

ANISHINABE OF WAUZHUSHK ONIGUM NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

ANISHINABE OF WAUZHUSHK ONIGUM NATION
INDEX
FOR THE YEAR ENDED MARCH 31, 2016

	<u>EXHIBITS</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS' REPORT	"A"
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	"B"
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS	"C"
CONSOLIDATED STATEMENT OF OPERATIONS	"D"
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT	"E"
CONSOLIDATED STATEMENT OF CASH FLOWS	"F"
NOTES TO THE FINANCIAL STATEMENTS	"G"

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

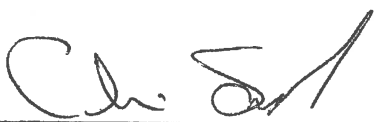

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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.)

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

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, 2016 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.
(Practising as Kevin Masse Chartered Accountant Ltd.)
Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

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, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Holukoff Chiarella

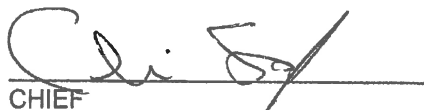
WINNIPEG, MANITOBA
July 28, 2016


CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

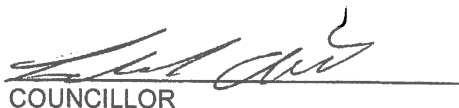
ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash resources, Note 2	\$ 741,559	375,175
Restricted cash, Note 3	365,098	1,289,950
Accounts receivable, Note 4	568,392	632,718
Loan receivable, Note 5	353,707	384,228
Due from related First Nation entities, Note 6	295,791	284,129
Inventory for resale	37,943	37,177
Replacement reserve, Note 7	212,033	336,378
Business enterprise equity, Note 8	1,562,221	1,255,821
Ottawa Trust Funds, Note 9	<u>46,929</u>	<u>45,954</u>
	<u>4,183,673</u>	<u>4,641,530</u>
LIABILITIES		
Short term debt, Note 12		1,035,000
Accounts payable and accrued liabilities, Note 10	1,170,958	1,342,102
Deferred revenue, Note 11	220,933	191,028
Long term debt, Note 13	3,062,399	3,282,061
Replacement reserve fund, Note 7	<u>212,033</u>	<u>336,378</u>
	<u>4,666,323</u>	<u>6,186,569</u>
NET DEBT	<u>(482,650)</u>	<u>(1,545,039)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 14	15,209	15,209
Tangible capital assets, Note 15	12,675,598	8,772,786
Assets under construction, Note 16	<u>12,690,807</u>	<u>4,522,759</u>
	<u>12,690,807</u>	<u>13,310,754</u>
ACCUMULATED SURPLUS, Note 17	\$ <u>12,208,157</u>	<u>11,765,715</u>

APPROVED BY:


CHIEF


COUNCILLOR


COUNCILLOR

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

EXHIBIT "C"

	<u>2016</u>	<u>2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 11,765,715	11,298,839
ANNUAL SURPLUS, Exhibit "D"	<u>442,442</u>	<u>466,876</u>
BALANCE AT END OF YEAR	\$ <u>12,208,157</u>	<u>11,765,715</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	2016		2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
AANDC	\$ 2,917,609	3,116,110	3,191,829
Industry Canada – Fednor		490,002	
Health Canada	388,909	423,938	379,209
Government of Ontario	90,000	1,197,581	1,294,245
CMHC rent subsidy	215,832	192,821	223,017
Ontario First Nations Limited Partnership (OFNLP)		584,053	584,003
Enterprise		10,868,863	9,941,578
Flood claims		50,532	141,196
Ottawa Trust funds		975	1,265
Deferred, beginning of year	- AANDC	83,365	190,318
	- Other	107,663	19,859
Deferred, end of year	- AANDC	(65,795)	(83,365)
	- Other	(155,138)	(107,663)
Other		1,733,974	614,267
	<u>3,612,350</u>	<u>18,628,944</u>	<u>16,389,758</u>
EXPENSES			
Operations	2,054,078	3,726,736	3,331,234
Capital	261,519	25,923	75,411
Social Housing		392,476	564,496
Set funding	1,621,225	2,088,969	2,117,914
Capital Projects		990,943	180,585
Enterprise		10,396,911	9,480,776
Land and flood claims		119,922	104,710
	<u>3,936,822</u>	<u>17,741,880</u>	<u>15,855,126</u>
ANNUAL SURPLUS (DEFICIT) BEFORE THE FOLLOWING	(324,472)	887,064	534,632
AMORTIZATION NOT EXPENSED IN OPERATIONS		(404,365)	(233,291)
TRANSFER FROM OPERATIONS TO			
Tangible capital assets			12,680
Construction in progress		(40,257)	152,855
ANNUAL SURPLUS (DEFICIT)	\$ <u>(324,472)</u>	<u>442,442</u>	<u>466,876</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2016

EXHIBIT "E"

	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS, Exhibit "D"	\$ 442,442	466,876
Acquisition of tangible capital assets	(4,516,375)	(33,508)
Amortization of tangible capital assets	613,563	577,050
Change in assets under construction	<u>4,522,759</u>	<u>(152,855)</u>
DECREASE IN NET DEBT	1,062,389	857,563
NET DEBT AT BEGINNING OF YEAR	<u>(1,545,039)</u>	<u>(2,402,602)</u>
NET DEBT AT END OF YEAR	\$ <u>(482,650)</u>	<u>(1,545,039)</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus, Exhibit "D"	\$ 442,442	466,876
Add non-cash items		
Amortization - Operations	404,365	233,291
- CMHC	195,599	332,576
- Golden Eagle Casino	13,599	11,183
Net change in financial assets/liabilities and prepaid expenses		
Accounts receivable	64,326	(78,385)
Inventory for resale	(766)	(4,359)
Ottawa Trust Funds	(975)	(1,265)
Accounts payable and accruals	(171,144)	(25,988)
Deferred revenue	<u>29,905</u>	<u>(19,149)</u>
	<u>977,351</u>	<u>914,780</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(4,516,375)	(33,508)
Change in assets under construction	<u>4,522,759</u>	<u>(152,855)</u>
	<u>6,384</u>	<u>(186,363)</u>
FINANCING TRANSACTIONS		
Proceeds from (repayment of) short-term debt	(1,035,000)	1,035,000
Proceeds from additional long term debt		112,958
Principal repayments on long term debt	<u>(219,662)</u>	<u>(457,572)</u>
	<u>(1,254,662)</u>	<u>690,386</u>
INVESTING TRANSACTIONS		
Increase in due from related First Nation entities	(11,662)	
Principal receipts on loan receivable	30,521	20,089
Increase in business enterprise equity	<u>(306,400)</u>	<u>(329,100)</u>
	<u>(287,541)</u>	<u>(309,011)</u>
NET CHANGE IN CASH POSITION	(558,468)	1,109,792
CASH POSITION AT BEGINNING OF YEAR	<u>1,665,125</u>	<u>555,333</u>
CASH POSITION AT END OF YEAR	\$ <u>1,106,657</u>	<u>1,665,125</u>
REPRESENTED BY:		
Cash resources, Note 2	\$ 741,559	375,175
Restricted cash, Note 3	<u>365,098</u>	<u>1,289,950</u>
	\$ <u>1,106,657</u>	<u>1,665,125</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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
- Kinew 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, 2016

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, 2016

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>2016</u>	<u>2015</u>
Administration	\$ 156,508	(38,725)
Golden Eagle Charitable Casino and Entertainment Centre	281,014	232,183
Kinew Childcare Centre	101,672	20,304
Social Services	103,667	84,415
Wauzhushk Onigum Foundation	<u>98,698</u>	<u>76,998</u>
	\$ <u>741,559</u>	<u>375,175</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

EXHIBIT "G"

3. RESTRICTED CASH

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

	<u>2016</u>	<u>2015</u>
CMHC Replacement reserve	\$ 18,000	
Flood claims	197,098	115,866
Capital projects	<u>150,000</u>	<u>1,174,084</u>
	\$ <u>365,098</u>	<u>1,289,950</u>

4. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
AANDC	\$ 431,342	513,558
Other government agencies	5,598	2,618
Shooniyaa Wa-Biitong	13,436	3,946
Anishinaabeg of Kabapikotawangag Resource Council Inc.	50,366	48,302
Other	67,650	56,410
GST/HST	<u> </u>	<u>7,884</u>
	\$ <u>568,392</u>	<u>632,718</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 1.0%, 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, with interest at 1.0% per annum and is unsecured.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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>	
16-843-948-003	\$ 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>
	\$ <u>25,325</u>

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, 2016, a subsidy surplus reserve has been established in the amount of \$18,000.

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>2016</u>	<u>2015</u>
Ozhushk-Onegaming Corporation		
Common share (100% equity interest), at cost	\$ 1	1
Advances, unsecured, interest at 1.0% per annum, with no fixed repayment terms	729,073	729,073
Accumulated surplus	<u>833,147</u>	<u>526,747</u>
	\$ <u>1,562,221</u>	<u>1,255,821</u>

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2016 is as follows:

Assets	\$ 2,843,564	2,442,875
Liabilities	<u>2,010,416</u>	<u>1,916,127</u>
Shareholders' equity	\$ <u>833,148</u>	<u>526,748</u>
Revenues	\$ 8,005,213	7,351,599
Net income for the year	\$ 306,400	329,100

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, 2016

EXHIBIT "G"

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, 2016 is as follows:

	Opening Balance Mar. 31/15	Additions	Withdrawals	Closing Balance Mar. 31/16
Revenue	\$ 13,004	975		13,979
Capital	<u>32,950</u>	<u> </u>	<u> </u>	<u>32,950</u>
Fund Total	\$ <u>45,954</u>	<u>975</u>	<u> </u>	<u>46,929</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade payables	\$ 444,082	478,978
School Boards	655,403	791,651
AANDC	<u>71,473</u>	<u>71,473</u>
	\$ <u>1,170,958</u>	<u>1,342,102</u>

11. DEFERRED REVENUE

	Opening Balance Mar. 31/15	Funding Received	Revenue Recognized	Closing Balance Mar. 31/16
Education				
Transportation	\$ 78,490	148,569	194,070	32,989
Commercial leasing	4,876		4,876	
Minor Capital	<u> </u>	<u>259,230</u>	<u>226,424</u>	<u>32,806</u>
Sub-total: AANDC funding	83,366	407,799	425,370	65,795
Health - Renovations		65,965	54,609	11,356
Miscellaneous staff events		3,566	2,381	1,185
Garden Island	7,662			7,662
Legacy Fund		50,002	8,239	41,763
Minor Capital - Contributions		70,000		70,000
OFNLP	<u>100,000</u>	<u>584,053</u>	<u>660,881</u>	<u>23,172</u>
	\$ <u>191,028</u>	<u>1,181,385</u>	<u>1,151,480</u>	<u>220,933</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

12. SHORT TERM DEBT

	<u>2016</u>	<u>2015</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> </u>	<u>980,000</u>
	\$ <u> </u>	<u>1,035,000</u>

13. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
Flood claim advances from Government of Canada, non-interest bearing	\$ 463,652	425,515
Advance from Minor Capital department of AANDC, non-interest bearing.		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.	203,513	252,654
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.	448,996	472,333
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>948,600</u>	<u>984,762</u>
Balance carried forward	\$ <u>2,064,761</u>	<u>2,197,464</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

13. LONG TERM DEBT, continued

	<u>2016</u>	<u>2015</u>
Balance brought forward	\$ 2,064,761	2,197,464
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	871,965	904,570
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.	<u>125,673</u>	<u>180,027</u>
	\$ <u>3,062,399</u>	<u>3,282,061</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:

2017	\$ 813,362
2018	152,333
2019	102,240
2020	96,381
2021	98,837
Thereafter	<u>1,799,246</u>
	\$ <u>3,062,399</u>

14. PREPAID EXPENSES

Prepaid expenses are comprised of hydro deposits for land development costs, building renovations and social services.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

15. TANGIBLE CAPITAL ASSETS

		2016			
		Cost	Additions	Cost	Accumulated
		Mar. 31/15	(Disposals)	Mar. 31/16	Amortization
					Net
					Book Value
Land	\$	49,000		49,000	49,000
Buildings		10,565,881	4,482,502	15,048,383	4,185,543
Infrastructure		2,935,557		2,935,557	1,347,295
Computer equipment		6,500		6,500	6,500
Heavy equipment		373,400		373,400	352,354
Equipment		271,690		271,690	227,301
Automotive and buses		633,215		633,215	607,034
Golden Eagle Casino building and land improvements		<u>2,823,693</u>	<u>33,873</u>	<u>2,857,566</u>	<u>2,773,686</u>
	\$	<u>17,658,936</u>	<u>4,516,375</u>	<u>22,175,311</u>	<u>9,499,713</u>
					<u>12,675,598</u>

		2015			
		Cost	Additions	Cost	Accumulated
		Mar. 31/14	(Disposals)	Mar. 31/15	Amortization
					Net
					Book Value
Land	\$	49,000		49,000	49,000
Buildings		10,565,881		10,565,881	3,683,246
Infrastructure		2,935,557		2,935,557	1,281,117
Computer equipment		6,500		6,500	6,348
Heavy equipment		373,400		373,400	343,334
Equipment		259,009	12,681	271,690	216,204
Automotive and buses		633,215		633,215	595,814
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>17,625,429</u>	<u>33,507</u>	<u>17,658,936</u>	<u>8,886,150</u>
					<u>8,772,786</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 4,522,759	4,369,904
Transfers in Gymnasium, Schedule 45	(40,257)	152,855
Transfers out to buildings	<u>(4,482,502)</u>	<u> </u>
Balance, end of year	\$ <u> </u>	<u>4,522,759</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 agreements with Aboriginal Affairs Northern Development Canada, Health Canada and Ontario Ministry of Care and Social Services.

20. FINANCIAL RISKS AND CONCENTRATION OF RISK

a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are mainly due from funders. There has been no change to the risk exposures from 2015.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

20. FINANCIAL RISKS AND CONCENTRATION OF RISK, continued

b) Liquidity risk

Liquidity risk is the risk that First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation's exposure to liquidity risk is dependent on the collection of funding, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the First Nation's cash requirements. Additional cash requirements are provided by operating lines of credit as needed. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2015.

The First Nation's debt is structured with regularly recurring payments, secured by assets. Regularly recurring payments are required to service this debt, limiting the requirement to extinguish the debt in the short term. Interest rate fluctuations impact the cash flows but not to a significant effect.

c) Currency risk

The First Nation is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the First Nation does not normally have purchases and sales denominated in foreign currency. There has been no change to the risk exposure from 2015.

d) Interest Rate risk

The First Nation has long-term fixed rate debts. A change in the variable rate does not impact cash flows to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2015 and there is expected to be no substantive change in the next fiscal period.

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

21. SEGMENT DISCLOSURE

	Operations		Capital		Social Housing	
	<u>Budget</u>	<u>2016</u>	<u>2015</u>	<u>Budget</u>	<u>2016</u>	<u>2015</u>
REVENUE						
Federal government	\$ 1,440,260	1,530,922	1,470,895			
Provincial government	90,000	1,197,581	1,294,245	259,230	226,424	357,461
Economic activities						
Other revenue	<u>215,832</u>	<u>1,816,725</u>	<u>1,047,775</u>			<u>58,677</u>
TOTAL REVENUE	<u>1,746,092</u>	<u>4,545,228</u>	<u>3,812,915</u>	<u>259,230</u>	<u>226,424</u>	<u>357,461</u>
EXPENSES						
Honoraria						
Chief and Councillors	185,914	178,258	231,000			
Wages and benefits	895,342	1,286,158	1,108,909	7,125		43,037
Amortization						
Tangible Capital Assets						
Interest	15,800	19,520	20,248			
Other expenses	<u>957,022</u>	<u>2,362,722</u>	<u>1,971,077</u>	<u>254,394</u>	<u>25,923</u>	<u>32,374</u>
TOTAL EXPENSES	<u>2,054,078</u>	<u>3,846,658</u>	<u>3,331,234</u>	<u>261,519</u>	<u>25,923</u>	<u>75,411</u>
SURPLUS (DEFICIT)						
BEFORE TRANSFERS	(307,986)	698,570	481,681	(2,289)	200,501	282,050
TRANSFERS		(89,824)	<u>25,000</u>		(200,501)	(282,050)
ANNUAL SURPLUS (DEFICIT)	\$ <u>(307,986)</u>	<u>608,746</u>	<u>506,681</u>	<u>(2,289)</u>	<u>846</u>	<u>(752)</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

21. SEGMENT DISCLOSURE, continued

	Set Funding		Capital Projects		Enterprises	
	<u>Budget</u>	<u>2016</u>	<u>Budget</u>	<u>2016</u>	<u>Budget</u>	<u>2016</u>
REVENUE						
Federal government	\$ 1,607,028	1,800,272		980,002		43,861
Provincial government						
Economic activities						
Net income for investments in government business enterprises		1,936		13,398	10,868,863	10,038,913
Other revenue						
TOTAL REVENUE	<u>1,607,028</u>	<u>1,802,208</u>		<u>993,400</u>	<u>10,868,863</u>	<u>10,082,774</u>
EXPENSES						
Honoraria						
Chief and Councillors						
Wages and benefits	96,725	316,676			1,505,311	1,297,671
Amortization					417,964	244,474
Tangible Capital Assets					40,257	(165,535)
Interest		30,029				
Other expenses	<u>1,524,500</u>	<u>1,772,293</u>		<u>990,943</u>	<u>8,878,001</u>	<u>8,276,632</u>
TOTAL EXPENSES	<u>1,621,225</u>	<u>2,088,969</u>		<u>994,943</u>	<u>10,841,533</u>	<u>9,653,242</u>
SURPLUS (DEFICIT)						
BEFORE TRANSFERS	(14,197)	(286,761)		2,457	27,330	429,532
TRANSFERS		65,343		37,800	(13,319)	(162,755)
ANNUAL SURPLUS (DEFICIT)	<u>\$ (14,197)</u>	<u>(221,418)</u>		<u>40,257</u>	<u>14,011</u>	<u>266,777</u>

ANISHINABE OF WAUZHUSHK ONIGUM NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

21. SEGMENT DISCLOSURE, continued

	Budget	Total 2016	2015
REVENUE			
Federal government	\$ 3,306,518	4,730,441	3,834,815
Provincial government	90,000	1,197,581	1,338,106
Economic activities			
Net income for investments in government business enterprises		10,868,863	10,038,913
Other revenue	<u>215,832</u>	<u>1,832,059</u>	<u>1,106,452</u>
TOTAL REVENUE	<u>3,612,350</u>	<u>18,628,944</u>	<u>16,318,286</u>
EXPENSES			
Honoraria			
Chief and Councillors	185,914	178,258	231,000
Wages and benefits	999,192	3,108,145	2,680,447
Amortization		613,563	577,050
Tangible Capital Assets		40,257	(165,535)
Interest	15,800	19,520	50,277
Other expenses	<u>2,735,916</u>	<u>14,226,759</u>	<u>12,478,170</u>
TOTAL EXPENSES	<u>3,936,822</u>	<u>18,186,502</u>	<u>15,851,409</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(324,472)	442,442	466,877
TRANSFERS			
ANNUAL SURPLUS (DEFICIT)	\$ (324,472)	<u>442,442</u>	<u>466,877</u>