

RECEIVED
SEP 08 2015
AANDC TBAY

**WABASEEMOONG INDEPENDENT NATIONS
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2015**

WABASEEMOONG INDEPENDENT NATIONS

March 31, 2015

Page

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2
Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flow	8
Notes to the Consolidated Financial Statements	9

WABASEEMOONG INDEPENDENT NATIONS

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

The accompanying consolidated financial statements of Wabaseemoong Independent Nations are the responsibility of management and have been approved by Chief and Council.

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

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

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

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

The external auditors, BDK and Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Wabaseemoong Independent Nations and meet when required.

 Chief

 Councillor

September 3, 2015 Date



INDEPENDENT AUDITORS' REPORT

**To the Chief and Council of
WABASEEMOONG INDEPENDENT NATIONS**

We have audited the accompanying financial statements of Wabaseemoong Independent Nations, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, consolidated statement of changes in net debt, and consolidated statement of cash flow 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.

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (continued)

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

Basis for Qualified Opinion

As disclosed in Note 14, the First Nation has not recorded interest payable to the Government of Canada in the amount of \$12,400,000. If this interest payable had been recorded, long term debt would have been increased and accumulated surplus would have been decreased by this amount, and interest expense would have been increased by \$1,800,000 for the year.

Included in accounts payable and accrued liabilities is a balance payable to WSIB in the amount of \$646,070. We have been unable to satisfy ourselves as to the correctness of this balance as the account has not been current for a number of years and therefore the ultimate amount needed to settle the account is unknown. Accordingly, we have been unable to determine whether any adjustments might be necessary to accounts payable and accrued liabilities and to wages and benefits expense.

Included in accounts payable and accrued liabilities is a balance payable to Hydro One in the amount of \$5,736,537. We have been unable to satisfy ourselves as to the correctness of this balance as the amounts in question are part of ongoing negotiations with Hydro One and therefore the ultimate amount needed to settle the account is unknown. Accordingly, we have been unable to determine whether any adjustments might be necessary to accounts payable and accrued liabilities and to utilities expense.

Accounts receivable include \$4,815,309 due from Hydro One relating to payments-in-lieu and lease agreements with the First Nation. These draft agreements have not been executed as of the date of this audit report. Should these agreements not be executed, provisions favourable to the First Nation could be rescinded by Hydro One resulting in a material reduction in the receivable balance and revenue recognized in these financial statements, which is \$658,418 for the year.

Loans to related parties includes \$500,000 due from Wincrief Forestry Products Limited Partnership ("Wincrief"). During the year, Wincrief filed for bankruptcy protection as described in Note 17, and security on the loan was inadequate. As a result, the ultimate amount that will be collected under this loan is unknown. Accordingly, we have been unable to determine whether any adjustments might be necessary to the balance of loans to related parties.

Note 7 provides information about the First Nation's investment in government business enterprises. Section 3070, Investments in Government Business Enterprises, of the Public Sector Accounting Board Handbook requires that the First Nation disclose condensed supplementary financial information relative to government business enterprises. The First Nation has been unable to obtain financial information for Wincrief Forestry Products Limited Partnership as at and for the year ended March 31, 2015, or for Lake of the Woods Forest Products LP as at and for the year ended January 31, 2015, and as a result has not disclosed the required supplementary financial information.



INDEPENDENT AUDITORS' REPORT (continued)

The Summary of Significant Accounting Policies describes the capitalization policy with respect to the First Nation's tangible capital assets. The First Nation has not fully adopted the recommendations of Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook. Although the First Nation has recognized certain tangible capital assets and amortization as of the date these financial statements, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of its major classes of tangible capital assets. Accordingly, we are unable to determine whether any adjustments might be necessary to tangible capital assets, amortization expense, and accumulated surplus.

As is common for public sector entities with education operations, the First Nation school operates a bank account for fundraising purposes, the completeness of which is not susceptible to satisfactory audit verification. The activity of this account has not been recorded in these financial statements. Accordingly, we have been unable to determine what adjustments might be necessary to revenues and expenses to properly record all fundraising activity for the year.

Section 1200, Financial Statement Presentation, of the Public Sector Accounting Board Handbook requires the disclosure of budget information. The First Nation has not prepared or approved consolidated budgets for the year ended March 31, 2015. As a result, budget information is not presented in these financial statements.

Qualified Opinion

In our opinion, except for the matters as described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Wabaseemoong Independent Nations as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

BDK and Company



Chartered Professional Accountants
Licensed Public Accountants
Thunder Bay, Ontario
September 3, 2015

WABASEEMOONG INDEPENDENT NATIONS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2015	2014
		Restated - Note 10
FINANCIAL ASSETS		
Cash and bank (note 3)	\$ 174,569	\$ 304,613
Accounts receivable (note 4)	5,216,138	5,632,423
Loans to related parties (note 17)	500,000	500,000
Trust funds held by Federal Government (note 5)	77,561	75,426
	5,968,268	6,512,462
LIABILITIES		
Bank indebtedness (note 3)		60,000
Accounts payable and accrued liabilities (note 8)	7,752,619	8,115,202
Deferred revenue (note 9)	1,315,483	744,736
Long term debt (note 11)	3,332,187	3,448,164
	12,400,289	12,368,102
NET DEBT	(6,432,021)	(5,855,640)
NON-FINANCIAL ASSETS		
Construction in progress (note 6)	-	3,516,022
Tangible capital assets (note 19)	28,158,034	26,648,888
	28,158,034	30,164,910
ACCUMULATED SURPLUS	\$ 21,726,013	\$ 24,309,270

Contingencies and commitments (note 14)

Approved by:


 Chief

 Councillor

The accompanying notes are an integral part of these financial statements.

WABASEEMOONG INDEPENDENT NATIONS

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31	2015 Actual	2014 Actual
		Restated - Note 10
REVENUE		
Federal government transfers (note 16)	\$ 8,640,889	\$ 11,145,755
Provincial government transfers (note 16)	3,798,537	4,216,040
Ontario First Nations Limited Partnership	928,740	913,443
Other	1,763,587	1,670,115
Trust distributions	459,466	134,000
From prior year deferred revenue	744,736	461,499
Revenue deferred to subsequent year	(1,315,482)	(744,736)
Interest on Trust Funds	2,135	2,031
Less: surplus repayable	(2,500)	(182,464)
TOTAL REVENUE	15,020,108	17,615,683
EXPENSE		
Administration	4,754,441	4,934,488
Community infrastructure	1,029,769	905,603
Economic development	170,311	259,259
Education and training	3,884,854	4,047,835
Community services	2,550,933	2,489,630
Health	1,427,320	1,190,473
Major projects	754,675	1,186,243
Social services	2,825,078	2,867,339
TOTAL EXPENSE	17,397,381	17,880,870
TOTAL REVENUE LESS TOTAL EXPENSE	(2,377,273)	(265,187)
<u>PRIOR YEARS' RECOVERIES/PAYMENTS</u>	<u>(205,984)</u>	<u>(53,566)</u>
ANNUAL SURPLUS (DEFICIT)	(2,583,257)	(318,753)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	24,309,270	24,628,023
ACCUMULATED SURPLUS, END OF YEAR	\$ 21,726,013	\$ 24,309,270

The accompanying notes are an integral part of these financial statements.

WABASEEMOONG INDEPENDENT NATIONS
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the year ended March 31	2015 Actual	2014 Actual
		Restated - Note 10
ANNUAL SURPLUS (DEFICIT)	\$ (2,583,257)	\$ (318,753)
Acquisition of tangible capital assets	(1,314,470)	(3,725,998)
Amortization of tangible capital assets	3,321,346	3,429,800
CHANGES IN NET DEBT	(576,381)	(614,951)
NET DEBT - BEGINNING OF YEAR	(5,855,640)	(5,240,689)
NET DEBT - END OF YEAR	\$ (6,432,021)	\$ (5,855,640)

The accompanying notes are an integral part of these financial statements.

WABASEEMOONG INDEPENDENT NATIONS

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended March 31	2015	2014
		Restated - Note 10
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (2,583,257)	\$ (318,753)
Add back items not requiring a payment of cash:		
Amortization	3,321,346	3,429,800
	738,089	3,111,047
Changes in non-cash working capital items:		
Increase (decrease) in deferred revenue	570,747	283,237
Decrease (increase) in accounts receivable	416,285	(958,029)
Decrease (increase) in trust funds held by Federal Government	(2,135)	(2,031)
Increase (decrease) in accounts payable	(362,583)	1,392,305
CASH PROVIDED (USED) BY OPERATIONS	1,360,403	3,826,529
INVESTING ACTIVITIES		
Loans made to related parties	-	(500,000)
Purchase of tangible capital assets / construction in progress	(1,314,470)	(3,725,998)
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(1,314,470)	(4,225,998)
FINANCING ACTIVITIES		
Proceeds of long-term debt	-	500,000
Repayment of long-term debt	(115,977)	(85,208)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(115,977)	414,792
INCREASE (DECREASE) IN CASH	(70,044)	15,323
CASH - BEGINNING OF YEAR	244,613	229,290
CASH END OF YEAR	\$ 174,569	\$ 244,613
CASH CONSISTS OF:		
Cash and bank	\$ 174,569	304,613
Bank indebtedness	-	(60,000)
	\$ 174,569	244,613

SUPPLEMENTARY INFORMATION:

During the year tangible capital assets / construction in progress totaling \$1,314,470 (2014 - \$3,275,998) were purchased with cash.

The accompanying notes are an integral part of these financial statements.

WABASEEMOONG INDEPENDENT NATIONS**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2015

GENERAL

Wabaseemoong Independent Nations (the "First Nation") is a recognized First Nation under the Indian Act. The First Nation is located near of Kenora, Ontario. It conducts its operations guided by the provisions of the federal and provincial statutes.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the First Nation are as follows:

a) Basis of Consolidation

The Wabaseemoong Independent Nations reporting entity includes the Wabaseemoong Independent Nations government and all related entities that are controlled by the First Nation.

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation. Under the modified equity method of accounting, only Wabaseemoong Independent Nations' investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Wabaseemoong Independent Nations.

There are no other organizations consolidated into Wabaseemoong Independent Nations' financial statements. Organizations accounted for on a modified equity basis include Wincrief Forestry Products Limited Partnership, of which the First Nation owns 51%, and Lake of the Woods Forest Products LP, of which the First Nation owns 25.495% (see note 7).

The members of the First Nation are beneficiaries of various trusts which are not included in these consolidated financial statements as they are not under the control of Chief and Council.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

c) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Tangible Capital Assets (continued)

For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendations. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of these financial statements, the First Nation is in the process of gathering the necessary information to be in a position to recognize and disclose a complete inventory of all of its major classes of tangible capital assets.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the First Nation's incremental cost of borrowing.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Amortization is provided for on a straight-line basis over the expected useful life of the assets, as follows:

Furniture and Equipment	4 years
Houses and Buildings	10 years
Roads	20 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

CMHC housing was to be amortized at the same rate as the repayment of the long-term debt. As described in Note 11, none of the debt has been repaid as of yet and as such no amortization has been recorded. The First Nation expects to amend this policy and retroactively restate the amortized balance when it completes the process of properly recording all of its major classes of tangible capital assets as described above.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Items requiring the use of significant estimates include the following:

Accounts and loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are estimated based on historical charges for unbilled goods and services at year end.

Deferred revenue is estimated based on management's review of revenue received, but unspent at year end.

Tangible capital assets are stated at historical cost less accumulated amortization using amortization rates based on the estimated useful lives of the tangible capital asset. The actual fair value of the tangible capital asset may differ significantly from the current carrying value.

As discussed in Note 17, during the fiscal year, a creditor of the First Nation filed for bankruptcy protection. The First Nation is commencing legal action in an attempt to recover the value of the loan, but the ultimate outcome of this action is not determinable at this time.

A portion of the accumulated surplus may include surpluses and/or deficits contributed by government agencies. Such surpluses/deficits may be subject to recovery by the contributing agencies depending on the terms and conditions of the relevant contribution agreements.

Certain expenses which pertain to the operations as a whole have been allocated to various projects at the discretion of Chief and Council.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

2. BUDGETED FIGURES

Unaudited budgeted figures for comparison purposes have not been provided by management.

3. CASH AND BANK / BANK INDEBTEDNESS

The bank balance and bank indebtedness reported on the Consolidated Statement of Financial Position is comprised of the following accounts:

	2015	2014
<u>Royal Bank of Canada</u>		
Administration	\$ 17,216	\$ (507,083)
Social Services	3,311	(27,030)
Casino	70,703	5,170
Water Treatment Project	-	250,599
Multi-Purpose Facility Project	804	15,280
Construction Account	74,392	561,529
Health Account	-	84
Christmas Fund	2,515	436
<u>Copperfin Credit Union</u>		
Administration	5,628	5,628
	<u>\$ 174,569</u>	<u>\$ 304,613</u>
 Bank Indebtedness - Royal Bank of Canada	 \$ -	 \$ 60,000

The bank indebtedness consists of a demand revolving line of credit to a maximum amount of \$250,000, and carries interest payable monthly at an annual rate of Prime plus 2.0% (5.0% at March 31, 2015).

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

4. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 115,594	\$ 966,375
Health Canada	110,682	298,286
Ministry of Community and Social Services	28,559	24,595
Ministry of Health and Long-Term Care	-	4,816
Ministry of Education	-	29,686
Ministry of Aboriginal Affairs	-	63,976
Shooniya Wa Blitong	66,967	26,643
Hydro One Networks	4,815,309	4,156,890
Kenora Chiefs Advisory	1,383	21,657
Independent First Nations	16,378	17,718
Band Member Advances	91,790	39,065
Other	14,533	21,781
	<u>5,261,195</u>	<u>5,671,488</u>
Less: Allowance for Doubtful Accounts	<u>(45,057)</u>	<u>(39,065)</u>
	<u>\$ 5,216,138</u>	<u>\$ 5,632,423</u>

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2015	2014
<u>Capital Account</u>		
Balance, beginning and end of year	\$ 25,165	\$ 25,165
<u>Revenue Account</u>		
Balance, beginning of year	50,261	48,230
Withdrawals	-	-
Interest earned	2,135	2,031
Balance, end of year	<u>52,396</u>	<u>50,261</u>
	<u>\$ 77,561</u>	<u>\$ 75,426</u>

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

6. CONSTRUCTION IN PROGRESS

The balance of construction in progress represents costs to construct tangible capital assets that are not yet available to be put into service. When the asset is ready to be put into service, these costs are transferred to tangible capital assets.

	2015	2014
Health facility project	\$ -	\$ 3,516,022
Balance, end of year	\$ -	\$ 3,516,022

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The commercial government business enterprises that are included in the First Nation reporting entity, as described in note 1 a) to these financial statements, include Wincrief Forestry Products Limited Partnership (Wincrief") and Lake of the Woods Forest Products LP ("LOTWFP").

Wincrief Forestry Products Limited Partnership is engaged in the operation of building modular homes, logging, wood chipping, and road maintenance.

During the year ended March 31, 2015, the First Nation had no transactions with Wincrief. At March 31, 2015, the First Nation owed \$43,199 to Wincrief, which is included in accounts payable and accrued liabilities in these financial statements.

The audited financial statements of Wincrief for the year ended March 31, 2015 were not available at the time of approval of these financial statements. The audited financial statements of Wincrief for the year ended March 31, 2012 contained a note regarding going concern. During the year ended March 31, 2014, Wincrief filed for bankruptcy protection.

Due to the losses of Wincrief since the time of the First Nation's investment, the value of the investment in Wincrief under the modified equity method is \$nil.

Lake of the Woods Forest Products LP is engaged in pole peeling and the operation of a sawmill. During the year ended March 31, 2015, the First Nation had no transactions with LOTWFP. At March 31, 2015, the First Nation had no balances owing to or from LOTWFP.

The audited financial statements of LOTWFP for the period ended January 31, 2015 were not available at the time of approval of these financial statements.

Due to the fact that the First Nation did not invest any assets into LOTWFP, the value of the investment in LOTWFP under the modified equity method is \$nil.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables and accrued liabilities	\$ 774,655	\$ 1,815,281
Payable to Hydro One	5,736,537	5,119,666
Due to provincial funding agencies	305,703	305,703
Due to federal funding agencies	156,263	156,263
Payable to WSIB	646,070	532,523
Accrued salaries and employee benefits	133,391	185,766
	<u>\$ 7,752,619</u>	<u>\$ 8,115,202</u>

9. DEFERRED REVENUE

	Balance 2014	Revenue Recognized	Revenue Deferred	Balance 2015
AANDC				
- Minor Capital	\$ 388,924	\$ (388,924)	\$ 504,828	\$ 504,828
- Student Transportation	6,353	(6,353)	8,569	8,569
- Guidance	24,870	(24,870)	-	-
- Welfare Administration	324,589	(324,589)	513,932	513,932
Ministry of Education				
- Daycare	-	-	129,540	129,540
Health Canada				
- Health Facility Project	-	-	158,613	158,613
	<u>\$ 744,736</u>	<u>\$ (744,736)</u>	<u>\$ 1,315,482</u>	<u>\$ 1,315,482</u>

10. COMPARATIVE FIGURES / RESTATEMENT OF PRIOR YEAR

Certain comparative figures for the previous year have been restated and reclassified to conform to the current year's presentation. Also, in the previous year, due to a clerical error, the balance of accrued wages and benefits was overstated. This error has been corrected on a retroactive basis in these financial statements. As a result of this correction, the 2014 balance of accounts payable and accrued liabilities has been decreased by \$166,934, Administration expenses have been decreased by \$17,356, Community Infrastructure expenses have been decreased by \$9,524, Economic Development expenses have been decreased by \$6,754, Education and Training expenses have been decreased by \$66,246, Community Services expenses have been decreased by \$24,752, Health expenses have been decreased by \$20,748, Major Projects expenses have been decreased by \$12,962, and Social Services expenses have been decreased by \$8,592.

11. LONG TERM DEBT

	2015	2014
Royal Bank of Canada	\$ 810,265	\$ 899,382
Government of Canada	2,048,782	2,048,782
The Toronto Dominion Bank	473,140	500,000
	<u>\$ 3,332,187</u>	<u>\$ 3,448,164</u>

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

11. LONG TERM DEBT (continued)

The balance of \$810,265 due to the Royal Bank of Canada is repayable at \$10,650 per month including interest at a rate of 4.5%. The loan matures on January 4, 2016, and is secured by assignment of no less than \$10,650 per month or \$128,000 per year of Ontario First Nations Limited Partnership funding.

The balance of \$2,048,782 due to the Government of Canada is due as a result of the First Nation defaulting on mortgages under the CMHC housing program, for which the Government of Canada had guaranteed. This balance represents principal only. There are currently no set terms of repayment. See Note 14 regarding the uncertainty surrounding the ultimate amount payable under this debt obligation as the Government of Canada is accruing interest on the balance at a rate of approximately 13% annually.

The balance of \$500,000 due to The Toronto Dominion Bank is repayable at \$3,453.08 per month including interest at a floating rate of TD Prime (2.85% at March 31, 2015). The loan matures on March 3, 2019. The First Nation provided no security for the loan as all security was provided by the Wabaseemoong 2011 Trust, an entity not under the control of the First Nation.

The aggregate amount of principal repayment over the next 5 years, assuming renewal of the Royal Bank of Canada loan on similar terms and assuming no repayment terms are agreed on the Government of Canada loan, is as follows:

2016	120,853
2017	125,976
2018	131,321
2019	136,899
2020	142,718
Thereafter	2,674,420
	<u>3,332,187</u>

12. PENSION PLAN

The First Nation provides a defined contribution plan for eligible members of its staff. Pension benefits are determined by the performance of the sponsor's and employee's contributions. Contributions are split 50/50 between the employee and the First Nation. Actuarial valuations are normally not required as the pension obligation equals the net assets available for benefits. The First Nation contributed \$144,827 (2014: \$108,398) during the year for pension benefits.

13. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada, Ministry of Community and Social Services, and Health Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on these sources of revenue.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

14. CONTINGENCIES AND COMMITMENTS

The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, the First Nation may become involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the First Nation's financial statements.

As discussed in Note 11, there is an amount owing to the Government of Canada. Interest on this balance has been accrued by the Government in excess of \$12.4 million. Such interest has not been accrued in these financial statements as the First Nation expects the interest to be forgiven by the Government.

See also Note 17 regarding loans to related parties.

15. UPCOMING ACCOUNTING PRONOUNCEMENTS

The Public Sector Accounting Board has various projects underway that have the potential to impact the financial reporting of the First Nation. At this time, the First Nation has not identified any specific changes as a result of upcoming accounting pronouncements.

16. GOVERNMENT TRANSFERS

	Operating	Capital	Total 2015
Federal			
AANDC	\$ 5,396,171	\$ 564,895	\$ 5,961,066
Health Canada	1,220,860	1,458,963	2,679,823
	<u>6,617,031</u>	<u>2,023,858</u>	<u>8,640,889</u>
Provincial			
Ministry of Community and Social Services	2,846,527	-	2,846,527
Ministry of Health and Long Term Care	211,794	-	211,794
Ministry of Correctional Services	38,501	-	38,501
Ministry of Education	667,965	-	667,965
Ministry of Tourism, Culture, and Sport	33,750	-	33,750
	<u>\$ 10,415,568</u>	<u>\$ 2,023,858</u>	<u>\$ 12,439,426</u>

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

March 31, 2015

16. GOVERNMENT TRANSFERS (continued)

	Operating	Capital	Total 2014
Federal			
AANDC	\$ 5,590,193	\$ 1,057,632	\$ 6,647,825
Health Canada	1,278,078	3,219,852	4,497,930
	6,868,271	4,277,484	11,145,755
Provincial			
Ministry of Aboriginal Affairs	128,651	-	128,651
Ministry of Natural Resources	30,000	-	30,000
Ministry of Community and Social Services	3,003,953	-	3,003,953
Ministry of Health and Long Term Care	212,750	-	212,750
Northern Ontario Heritage Fund Corporation	-	100,085	100,085
Ministry of Correctional Services	38,501	-	38,501
Ministry of Education	657,100	-	657,100
Ministry of Tourism, Culture, and Sport	45,000	-	45,000
	\$ 10,984,226	\$ 4,377,569	\$ 15,361,795

17. LOANS TO RELATED PARTIES

During the previous year, the First Nation made a loan to Wincrief, a company that the First Nation holds an interest in as discussed in Note 1 and Note 7. The loan was made in the amount of \$500,000 at a floating rate of TD prime (2.85% at March 31, 2015) and an amortization period of 180 months. The loan is repayable in monthly installments of \$3,453.08 including interest. No payments have been made on the loan as at March 31, 2015.

During the year, Wincrief filed for bankruptcy protection. Specific equipment was listed as security for the loan, but the security has been determined to be inadequate. As a result, the First Nation is commencing legal action in an attempt to recover the value of the loan. The ultimate outcome of this action is not determinable at this time.

18. EXPENSES BY OBJECT

Expenses by object can be found in Note 20, Segmented Information.

WABASEEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. TANGIBLE CAPITAL ASSETS

as at March 31, 2015	Cost - Beginning of Year	Additions During the Year	Cost - End of Year	Accumulated Amortization - Beginning of Year	Amortization During the Year	Accumulated Amortization - End of Year	2015 Net Book Value
CMHC Housing - Phase 1 (Note 1 e)	\$ 744,456	\$ -	\$ 744,456	\$ -	\$ -	\$ -	\$ 744,456
CMHC Housing - Phase 2 (Note 1 e)	1,449,831	-	1,449,831	-	-	-	1,449,831
Equipment	3,097,906	18,886	3,116,792	3,075,345	12,242	3,087,587	29,205
Heavy Equipment	1,204,099	-	1,204,099	1,204,099	-	1,204,099	-
Houses and buildings	17,641,336	-	17,641,336	15,606,308	401,257	16,007,565	1,633,771
Parkway Improvements	250,000	-	250,000	250,000	-	250,000	-
School (2012)	25,082,307	-	25,082,307	7,467,594	2,508,231	9,975,825	15,106,482
Roads (2012)	2,964,381	-	2,964,381	444,657	148,219	592,876	2,371,505
Multi-purpose facility (2014)	2,513,971	-	2,513,971	251,397	251,397	502,794	2,011,177
Health Centre (2015)	-	4,811,606	4,811,606	-	-	-	4,811,606
Prior to April 1, 1996 (Note 1 e)	7,655,300	-	7,655,300	7,655,299	-	7,655,299	1
	\$ 62,603,587	\$ 4,830,492	\$ 67,434,079	\$ 35,954,699	\$ 3,321,346	\$ 39,276,045	\$ 28,158,034

as at March 31, 2014	Cost - Beginning of Year	Additions During the Year	Cost - End of Year	Accumulated Amortization - Beginning of Year	Amortization During the Year	Accumulated Amortization - End of Year	2014 Net Book Value
CMHC Housing - Phase 1 (Note 1 e)	\$ 744,456	\$ -	\$ 744,456	\$ -	\$ -	\$ -	\$ 744,456
CMHC Housing - Phase 2 (Note 1 e)	1,449,831	-	1,449,831	-	-	-	1,449,831
Equipment	3,067,824	30,082	3,097,906	3,004,647	70,698	3,075,345	22,561
Heavy Equipment	1,204,099	-	1,204,099	1,154,101	49,998	1,204,099	-
Houses and buildings	17,641,336	-	17,641,336	15,205,051	401,257	15,606,308	2,035,028
Parkway Improvements	250,000	-	250,000	250,000	-	250,000	-
School (2012)	24,966,464	115,843	25,082,307	4,959,363	2,508,231	7,467,594	17,614,713
Roads (2012)	2,964,381	-	2,964,381	296,438	148,219	444,657	2,519,724
Multi-purpose facility (2014)	-	2,513,971	2,513,971	-	251,397	251,397	2,262,574
Prior to April 1, 1996 (Note 1 e)	7,655,300	-	7,655,300	7,655,299	-	7,655,299	1
	\$ 59,943,691	\$ 2,659,896	\$ 62,603,587	\$ 32,524,899	\$ 3,429,800	\$ 35,954,699	\$ 26,648,888

20. SEGMENTED INFORMATION

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. The activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed.

Administration

Administration contains activities that are needed to run the First Nation organization.

Community Infrastructure

Community Infrastructure contains activities that provide infrastructure to the community such as road maintenance, sewer and water, and community buildings, etc.

Economic Development

Economic Development contains all the activities that provide economic development for the community.

Education and Training

Education and Training contains activities that provide education to band members for primary and secondary schooling, and sponsorship to attend post secondary institutions, as well as other short term training initiatives.

Community Services

Community Services contains activities that provide a benefit to the community.

Health

Health contains activities that provide health and medical services to band members.

Major Projects

Major Projects contains capital and renovation activities for which a specific project has been set up and separately monitored.

Social Services

Social Services contains activities that provide financial support or support by other means to band members that are aimed at developing both the individual as well as the community.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the years ending March 31, 2015 and March 31, 2014 are presented in the following tables.

Reconciliation of the segmented information to the consolidated statement of operations is as follows:

	2015	2014
Deficit per segmented information	\$ (2,377,273)	\$ (265,187)
Prior years' recoveries/payments	(205,964)	(53,566)
Deficit per consolidated statement of operations	\$ (2,583,257)	\$ (318,753)

WABASEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. SEGMENTED INFORMATION (continued)

For the year ended March 31	Administration	Community Infrastructure	Economic Development	Education and Training	Community Services	Health	Major Projects	Social Services	2015 Total
Revenue									
Deferred revenue, opening	\$	\$	\$	\$	\$	\$	\$	\$	\$
Federal	554,851	583,574	72,300	3,347,331	468,406	930,554	2,117,523	566,350	8,640,889
Provincial	31,250	-	-	-	1,204,711	101,960	-	2,458,116	3,796,037
OFNLP	928,740	-	-	-	-	-	-	-	928,740
Other	1,065,428	156,363	75,366	240,335	607,978	79,718	-	-	2,225,188
Deferred revenue, closing	-	-	-	(8,569)	(129,540)	-	(663,441)	(513,932)	(1,315,482)
	2,580,269	739,937	147,666	3,610,320	2,151,555	1,112,232	1,843,006	2,835,123	15,020,108
Expenses									
Administration fees	2,250	-	6,500	-	60,160	29,250	-	42,000	140,160
Bad Debt expense (recovery)	5,993	-	-	-	-	-	-	-	5,993
Bank charges and interest	32,966	-	-	-	-	-	-	14,465	47,431
Donations	-	-	-	500	394,839	-	-	-	395,339
Honorarium	2,650	-	-	-	-	-	-	-	2,650
Insurance	82,737	26,250	-	67,500	7,500	7,500	18,750	6,000	216,237
Interest on long term debt	38,038	-	-	-	14,577	-	-	-	52,615
Materials and supplies	224,221	214,914	28,942	262,633	493,767	252,279	204,635	201,820	1,883,211
Professional fees	138,777	-	-	1,650	-	-	-	6,000	146,427
Rent	1,500	3,005	9,000	-	30,000	27,000	-	51,256	121,761
Amortization	3,321,346	-	-	-	-	-	-	-	3,321,346
Training	9,190	10,969	-	27,669	32,461	11,144	-	42,533	133,966
Travel	186,248	15,797	7,407	33,485	49,125	118,641	2,338	31,485	444,526
External transfers	2,500	-	-	405,975	373,697	-	-	1,829,432	2,611,604
Utilities, hydro, telephone	28,746	365,203	-	279,099	71,371	106,031	-	4,000	854,450
Wages and benefits	677,279	393,631	118,462	2,806,343	1,023,436	875,475	528,952	596,087	7,019,665
	4,754,441	1,029,769	170,311	3,884,854	2,550,933	1,427,320	754,675	2,825,078	17,397,381
	\$ (2,174,172)	\$ (289,832)	\$ (22,645)	\$ (274,534)	\$ (399,378)	\$ (315,088)	\$ 1,088,331	\$ 10,045	\$ (2,377,273)

WABASEMOONG INDEPENDENT NATIONS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. SEGMENTED INFORMATION (continued)

For the year ended March 31	Administration	Community Infrastructure	Economic Development	Education and Training	Community Services	Health	Major Projects	Social Services	2014 Total
									Restated - Note 10
Revenue									
Deferred revenue, opening	\$ -	\$ -	\$ -	\$ 63,946	\$ 8,559	\$ -	\$ 240,852	\$ 148,142	\$ 461,499
Federal	556,930	571,667	72,300	3,269,054	627,330	952,448	4,517,026	396,536	10,963,291
Provincial	45,000	-	158,651	-	1,190,233	97,880	100,085	2,624,191	4,216,040
OFNLP	913,443	-	-	-	-	-	-	-	913,443
Other	1,005,329	136,494	22,290	85,979	316,430	108,861	130,763	-	1,806,146
Deferred revenue, closing	-	-	-	(31,223)	-	-	(388,924)	(324,589)	(744,736)
	2,520,702	708,161	253,241	3,387,756	2,142,552	1,159,189	4,599,802	2,844,280	17,615,683
Expenses									
Administration fees	4,800	-	9,000	-	75,000	37,750	-	15,000	141,550
Bad Debt expense (recovery)	(22,833)	-	-	-	-	-	-	-	(22,833)
Bank charges and interest	41,085	-	-	-	-	-	-	15,608	56,693
Donations	-	-	-	-	175,540	-	-	-	175,540
Honorarium	2,500	-	-	-	-	-	-	-	2,500
Insurance	23,765	35,000	-	90,000	10,000	10,000	25,000	6,000	199,765
Interest on long term debt	39,692	-	-	-	-	-	-	-	39,692
Materials and supplies	250,245	281,852	80,567	421,086	669,222	250,571	489,386	290,350	2,733,279
Professional fees	228,182	-	-	-	-	-	700	6,000	234,882
Rent	-	-	4,500	-	23,550	21,000	-	36,814	85,864
Amortization	3,429,800	-	-	-	-	-	-	-	3,429,800
Training	4,341	13,404	5,718	7,069	16,748	4,535	-	78,666	130,481
Travel	233,703	16,516	8,046	34,383	53,439	66,612	2,601	33,146	448,446
External transfers	49,044	-	-	357,913	331,656	-	-	1,837,316	2,575,929
Utilities, hydro, telephone	9,927	193,259	-	382,127	99,533	24,000	-	3,500	712,346
Wages and benefits	640,237	365,572	151,428	2,755,257	1,034,942	776,005	668,556	544,939	6,936,936
	4,934,488	905,603	259,259	4,047,835	2,489,630	1,190,473	1,186,243	2,867,339	17,880,870
	\$ (2,413,786)	\$ (197,442)	\$ (6,018)	\$ (660,079)	\$ (347,078)	\$ (31,284)	\$ 3,413,559	\$ (23,059)	\$ (265,187)