

ANISHINABE OF WAUZHUSHK ONIGUM NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

ANISHINABE OF WAUZHUSHK ONIGUM NATION
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FOR THE YEAR ENDED MARCH 31, 2015

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ANISHINABE OF WAUZHUSHK ONIGUM NATION
FINANCIAL STATEMENTS
MARCH 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of Anishinabe of Wauzhushk Onigum Nation are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

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

The financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the Members. Holukoff Chiarella have full and free access to Council.


CHIEF


COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.
(Practising as Kevin Masse Chartered Accountant Ltd.)

Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)

Wayne H. Chiarella, B.A., C.A. (Retired 2011)

Sam Holukoff, C.A. (Retired 2005)

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Members of
Anishinabe of Wauzhushk Onigum Nation

We have audited the accompanying consolidated financial statements of Anishinabe of Wauzhushk Onigum Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statement of accumulated surplus, operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.
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INDEPENDENT AUDITORS' REPORT- CONTINUED

Basis for Qualified Opinion

The First Nation has undertaken to identify the total cost of tangible capital assets not previously recorded and any impairment or related amortization attributed to each of those assets. The full extent of these unrecorded assets and appropriate amortization is not determinable at the date of the audit report. As a result we were unable to determine what further adjustments, if any, might be necessary to tangible capital assets, annual surplus and accumulated surplus.

These financial statements consolidate the unaudited assets, liabilities and results of operations for the Golden Eagle Charitable Casino and Entertainment Centre, Kinew Day Care and Wauzhushk Onigum Foundation. Therefore we were unable to determine whether any adjustments might be necessary to the financial results.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which might have determined to be necessary, as detailed in the preceding paragraphs, the financial statements present fairly, in all material respects, the consolidated financial position of Anishinabe of Wauzhushk Onigum Nation 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.



WINNIPEG, MANITOBA
August 5, 2015

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------------|--------------------------|
| FINANCIAL ASSETS | | |
| Cash resources, Note 2 | \$ 375,175 | 420,834 |
| Restricted cash, Note 3 | 1,289,950 | 134,499 |
| Accounts receivable, Note 4 | 632,718 | 554,333 |
| Loan receivable, Note 5 | 384,228 | 404,317 |
| Due from related First Nation entities, Note 6 | 284,129 | 284,129 |
| Inventory for resale | 37,177 | 32,818 |
| Replacement reserve, Note 7 | 336,378 | 304,453 |
| Business enterprise equity, Note 8 | 1,255,821 | 926,721 |
| Ottawa Trust Funds, Note 9 | <u>45,954</u> | <u>44,689</u> |
| | <u>4,641,530</u> | <u>3,106,793</u> |
| LIABILITIES | | |
| Short term debt, Note 12 | 1,035,000 | |
| Accounts payable and accrued liabilities, Note 10 | 1,342,102 | 1,368,090 |
| Deferred revenue, Note 11 | 191,028 | 210,177 |
| Long term debt, Note 13 | 3,282,061 | 3,626,675 |
| Replacement reserve fund, Note 7 | <u>336,378</u> | <u>304,453</u> |
| | <u>6,186,569</u> | <u>5,509,395</u> |
| NET DEBT | <u>(1,545,039)</u> | <u>(2,402,602)</u> |
| NON-FINANCIAL ASSETS | | |
| Prepaid expenses, Note 14 | 15,209 | 15,209 |
| Tangible capital assets, Note 15 | 8,772,786 | 9,316,328 |
| Assets under construction, Note 16 | <u>4,522,759</u> | <u>4,369,904</u> |
| | <u>13,310,754</u> | <u>13,701,441</u> |
| ACCUMULATED SURPLUS, Note 17 | \$ <u>11,765,715</u> | <u>11,298,839</u> |

APPROVED BY:


 CHIEF


 COUNCILLOR


 COUNCILLOR

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015

EXHIBIT "C"

| | <u>2015</u> | <u>2014</u> |
|------------------------------|----------------------|-------------------|
| BALANCE AT BEGINNING OF YEAR | \$ 11,298,839 | 10,509,648 |
| ANNUAL SURPLUS, Exhibit "D" | <u>466,876</u> | <u>789,191</u> |
| BALANCE AT END OF YEAR | \$ <u>11,756,715</u> | <u>11,298,839</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 | | 2014 |
|---|---------------------|-------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| REVENUE | | | |
| AANDC | \$ 2,881,027 | 3,191,829 | 3,305,741 |
| Health Canada | 361,473 | 379,209 | 364,347 |
| Government of Ontario | 90,000 | 1,331,648 | 1,102,646 |
| CMHC rent subsidy | | 223,017 | 227,892 |
| Ontario First Nations Limited Partnership (OFNLP) | | 584,003 | 570,231 |
| Enterprise | | 9,941,578 | 10,511,343 |
| Flood claims | | 141,196 | 95,150 |
| Ottawa Trust funds | | 1,265 | 1,156 |
| Deferred, beginning of year | - AANDC | 190,318 | 165,136 |
| | - Other | 19,859 | 160,852 |
| Deferred, end of year | - AANDC | (83,365) | (190,318) |
| | - Other | (107,663) | (19,859) |
| Other | <u>23,550</u> | <u>614,267</u> | <u>2,316,526</u> |
| | <u>3,356,050</u> | <u>16,427,161</u> | <u>18,610,843</u> |
| EXPENSES | | | |
| Operations | 1,579,031 | 3,368,637 | 4,108,014 |
| Capital | 261,519 | 75,411 | 294,074 |
| Social Housing | | 564,496 | 515,752 |
| Set funding | 1,626,277 | 2,117,914 | 2,100,239 |
| Capital Projects | | 180,585 | 30,241 |
| Enterprise | | 9,480,776 | 10,224,282 |
| Land and flood claims | | <u>104,710</u> | <u>295,108</u> |
| | <u>3,466,827</u> | <u>15,892,529</u> | <u>17,567,710</u> |
| ANNUAL SURPLUS (DEFICIT) | | | |
| BEFORE THE FOLLOWING | (110,777) | 534,632 | 1,043,133 |
| AMORTIZATION NOT EXPENSED | | | |
| IN OPERATIONS | | (233,291) | (253,942) |
| TRANSFER FROM OPERATIONS TO | | | |
| Tangible capital assets | | 12,680 | |
| Construction in progress | | <u>152,855</u> | |
| ANNUAL SURPLUS (DEFICIT) | \$ (110,777) | 466,876 | 789,191 |

EXHIBIT "E"

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|-----------------------|--------------------|
| ANNUAL SURPLUS, Exhibit "D" | \$ 466,876 | 789,191 |
| Acquisition of tangible capital assets | (33,508) | (978,538) |
| Amortization of tangible capital assets | 577,050 | 600,254 |
| Change in prepaid expenses | | 17,786 |
| Change in assets under construction | <u>(152,855)</u> | <u>960,624</u> |
| DECREASE IN NET DEBT | 857,563 | 1,389,317 |
| NET DEBT AT BEGINNING OF YEAR | <u>(2,402,602)</u> | <u>(3,791,919)</u> |
| NET DEBT AT END OF YEAR | \$ <u>(1,545,039)</u> | <u>(2,402,602)</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|-----------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus, Exhibit "D" | \$ 466,876 | 789,191 |
| Add non-cash items | | |
| Amortization - Operations | 233,291 | 253,942 |
| - CMHC | 332,576 | 274,287 |
| - Golden Eagle Casino | 11,183 | 72,025 |
| Net change in financial assets/liabilities and prepaid expenses | | |
| Accounts receivable | (78,385) | 195,288 |
| Inventory for resale | (4,359) | (10,252) |
| Ottawa Trust Funds | (1,265) | (1,156) |
| Prepaid expenses | | 17,786 |
| Accounts payable and accruals | (25,988) | (333,454) |
| Deferred revenue | <u>(19,149)</u> | <u>(115,811)</u> |
| | <u>914,780</u> | <u>1,141,846</u> |
| CAPITAL TRANSACTIONS | | |
| Acquisition of tangible capital assets | (33,508) | (978,538) |
| Change in assets under construction | <u>(152,855)</u> | <u>960,624</u> |
| | <u>(186,363)</u> | <u>(17,914)</u> |
| FINANCING TRANSACTIONS | | |
| Proceeds from short-term debt | 1,035,000 | |
| Proceeds from additional long term debt | 112,958 | |
| Principal repayments on long term debt | <u>(457,572)</u> | <u>(651,586)</u> |
| | <u>690,386</u> | <u>(651,586)</u> |
| INVESTING TRANSACTIONS | | |
| Increase in due from related First Nation entities | | (102,576) |
| Principal receipts on (increase in) loan receivable | 20,089 | (26,323) |
| Increase in business enterprise equity | <u>(329,100)</u> | <u>(272,447)</u> |
| | <u>(309,011)</u> | <u>(401,346)</u> |
| NET CHANGE IN CASH POSITION | 1,109,792 | 71,000 |
| CASH POSITION AT BEGINNING OF YEAR | <u>555,333</u> | <u>484,333</u> |
| CASH POSITION AT END OF YEAR | \$ <u>1,665,125</u> | <u>555,333</u> |
| REPRESENTED BY: | | |
| Cash resources, Note 2 | \$ 375,175 | 420,834 |
| Restricted cash, Note 3 | <u>1,289,950</u> | <u>134,499</u> |
| | \$ <u>1,665,125</u> | <u>555,333</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

a) Reporting Entity

These financial statements are presented on a consolidated basis which include the Not-For-Profit organizations and unincorporated business operations which are owned and/or controlled by Anishinabe of Wauzhushk Onigum Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following funds and entities which use accounting principles which lend themselves to consolidation. These entities include:

- Golden Eagle Casino and Charitable Entertainment Centre
- Wauzhushk Onigum Foundation
- Kineu Day Care

All inter-entity balances have been eliminated on summarization; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Wauzhushk Onigum Nation incorporated business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. An entity accounted for by the modified equity basis is the Ozhushk-Onegaming Corporation.

Long-term investment in non-consolidated entities is recorded at the lower of cost or net realizable value.

b) Fund Accounting

Anishinabe of Wauzhushk Onigum Nation uses fund accounting procedures that result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The funds have been amalgamated for the purpose of presentation in the financial statements.

Anishinabe of Wauzhushk Onigum Nation maintains the following funds:

- Ottawa Trust fund reports on trust monies owned by the First Nation and held by third parties.
- Replacement Reserve Fund reports on the CMHC replacement reserve.
- Operating fund reports the unrestricted net assets related to general activities of the First Nation.
- Enterprise Fund reports investments of incorporated business entities owned and controlled by the First Nation.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

c) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The organization does not capitalize computer software.

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

d) Amortization

Social housing assets acquired under CMHC sponsored programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, which approximates its economic life. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives, as follows:

| | <u>Method</u> | <u>Rate</u> |
|---------------------|-------------------|-------------|
| Infrastructure | Declining balance | 4% |
| Community buildings | Declining balance | 4% |
| Computer equipment | Declining balance | 30% |
| Heavy equipment | Declining balance | 30% |
| Equipment | Declining balance | 20% |
| Automotive | Declining balance | 30% |

e) Net Debt/Net Financial Assets

The organization's financial statements are presented so as to highlight net debt/net financial assets as the measurement of financial position. The net debt/net financial assets of the organization are determined by its financial assets less its liabilities.

f) Revenue Recognition

Government transfer revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenditures in the year of their occurrence.

g) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding arrangement expenses. Note 11 provides a summary of deferred revenue by project.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

h) Financial Instruments

Initial and subsequent measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, loan receivable, due from related First Nation entities and Ottawa Trust Funds.

Financial liabilities measured at amortized cost on a straight-line basis include short-term debt, accounts payable and accrued liabilities and long-term debt.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

i) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. CASH RESOURCES

| | <u>2015</u> | <u>2014</u> |
|---|--------------------------|-----------------------|
| Administration | \$ (38,725) | 53,496 |
| Golden Eagle Charitable Casino and Entertainment Centre | 232,183 | 209,143 |
| Kinew Childcare Centre | 20,304 | 715 |
| Social Services | 84,415 | (21,585) |
| Wauzhushk Onigum Foundation | <u>76,998</u> | <u>179,065</u> |
| | \$ <u>375,175</u> | <u>420,834</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

3. RESTRICTED CASH

Restricted cash consists of funds held in trust by legal counsel for flood claim proceedings and funds set aside for capital projects, as follows:

| | <u>2015</u> | <u>2014</u> |
|------------------|----------------------------|-----------------------|
| Flood claims | \$ 115,866 | 84,499 |
| Capital projects | <u>1,174,084</u> | <u>50,000</u> |
| | \$ <u>1,289,950</u> | <u>134,499</u> |

4. ACCOUNTS RECEIVABLE

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|-----------------------|
| AANDC | \$ 513,558 | 325,516 |
| Other government agencies | 2,618 | 42,646 |
| Shooniyaa Wa-Biitong | 3,946 | 6,874 |
| Anishinaabeg of Kabapikotawangag Resource Council Inc. | 48,302 | 69,482 |
| Other | 56,410 | 98,410 |
| GST/HST | <u>7,884</u> | <u>11,405</u> |
| | \$ <u>632,718</u> | <u>554,333</u> |

5. LOAN RECEIVABLE

Loan advanced to Ozhushk-Onegaming Corporation, a band controlled entity, for the building of a new marina store and gas bar. Payments of \$10,086, including interest at 6.49%, are payable monthly.

6. DUE FROM RELATED FIRST NATION ENTITIES

The amount due from related First Nation entities is due from Ozhushk-Onegaming Corporation, a band controlled entity, and is due on demand, without interest and is unsecured.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

7. REPLACEMENT RESERVE

Under agreements with CMHC, the First Nation has established a replacement reserve, perpetuated by an annual allocation of funds to ensure replacement of buildings financed by CMHC as follows:

| <u>Project No.</u> | |
|--------------------|------------------|
| 16-843-948-001 | \$ 2,400 |
| 16-843-995-002 | 4,200 |
| 16-843-948-003 | 2,450 |
| 16-843-948-004 | 2,450 |
| 22-317-465-001 | 6,800 |
| 22-317-465-003 | 6,125 |
| 22-317-465-004 | <u>7,500</u> |
| | \$ 31,925 |

A subsidy surplus reserve may also be established by retaining excess federal assistance payments received plus interest. Reserve funds may be used to meet future subsidy requirements of income test occupants, over and above the maximum federal assistance. As at March 31, 2015, no subsidy surplus reserve has been established.

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. The replacement reserve is unfunded.

8. BUSINESS ENTERPRISE EQUITY

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|----------------|
| Ozhushk-Onegaming Corporation | | |
| Common share (100% equity interest), at cost | \$ 1 | 1 |
| Advances, unsecured, non-interest bearing, with no fixed repayment terms | 729,073 | 729,073 |
| Accumulated surplus | <u>526,747</u> | <u>197,647</u> |
| | \$ 1,255,821 | 926,721 |

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2014 is as follows:

| | | |
|-------------------------|-------------------|------------------|
| Assets | \$ 2,442,875 | 1,858,990 |
| Liabilities | <u>1,916,127</u> | <u>1,661,342</u> |
| Shareholders' deficit | \$ <u>526,748</u> | <u>197,648</u> |
| Revenues | \$ 7,351,599 | 7,605,685 |
| Net income for the year | \$ 329,100 | 272,447 |

Revenues, expenses and net income of Ozhushk-Onegaming Corporation for the year are recognized as part of operations of the First Nation in the Enterprise Fund, as detailed on Exhibit "D".

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

9. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. Those funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to an 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. Activity in Ottawa Trust Funds for the year ended March 31, 2015 is as follows:

| | Opening Balance <u>Mar. 31/14</u> | <u>Additions</u> | <u>Withdrawals</u> | Closing Balance <u>Mar. 31/15</u> |
|------------|---|---------------------|--------------------|---|
| Revenue | \$ 11,739 | 1,265 | | 13,004 |
| Capital | <u>32,950</u> | | | <u>32,950</u> |
| Fund Total | \$ <u>44,689</u> | <u>1,265</u> | | <u>45,954</u> |

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|-------------------------|
| Trade payables | \$ 478,978 | 568,329 |
| School Boards | 791,651 | 778,753 |
| AANDC | 71,473 | |
| Pension and group insurance liabilities | | <u>21,008</u> |
| | <u>\$ 1,342,102</u> | <u>1,368,090</u> |

11. DEFERRED REVENUE

| | Opening Balance <u>Mar. 31/14</u> | <u>Funding Received</u> | <u>Revenue Recognized</u> | Closing Balance <u>Mar. 31/15</u> |
|----------------------------------|---|-----------------------------|-------------------------------|---|
| Education | | | | |
| K - 12 Instructional services | \$ 650 | | 650 | |
| Post Secondary | 91,301 | 78,490 | 91,301 | 78,490 |
| Transportation | | 4,876 | | 4,876 |
| Commercial leasing | <u>2,507</u> | | <u>2,507</u> | |
| Economic Development | 94,458 | 83,366 | 94,458 | 83,366 |
| Sub-total: AANDC funding | 2,425 | | 2,425 | |
| Land and Environment Action Fund | 2,347 | | 2,347 | |
| Miscellaneous staff events | 7,662 | 7,662 | 7,662 | 7,662 |
| Garden Island | 7,343 | | 7,343 | |
| Province of Ontario | 95,942 | | 95,942 | |
| Minor Capital | | <u>100,000</u> | | <u>100,000</u> |
| OFNLP | | | | |
| | <u>\$ 210,177</u> | <u>191,028</u> | <u>210,177</u> | <u>191,028</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

12. SHORT TERM DEBT

| | <u>2015</u> | <u>2014</u> |
|--|----------------------------|--------------------------|
| Royal Bank of Canada | | |
| Revolving credit line (to a maximum of \$250,000). | | |
| Interest at prime plus 1.7% | \$ 55,000 | |
| Non-revolving term loan for financing completion of construction of community development centre. | | |
| Interest at prime plus 1.85%. | <u>980,000</u> | <u> </u> |
| | \$ <u>1,035,000</u> | <u> </u> |

13. LONG TERM DEBT

| | <u>2015</u> | <u>2014</u> |
|--|----------------------------|-------------------------|
| Loan payable to Royal Bank, repaid in 2014. | \$ | 124,990 |
| Flood claim advance from Government of Canada, non-interest bearing | 171,331 | 171,331 |
| Flood claim advance from Government of Canada, non-interest bearing | 141,226 | 141,226 |
| Flood claim advance from Government of Canada, non-interest bearing | 112,958 | |
| Advance from Minor Capital department of AANDC, non-interest bearing. This advance is being collected by a deduction of capital funding in 2014/2015. | 62,200 | 62,200 |
| Bank of Nova Scotia mortgage, repayable in blended monthly payments of principal and interest in the amount of \$5,000, bearing interest at 2.79%, secured by a Ministerial guarantee, maturing October 2016. | 252,654 | 310,478 |
| Loan payable to CMHC, with blended monthly payments of principal and interest in the amount of \$2,529, bearing interest at 1.53%, secured by a Ministerial guarantee, maturing December 2032. | 472,333 | 494,688 |
| Loan payable to CMHC, with blended monthly payments of principal and interest in the amount of \$4,823, bearing interest at 2.26%, secured by a Ministerial guarantee, maturing August 2036. | <u>984,762</u> | <u>1,018,219</u> |
| Balance carried forward | \$ <u>2,197,464</u> | <u>2,323,132</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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13. LONG TERM DEBT, continued

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|-------------------------|
| Balance brought forward | \$ 2,197,464 | 2,323,132 |
| Loan payable to CMHC, with blended monthly payments of principal and interest in the amount of \$3,963, bearing interest at 1.69%, secured by a Ministerial guarantee, maturing February 2038 | 904,570 | 935,324 |
| Loan payable to CMHC, with blended monthly payments of principal and interest in the amount of \$4,739, bearing interest at 1.67%, secured by a Ministerial guarantee, maturing June 1, 2018. | 180,027 | 233,160 |
| Bank of Nova Scotia mortgage, repaid in 2015 | | 43,454 |
| Bank of Nova Scotia mortgage, repaid in 2015 | <u> </u> | <u>91,605</u> |
| | \$ <u>3,282,061</u> | <u>3,626,675</u> |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, and all term debt is subject to contractual terms of repayment, are estimated as follows:

| | |
|------------|----------------------------|
| 2016 | \$ 681,580 |
| 2017 | 345,351 |
| 2018 | 152,333 |
| 2019 | 103,464 |
| 2020 | 96,381 |
| Thereafter | <u>1,902,952</u> |
| | \$ <u>3,282,061</u> |

14. PREPAID EXPENSES

Prepaid expenses are comprised of hydro deposits paid during the year for land development costs, building renovations and social services relating to the following year.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
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15. TANGIBLE CAPITAL ASSETS

| | Cost Mar. 31/14 | Additions (Disposals) | 2015 | | Net Book Value |
|---|----------------------|--------------------------|--------------------|-----------------------------|-------------------|
| | | | Cost Mar. 31/15 | Accumulated Amortization | |
| Land | \$ 49,000 | | 49,000 | | 49,000 |
| Buildings | 10,565,881 | | 10,565,881 | 3,683,246 | 6,882,635 |
| Infrastructure | 2,935,557 | | 2,935,557 | 1,281,117 | 1,654,440 |
| Computer equipment | 6,500 | | 6,500 | 6,348 | 152 |
| Heavy equipment | 373,400 | | 373,400 | 343,334 | 30,066 |
| Equipment | 259,009 | 12,681 | 271,690 | 216,204 | 55,486 |
| Automotive and buses | 633,215 | | 633,215 | 595,814 | 37,401 |
| Golden Eagle Casino building and land improvements | <u>2,802,867</u> | <u>20,826</u> | <u>2,823,693</u> | <u>2,760,087</u> | <u>63,606</u> |
| | \$ 17,625,429 | 33,507 | 17,658,936 | 8,886,150 | 8,772,786 |

| | Cost Mar. 31/13 | Additions (Disposals) | 2014 | | Net Book Value |
|---|----------------------|--------------------------|--------------------|-----------------------------|-------------------|
| | | | Cost Mar. 31/14 | Accumulated Amortization | |
| Land | \$ 49,000 | | 49,000 | | 49,000 |
| Buildings | 9,605,256 | 960,625 | 10,565,881 | 3,229,165 | 7,336,716 |
| Infrastructure | 2,935,557 | | 2,935,557 | 1,212,182 | 1,723,375 |
| Computer equipment | 6,500 | | 6,500 | 6,283 | 217 |
| Heavy equipment | 373,400 | | 373,400 | 330,449 | 42,951 |
| Equipment | 259,009 | | 259,009 | 202,332 | 56,677 |
| Automotive and buses | 633,215 | | 633,215 | 579,785 | 53,430 |
| Golden Eagle Casino building and land improvements | <u>2,784,954</u> | <u>17,913</u> | <u>2,802,867</u> | <u>2,748,905</u> | <u>53,962</u> |
| | \$ 16,646,891 | 978,538 | 17,625,429 | 8,309,101 | 9,316,328 |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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16. ASSETS UNDER CONSTRUCTION

Capital projects under construction at year end are recorded at cost and are segregated as part of the non-financial assets. As the construction of these assets is completed, they are added to the appropriate tangible capital asset category. Amortization is not taken until the asset is put into use.

The net changes in assets under construction for the year are as follows:

| | <u>2015</u> | <u>2014</u> |
|--|-----------------------------|-------------------------|
| Balance, beginning of year | \$ 4,369,904 | 5,330,528 |
| Transfers in Gymnasium, Schedule 45 | 152,855 | |
| Transfers out Community Housing | | (495,559) |
| AANDC Housing | <u> </u> | <u>(465,065)</u> |
| Balance, end of year | \$ <u>4,522,759</u> | <u>4,369,904</u> |

17. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant agreements. Repayments or recoveries are reflected in the year in which they are repaid or received.

18. COMPARATIVE AND BUDGET FIGURES

Certain prior year comparative amounts have been reclassified to conform to the current year financial statement presentation. The budget figures are unaudited.

19. ECONOMIC DEPENDENCE

The First Nation receives a major portion of its annual operations revenue pursuant to an agreement with Aboriginal Affairs Northern Development Canada.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

20. SEGMENT DISCLOSURE

| | Operations | | Capital | | Social Housing | |
|--------------------------|---------------------|------------------|------------------|------------------|----------------|----------------|
| | <u>Budget</u> | <u>2015</u> | <u>2014</u> | <u>Budget</u> | <u>2015</u> | <u>2014</u> |
| REVENUE | | | | | | |
| Federal government | \$ 1,354,704 | 1,470,895 | 1,527,687 | | | |
| Provincial government | 90,000 | 1,331,648 | 1,106,155 | | | |
| Economic activities | | | | | | |
| Other revenue | <u>23,550</u> | <u>1,047,775</u> | <u>1,515,565</u> | | <u>58,677</u> | <u>39,583</u> |
| TOTAL REVENUE | <u>1,468,254</u> | <u>3,850,318</u> | <u>4,149,407</u> | <u>261,519</u> | <u>281,694</u> | <u>267,475</u> |
| EXPENSES | | | | | | |
| Honoraria | | | | | | |
| Chief and Councillors | 230,000 | 231,000 | 246,486 | | | |
| Wages and benefits | 702,979 | 1,108,909 | 1,100,173 | 7,125 | 43,037 | 4,439 |
| Amortization | | | | | | |
| Tangible Capital Assets | | | | | | |
| Interest | 15,800 | 20,248 | 28,381 | | | |
| Other expenses | <u>630,252</u> | <u>2,008,480</u> | <u>2,000,192</u> | <u>254,394</u> | <u>32,374</u> | <u>41,674</u> |
| TOTAL EXPENSES | <u>1,579,031</u> | <u>3,368,637</u> | <u>3,375,232</u> | <u>261,519</u> | <u>75,411</u> | <u>46,113</u> |
| SURPLUS (DEFICIT) | | | | | | |
| BEFORE TRANSFERS | (110,777) | 481,681 | 774,175 | 282,050 | 117,961 | (248,277) |
| TRANSFERS | | <u>25,000</u> | <u>(669,317)</u> | <u>(282,050)</u> | <u>282,050</u> | <u>247,961</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>\$ (110,777)</u> | <u>506,681</u> | <u>104,858</u> | | <u>(752)</u> | <u>(316)</u> |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

20. SEGMENT DISCLOSURE, continued

| | Set Funding | | Capital Projects | | Enterprises | |
|---|--------------|-----------|------------------|-----------|-------------|------------|
| | Budget | 2015 | 2014 | Budget | 2015 | 2014 |
| REVENUE | | | | | | |
| Federal government | \$ 1,626,277 | 1,783,442 | 2,111,184 | | | |
| Provincial government | | | | | 43,861 | 95,000 |
| Economic activities | | | | | | |
| Net income for investments in government business enterprises | | | | | 10,038,913 | |
| Other revenue | | | 5,336 | | | 10,511,493 |
| TOTAL REVENUE | 1,626,277 | 1,783,442 | 2,116,520 | | 10,082,774 | 10,606,493 |
| EXPENSES | | | | | | |
| Honoraria | | | | | | |
| Chief and Councillors | | | | | | |
| Wages and benefits | 123,005 | 230,830 | 319,791 | | 1,297,671 | 1,282,247 |
| Amortization | | | | | 244,474 | 365,345 |
| Tangible Capital Assets | | | | | (165,535) | |
| Interest | 30,000 | 30,029 | | | | 70,906 |
| Other expenses | 1,473,272 | 1,785,582 | 1,780,448 | | 8,276,632 | 8,745,264 |
| TOTAL EXPENSES | 1,626,277 | 2,046,441 | 2,100,239 | | 9,653,242 | 10,463,762 |
| SURPLUS (DEFICIT) | | | | | | |
| BEFORE TRANSFERS | | (262,999) | 16,281 | (180,585) | 429,532 | 142,731 |
| TRANSFERS | | 17,755 | 24,570 | 120,000 | (162,755) | (309,570) |
| ANNUAL SURPLUS (DEFICIT) | \$ | (245,244) | 40,851 | (60,585) | 266,777 | (166,839) |

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

20. SEGMENT DISCLOSURE, continued

| | Budget | Total 2015 | 2014 |
|---|---------------------|-------------------|-------------------|
| REVENUE | | | |
| Federal government | \$ 3,242,500 | 3,834,815 | 4,030,837 |
| Provincial government | 90,000 | 1,375,509 | 1,201,155 |
| Economic activities | | | |
| Net income for investments in government business enterprises | | 10,038,913 | 10,511,493 |
| Other revenue | <u>23,550</u> | <u>1,106,452</u> | <u>1,577,045</u> |
| TOTAL REVENUE | 3,356,050 | 16,355,689 | 17,320,530 |
| EXPENSES | | | |
| Honoraria | | | |
| Chief and Councillors | 230,000 | 231,000 | 246,486 |
| Wages and benefits | 833,109 | 2,680,447 | 2,706,650 |
| Amortization | | 577,050 | 639,632 |
| Tangible Capital Assets | | (165,535) | |
| Interest | 45,800 | 50,277 | 181,337 |
| Other expenses | <u>2,357,918</u> | <u>12,515,573</u> | <u>12,757,234</u> |
| TOTAL EXPENSES | 3,466,827 | 15,888,812 | 16,531,339 |
| SURPLUS (DEFICIT) BEFORE TRANSFERS | (110,777) | 466,877 | 789,191 |
| TRANSFERS | | | |
| ANNUAL SURPLUS (DEFICIT) | \$ (110,777) | 466,877 | 789,191 |