110,708)
Investment in government business enterprise	(71,894)	(633,978)
Increase in consolidated revenue trust fund	(171)	-
	<u>(336,245)</u>	<u>(744,686)</u>
Net increase in cash	3,565,083	58,682
Cash, beginning of year	5,845,343	5,786,661
Cash, end of year	\$ 9,410,426	\$ 5,845,343
Represented by:		
Cash	\$ 8,891,672	\$ 5,515,639
Restricted cash	518,754	329,704
	<u>\$ 9,410,426</u>	<u>\$ 5,845,343</u>

See accompanying notes to consolidated financial statements.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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, 2021

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, 2021

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:

	2021	2020
Ministry of Education	\$ 1,588,216	\$ 1,212,714
Innovation, Science and Economic Development Canada	1,027,936	1,027,936
Public Services and Procurement Canada	440,499	—
Union of Ontario Indians	414,252	172,829
Indigenous Services Canada	151,254	160,252
Ministry of Health	119,804	167,714
Ministry of Children, Community and Social Services	13,598	213,280
Kinoomaadziwin Education Body	3,192	119,270
Other	458,188	430,366
Band members	1,007,907	985,530
Allowance for doubtful accounts	(1,041,912)	(986,440)
	\$ 4,182,934	\$ 3,503,451

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

3. Restricted cash:

	2021	2020
Robinson Huron Treaty (i)	\$ 287,981	\$ 287,332
First Nations Finance Authority – Debt reserve (ii)	188,032	–
First Nations Finance Authority – Debt reserve (iii)	42,741	42,372
	<hr/> \$ 518,754	<hr/> \$ 329,704

(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 \$188,000 as part of a borrowing agreement with First Nations Finance Authority as described in note 8.

(iii) 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 and its members 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:

2021	Cost	Fair Market Value
Cash	\$ 89,754	\$ 89,754
Marketable securities	3,207,507	3,471,427
	<hr/> \$ 3,297,261	<hr/> \$ 3,561,181

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

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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:

	WHGP	WMGP	WMPGP	Sub-total
Balance, beginning of year	\$ 91	\$ 97	\$ 95	\$ 283
Contributions	—	—	—	—
Share of loss	(12)	(3)	(8)	(23)
Balance, end of year	\$ 79	\$ 94	\$ 87	\$ 260
	Sub-total	WHLPL	2021	2020
Balance, beginning of year	\$ 283	\$ 552,969	\$ 553,252	\$ 10,299
Contributions	—	71,894	71,894	633,978
Share of loss	(23)	(115,295)	(115,318)	(91,025)
Balance, end of year	\$ 260	\$ 509,568	\$ 509,828	\$ 553,252

The following tables provide condensed supplementary financial information of WHLP for the year ended December 31, 2020:

	2020	2019
Financial position:		
Current assets	\$ 59,874	\$ 62,694
Non-current assets	551,382	578,419
Total assets	611,256	641,113
Current liabilities	(81,738)	(80,038)
Partners' equity	\$ 529,518	\$ 561,075

	2020	2019
Results of operations:		
Expenses	\$ (4,520)	\$ (7,346)
Other loss	(98,931)	(75,558)
Net loss	\$ (103,451)	\$ (82,904)

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

6. Deferred revenue:

	2021	2020
Kinoomaadziwin Education Body	\$ 1,523,442	\$ 916,563
Indigenous Services Canada	979,973	739,764
Union of Ontario Indians	263,674	—
Ministry of Health and Long-Term Care	—	203,005
Ministry of Education	—	195,700
Other	199,273	251,036
	\$ 2,966,362	\$ 2,306,068

7. Obligations under capital leases:

	2021	2020
Capital lease obligation, \$2,098 payable monthly principal, interest-free, due April 2023, secured by equipment with net book value of \$108,818 (2020 - \$123,043)	\$ 52,338	\$ 77,470
Capital lease obligation, \$1,253 payable monthly principal, interest-free, due November 2024, secured by vehicle with net book value of \$63,894 (2020 - \$71,411)	55,124	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 \$30,995 (2020 - \$34,641)	24,206	32,927
Capital lease obligation, \$762 payable monthly principal, interest-free, due April 2023, secured by vehicle with net book value of \$34,285 (2020 - \$38,857)	19,049	28,191
Capital lease obligation, \$1,110 payable monthly principal, interest-free, matured September 2020	—	6,660
Capital lease obligation, \$1,851 payable monthly including principal and interest, bearing interest at 4.45%, matured May 2020	—	1,844
	\$ 150,717	\$ 217,250

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

7. Obligations under capital leases (continued):

Future minimum lease payments are as follows:

2022	\$ 59,176
2023	59,176
2024	23,611
2025	10,022
	151,985
Less: interest included in lease payments	(1,268)
 Present value of future minimum lease payments	 \$ 150,717

8. Long-term debt:

	2021	2020
<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	\$ 315,579	\$ 336,528
Mortgage payable, \$3,201 monthly including principal and interest, bearing interest at 2.49% per annum, due May 2023	243,972	275,927
<u>First Nations Finance Authority (i):</u>		
Promissory note payable for interim financing, monthly interest-only payments at 2.40% per annum (ii)	3,760,000	—
Promissory note payable, \$4,191 monthly including principal and interest, bearing interest at 2.985% per annum, due June 2024	579,911	612,033
	 \$ 4,899,462	 \$ 1,224,488

(i) Each of the promissory notes payable to First Nation Finance Authority are secured by an assignment of distributions from the Ontario First Nations Limited Partnership.

(ii) The principal repayment on the promissory note payable to First Nation Finance Authority for interim financing is due the earlier of: (a) five years from the first principal draw down on February 10, 2021; (b) the date of completion of the purposes of the borrowing, being the construction of a Community Gathering Centre and the expansion of the Health Centre; and (c) the date upon which First Nation Finance Authority issues debt securities to replace the interim financing.

As of the date of the financial statements, neither the completion of the purposes of the borrowing or the issuance of the debt securities has occurred.

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

8. Long-term debt (continued):

Principal payments due are as follows:

2022	\$ 81,898
2023	83,084
2024	84,298
2025	84,656
2026	3,846,792
Thereafter	718,734
	<hr/>
	\$ 4,899,462

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Notes to Consolidated Financial Statements

Year ended March 31, 2021

9. Tangible capital assets:

Cost	2020	Additions	Disposals/ Transfers	2021
Land	\$ 1	\$ -	\$ -	\$ 1
Buildings and land improvements	8,126,287	74,705	-	8,200,992
Equipment	3,365,089	107,333	-	3,472,422
Vehicles	1,901,141	127,825	-	2,028,966
Roads	1,668,260	-	-	1,668,260
Water systems	16,755,837	69,309	-	16,825,146
Housing	10,491,565	-	-	10,491,565
Assets under construction	96,672	2,863,285	-	2,959,957
Total	\$ 42,404,852	\$ 3,242,457	\$ -	\$ 45,647,309

Accumulated Amortization	2020	Disposals	Amortization expense	2021
Buildings and land improvements	\$ 2,964,007	\$ -	\$ 163,618	\$ 3,127,625
Equipment	1,101,769	-	182,274	1,284,043
Vehicles	965,105	-	130,002	1,095,107
Roads	1,030,770	-	41,591	1,072,361
Water systems	5,713,120	-	671,619	6,384,739
Housing	7,588,811	-	260,441	7,849,252
Total	\$ 19,363,582	\$ -	\$ 1,449,545	\$ 20,813,127

	Net book value 2020	Net book value 2021
Land	\$ 1	\$ 1
Buildings and land improvements	5,162,280	5,073,367
Equipment	2,263,320	2,188,379
Vehicles	936,036	933,859
Roads	637,490	595,899
Water systems	11,042,717	10,440,407
Housing	2,902,754	2,642,313
Assets under construction	96,672	2,959,957
Total	\$ 23,041,270	\$ 24,834,182

Equipment includes items acquired under capital lease with a net book value of \$108,818. Vehicles includes items acquired under capital lease with a net book value of \$129,174.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

9. Tangible capital assets (continued):

Cost	2019	Additions	Disposals/ Transfers	2020
Land	\$ 1	\$ -	\$ -	\$ 1
Buildings and land improvements	7,630,241	430,142	65,904	8,126,287
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	(2,433,232)	96,672
Total	\$ 41,393,579	\$ 1,837,006	\$ (825,733)	\$ 42,404,852
<hr/>				
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
<hr/>				
Net book value	2019		Net book value	2020
Land	\$ 1		\$ 1	
Buildings and land improvements	4,788,121		5,162,280	
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		96,672	
Total	\$ 23,066,822		\$ 23,041,270	

Equipment includes items acquired under capital lease with a net book value of \$182,391. Vehicles includes items acquired under capital lease with a net book value of \$179,541.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

10. Contingent liabilities:

- (a) The First Nation has guaranteed loans to various chartered banks on behalf of First Nation members totaling \$113,991 (2020 - \$631,602).
- (b) Under an agreement with Royal Bank of Canada ("RBC"), the First Nation may guarantee a maximum of \$3,750,000 of mortgages owing to RBC on behalf of First Nation members. As of March 31, 2021, the total balance guaranteed by the First Nation is \$2,208,492 (2020 - \$2,178,202).
- (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 (2020 - \$282,750). As of March 31, 2021, its proportional outstanding loan balance as part of the Trust is \$281,821 (2020 - \$281,821).

11. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 19,784,003	\$ 21,599,532
Ontario First Nations Limited Partnership	3,344,358	3,753,168
Operations	2,028,851	337,725
Consolidated revenue trust	14,842	14,671
CMHC Housing operations	(397,390)	(362,925)
	24,774,664	25,342,171
 M'tigo Min Trust	 3,097,568	 2,863,092
Committed reserves	2,433,414	1,706,314
Investment in government business enterprises	509,828	553,252
Housing replacement reserves	41,451	72,195
	\$ 30,856,925	\$ 30,537,024

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

12. Indigenous Services Canada revenue:

ISC revenue is comprised of the following:

Funding per confirmation	\$ 4,714,842
Add: opening deferred revenue	739,764
Add: prior approval Medical Transportation funding	36,402
Less: ending deferred revenue	(979,973)
Less: set funding surplus repayable	(38,862)
 <u>Revenue per consolidated financial statements</u>	 <u>\$ 4,472,173</u>

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	\$ 17,505,922
Less:	
Capital acquisitions	(3,242,456)
Principal payments on long-term debt	(85,026)
Principal payments on obligations under capital leases	(66,533)
	<hr/>
	(3,394,015)
Add:	
Amortization of tangible capital assets	1,449,545
 <u>Expense budget per consolidated financial statements</u>	 <u>\$ 15,561,452</u>

14. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

15. Comparative information:

Certain 2021 comparative information have been reclassified where necessary to conform with the presentation adopted in 2020.

16. 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 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.

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.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

16. Segmented information (continued):

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.

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021, with comparative information for 2020

16. Segmented information (continued):

		Band Support	Community Infrastructure	Economic Development	Health	Education	Community Property	Social Services	Housing	Other	2021 Total
Revenue:											
Revenue	\$ 1,897,582	2,053,541	196,071	2,555,940	1,998,549	666,510	3,272,768	243,966	1,064,019	13,948,946	
Expenses:											
Salaries, benefits and honoraria	1,010,721	821,584	32,659	1,195,770	898,856	49,921	1,294,390	93,529	3,200	5,400,630	
Travel and training	54,817	1,572	160	48,848	69,961	-	22,253	-	-	195,611	
Interest on long-term debt	5,575	13,761	-	-	-	-	-	-	-	31,198	
Contractual and professional fees	339,966	542,952	21,200	150,933	26,141	2,545,576	13,948	4,200	22,210	3,667,126	
Materials, supplies and rentals	529,504	1,171,935	13,439	572,405	239,020	420,686	742,128	142,269	-	3,831,386	
Tuition and student allowances	-	-	-	-	753,673	-	-	-	-	753,673	
Other	340,655	153,247	15,950	349,804	60,998	19,000	1,137,108	52,711	5,012	2,134,485	
Administration chargebacks	(594,152)	-	-	-	-	27,945	-	-	-	(594,152)	
Amortization of tangible capital assets	-	1,161,158	-	-	-	-	-	260,441	-	1,449,544	
Investment in tangible capital assets	-	(539,291)	-	-	-	(2,703,165)	-	-	-	(3,242,456)	
	1,687,086	3,326,918	83,408	2,317,760	2,076,594	332,018	3,209,827	565,012	30,422	13,629,045	
Excess (deficiency) of revenue over expenses	\$ 210,496	(1,273,377)	112,663	238,180	(78,045)	334,492	62,941	(321,046)	1,033,597	319,901	

WASAUKSING FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021, with comparative information for 2020

16. Segmented information (continued):

		Band Support	Community Infrastructure	Economic Development	Health	Education	Community Property	Social Services	Housing	Other	2020 Total
Revenue:											
Revenue	\$ 2,201,085	2,825,657	155,627	1,845,786	2,220,482	540,707	3,137,546	261,099	987,435	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	1,047,581	84,634	90,381	53,103	223,656	205,020	4,200	9,709	2,026,509	
Materials, supplies and rentals	364,648	1,198,026	11,047	309,787	316,413	391,417	799,141	177,907	-	3,568,386	
Tuition and student allowances	-	-	-	-	835,863	-	-	-	-	835,863	
Other	643,812	149,065	15,967	273,650	24,571	3,675	749,870	690	56,779	1,918,079	
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)	(865,857)	-	-	(207,800)	(422,425)	(115,269)	-	-	(1,725,373)	
	1,854,672	3,431,475	148,395	1,872,310	2,080,237	278,416	3,053,048	535,952	71,859	13,326,364	
Excess (deficiency) of revenue over expenses	\$ 346,413	(605,818)	7,232	(26,524)	140,245	262,291	84,498	(274,853)	915,576	849,060	