

Anishinabe of Wauzhushk Onigum Nation
Financial Statements
For the year ended March 31, 2017

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Wauzhushk Onigum Nation

(Rat Portage NO.38 B)



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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Anishinabe of Wauzhushk Onigum Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the First Nation.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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

The 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 Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standard on behalf of the members. BDO Canada LLP has full access to the First Nation Council.


Councillor


Councillor

"The Centre of Tradition"



Independent Auditor's Report

**To the Members of
Anishinabe of Wauzhushk Onigum Nation**

We have audited the accompanying financial statements of Anishinabe of Wauzhushk Onigum Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statement of operations, consolidated statement of changes in net financial assets (debt) and consolidated statement of cash flows for the years 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.

Auditor's 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 under 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 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 opinion.

Basis for Qualified Opinion

The First Nation derives revenue from gaming activities, the completeness of which is not susceptible to satisfactory audit verification due to a lack of dual custody over cash and gaming cards. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to gaming revenues, annual surplus (deficit) and cash flows from operations for the year ended March 31, 2017, financial assets as at March 31, 2017 and accumulated surplus as at April 1 and March 31 for 2017.



The consolidated financial statements include an investment in a government business enterprise, Ozhushk-Onegaming Corporation recorded on a modified equity basis. The auditor's report on the financial statements of Ozhushk-Onegaming Corporation for the year ended March 31, 2017 contains a reservation because we were unable to obtain sufficient appropriate audit evidence regarding sales due to a lack of controls over reconciliation of sales and cash receipts. We were unable to determine whether any adjustments were necessary to revenues, current assets, net income and retained earnings of Ozhushk-Onegaming Corporation and consequently, we are unable to determine whether any adjustments are necessary to the investment in government business enterprise, net income from government business enterprise and accumulated surplus of the First Nation.

The Summary of Significant Accounting Policies describes the capitalization policies with respect to the First Nation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets requires that capital assets be capitalized and amortized over their estimated useful lives. The First Nation has not fully adopted these recommendation. Although the First Nation has recognized certain tangible capital assets and amortization as of the date of the financial statements, the First Nation has not gathered the necessary information to be in a position to recognize and disclose a complete inventory of any of its major classes of tangible capital assets, as disclosed in Note 10. Consequently, we were unable to determine whether any adjustments might be necessary to tangible capital assets, accumulated amortization and accumulated surplus as at April 1, and March 31, 2017 and amortization expense and annual surplus (deficit) for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the effects and possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Anishinabe of Wauzhushk Onigum Nation as at March 31, 2017 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of the First Nation for the year ended March 31, 2016 (prior to the restatement of the comparative information described in Note 18 to the financial statements) were audited by another auditor who expressed a qualified opinion with respect to tangible capital assets and the fact that financial statements of Golden Eagle Charitable Casino and Entertainment Centre, Kinev Day Care and Wauzhushk Onigum Foundation were unaudited on July 28, 2016.

As part of our audit of the financial statements of Anishinabe of Wauzhushk Onigum Nation for the year ended March 31, 2017, we also audited the adjustments described in Note 18 that were applied to restate the financial statements for the year ended March 31, 2016. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the financial statements of Anishinabe of Wauzhushk Onigum Nation for the year ended March 31, 2016 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended March 31, 2016 taken as a whole.

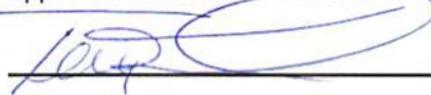
Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
October 5, 2017

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Financial Position

As at March 31	2017	2016		
	(Restated - Note 18)			
Assets				
Financial Assets				
Cash and bank (Note 1)	\$ 1,689,717	\$ 741,558		
Restricted cash (Note 2)	271,504	365,098		
Accounts receivable (Note 3)	816,636	568,392		
Inventory for resale	41,967	37,940		
Due from related entity (Note 4)	370,417	649,499		
Investment in government business enterprise (Note 5)	2,298,554	1,562,221		
Ottawa Trust Funds (Note 8)	<u>47,799</u>	<u>46,929</u>		
	<u>5,536,594</u>	<u>3,971,637</u>		
Liabilities				
Accounts payable and accrued liabilities (Note 6)	790,384	970,279		
Deferred revenue (Note 9)	1,013,785	209,577		
Long-term debt (Note 7)	<u>3,608,254</u>	<u>3,062,398</u>		
	<u>5,412,423</u>	<u>4,242,254</u>		
Net Financial Assets (Debt)	124,171	(270,617)		
Non-Financial Assets				
Prepaid expenses	18,687	15,209		
Tangible capital assets (Note 10)	<u>12,727,476</u>	<u>12,480,898</u>		
	<u>12,746,163</u>	<u>12,496,107</u>		
Accumulated surplus	\$ 12,870,334	\$ 12,225,490		

Approved on behalf of Council:

 Councillor

 Councillor

 Councillor

Anishinabe of Wauzhushk Onigum Nation Consolidated Statement of Operations

For the year ended March 31	Budget (Note 16)	2017	2016 (Restated - Note 18)
Revenue (Note 12)			
Indigenous and Northern Affairs Canada	\$ 2,943,441	\$ 4,746,117	\$ 3,607,198
Canada Mortgage and Housing Corporation	-	180,662	343,818
Health Canada	363,673	481,698	495,818
Other Government of Canada	-	302,318	3,545
Other Province of Ontario	90,000	1,828,418	1,799,730
Shooniyya Wa-Bitong	-	152,875	62,455
Ontario First Nations Limited Partnership	-	660,655	584,054
Rent	-	169,658	151,104
Other revenue (Note 14)	-	2,831,929	2,908,062
Deferred from prior year	-	209,577	191,028
Deferred to subsequent year	-	(1,013,785)	(209,577)
Net income from government business enterprise (Note 5)	-	729,039	306,400
	3,397,114	11,279,161	10,243,635
Expenses			
Band support programs	531,247	754,222	747,048
Casino Rama programs	-	11,463	60,971
Economic development programs	81,819	426,622	318,078
Social service programs	89,100	784,451	655,462
Infrastructure programs	465,744	2,589,697	2,517,528
Training and education programs	1,855,051	2,419,870	2,222,605
Health programs	332,076	749,039	652,732
Child care	57,800	769,426	618,952
Other	-	2,129,527	2,048,098
	3,412,837	10,634,317	9,841,474
Annual Surplus	\$ (15,723)	644,844	402,161
Accumulated Surplus, beginning of year, as restated		12,225,490	11,823,329
Accumulated Surplus, end of year		\$ 12,870,334	\$ 12,225,490

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Changes in Net Financial Assets (Debt)

<u>As at March 31</u>	<u>Budget</u>		
	<u>2017</u>	<u>2016</u>	
	<u>(Note 18)</u>		
Annual Surplus	\$ (15,723)	\$ 644,844	\$ 402,161
Acquisition of tangible capital assets	-	(922,061)	6,386
Amortization of tangible capital assets	-	675,483	653,842
(Increase) decrease in net debt	(15,723)	398,266	1,062,389
Acquisition of prepaid expenses and inventory	-	(3,478)	-
	(15,723)	394,788	1,062,389
Net debt, beginning of year	<u>(270,617)</u>	<u>(270,617)</u>	<u>(1,333,006)</u>
Net financial assets (debt), end of year	<u>\$ (286,340)</u>	<u>\$ 124,171</u>	<u>\$ (270,617)</u>

Anishinabe of Wauzhushk Onigum Nation Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2017</u>	<u>2016</u>
	(Note 18)	
Operating activities		
Annual Surplus	\$ 644,844	\$ 402,161
Items not affecting cash		
Amortization	675,483	653,842
Income from government business enterprise	(729,039)	(306,400)
Changes in non-cash operating balances		
Accounts receivable	(248,244)	64,327
Inventory for resale	(4,027)	(766)
Accounts payable and accrued liabilities	(179,895)	(159,788)
Deferred revenue	804,208	18,549
Ottawa Trust Funds	(870)	(975)
Prepaid expenses	(3,478)	-
	<u>958,982</u>	<u>670,950</u>
Financing activities		
Repayment of long term debt	(491,470)	(219,662)
Proceeds from long term debt	1,037,326	-
Repayment of short term debt	-	(1,035,000)
	<u>545,856</u>	<u>(1,254,662)</u>
Investing activities		
Purchase of capital assets	(922,061)	6,384
Net change in loans and advances with related parties	<u>271,788</u>	<u>18,859</u>
	<u>(650,273)</u>	<u>25,243</u>
Increase (decrease) in cash	854,565	(558,469)
Cash, beginning of year	1,106,656	1,665,125
Cash, end of year	\$ 1,961,221	\$ 1,106,656
Consisting of:		
Unrestricted cash	\$ 1,689,717	\$ 741,558
Restricted cash	271,504	365,098
	<u>\$ 1,961,221</u>	<u>\$ 1,106,656</u>

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2017

Basis of Accounting	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.
Reporting Entity and Principles of Consolidation	<p>The Anishinabe of Wauzhushk Onigum Nation reporting entity includes the Anishinabe of Wauzhushk Onigum Nation government and all related entities which are either owned or controlled by the Anishinabe of Wauzhushk Onigum Nation.</p> <p>All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.</p> <p>Under the modified equity method of accounting, only Anishinabe of Wauzhushk Onigum Nation's investment in the government business enterprise and the First Nation's portion of 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 Anishinabe of Wauzhushk Onigum Nation and inter-organizational balances and transactions are not eliminated. Ozhushk-Onegaming Corporation is the only government business enterprise.</p> <p>Organizations consolidated in Anishinabe of Wauzhushk Onigum Nation's financial statements include:</p> <ul style="list-style-type: none">- Golden Eagle Casino and Charitable Entertainment Centre- Wauzhushk Onigum Foundation- Kinew Day Care
Revenue Recognition	<p>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.</p> <p>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 statement of operations as the stipulation liabilities are settled.</p> <p>Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.</p> <p>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.</p>

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2017

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost 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.

Amortization is provided for on a declining balance basis as follows:

Buildings	4%
Infrastructure	4%
Computer equipment	30%
Heavy equipment	30%
Equipment	20%
Automotive	30%

Social housing assets acquired under CMHC sponsored programs are amortized at a rate equivalent to the principal reduction in the related long term debt, which approximates its economic life.

Certain assets which have historical or cultural value, including work 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.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make assumption and estimates that have an effect on the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

Inventory

Inventories of goods available for resale are recorded at the lower of cost and net realizable value.

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. When the loss is known with sufficient precision and there is no realistic prospect of recovery the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectible.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

1. Cash and Bank

	2017	2016
Administration	\$ 1,223,266	\$ 156,507
Social Services	136,768	103,667
Wauzhushk Onigum Foundation	60,342	98,698
Golden Eagle Charitable Casino and Entertainment Centre	266,052	281,014
Kinew Child Care Centre	<u>3,289</u>	<u>101,672</u>
	\$ 1,689,717	\$ 741,558

2. Restricted Cash

	2017	2016
Flood claims	\$ 17,491	\$ 197,098
CMHC Replacement Reserve	54,013	18,000
Golden Eagle Charitable Casino and Entertainment Centre	<u>200,000</u>	<u>150,000</u>
	\$ 271,504	\$ 365,098

3. Accounts Receivable

	2017	2016
Indigenous and Northern Affairs Canada	\$ 52,825	\$ 431,342
Shooniyyaa Wa Biitong	12,038	13,437
AKRC	-	50,366
Health Canada	-	5,598
Seven Generations	29,330	-
Government of Canada - New Building Fund	278,780	-
Province of Ontario - New Building Fund	278,780	-
Ontario Works	20,174	-
Province of Ontario - Sports and Recreation	27,116	-
Province of Ontario - Ministry of Indigenous Relations and Reconciliation	10,000	-
Other	<u>107,593</u>	<u>67,649</u>
	\$ 816,636	\$ 568,392

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

4. Due from Related Entity

	2017	2016
Loan receivable from Ozhushk-Onegaming Corporation, a band controlled entity, repayable \$10,086 monthly including interest 1.0%	\$ 69,092	\$ 353,707
Advances to Ozhushk-Onegaming Corporation, a band controlled entity, due on demand, with interest 1.0%, unsecured.	301,325	295,792
	\$ 370,417	\$ 649,499

5. Investment in Government Business Enterprise

	2017	2016
<u>Ozhushk-Onegaming Corporation</u>		
Common share (100% equity interest), at cost	\$ 1	\$ 1
Advances, unsecured, interest at 1.0% per annum, with no fixed payment terms	736,364	729,073
Accumulated surplus	1,562,189	833,147
	\$ 2,298,554	\$ 1,562,221

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2017 is as follows:

	2017	2016
Assets	\$ 3,418,015	\$ 2,843,564
Liabilities	1,855,828	2,010,416
Shareholder's equity	1,562,187	833,148
Revenues	8,341,194	7,866,358
Net income for the year	729,039	306,400

6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade payables	\$ 220,745	\$ 243,403
School boards	426,139	655,403
Indigenous and Northern Affairs Canada	143,500	71,473
	\$ 790,384	\$ 970,279

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

7. Long Term Debt

	2017	2016
Flood claim advances from Government of Canada, non-interest bearing, maturing at the earlier of March 31, 2021 or the date on which the claims are settled	\$ 559,447	\$ 463,652
Bank of Nova Scotia mortgage, repayable \$4,846 monthly including interest .88%, secured by a Ministerial guarantee, maturing October 2019	148,491	203,513
Loan payable to CMHC, repayable \$2,529 monthly including interest at 1.53%, secured by a Ministerial guarantee, maturing December 2032	424,724	448,996
Loan payable to CMHC, repayable \$4,304 including interest at 1.05%, secured by a Ministerial guarantee, maturing August 2036	906,993	948,600
Loan payable to CMHC, repayable \$3,963 monthly, including interest at 1.69%, secured by a Ministerial guarantee, maturing February 2038	837,549	871,965
Loan payable to CMHC, repayable \$4,739 monthly including interest at 1.67%, secured by Ministerial guarantee, maturing June 2018	70,299	125,672
Royal Bank bridge financing, non-revolving term facility repayable interest only at Royal Bank prime plus 1.2%, secured by New Building Canada, and OFNLP funds, maturing August 2017	557,560	-
Bus loan payable to DeLage Landen Financial Services Canada Inc., repayable \$1,790 monthly including interest at 7.209%, secured by specific automotive equipment, maturing February 2023	103,191	-
	\$ 3,608,254	\$ 3,062,398

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

7. Long Term Debt (continued)

The estimated principal repayments on the above long-term debt required over the next five years and thereafter are as follows:

2018	\$ 1,989,889
2019	130,144
2020	93,826
2021	621,145
2022	754,256
Thereafter	<u>18,994</u>
	<u>\$ 3,608,254</u>

8. Trust Funds Held In Ottawa

	Opening balance, April 1, 2016		Additions	Closing balance, March 31, 2017
Revenue	\$ 13,979	\$ 870	\$ 14,849	
Capital	<u>32,950</u>	-	<u>32,950</u>	
	<u>\$ 46,929</u>	<u>870</u>	<u>\$ 47,799</u>	

The Ottawa Trust 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Indigenous and Northern Affairs Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

9. Deferred Revenue

	Opening balance April 1, 2016	Funding Received	Revenue Recognized	Closing balance March 31, 2017
INAC:				
Education transportation	\$ 32,989	\$ 151,540	\$ 160,901	23,628
Minor capital	32,806	259,413	292,219	-
Administration building	-	100,000	52,358	47,642
Multi-unit construction	-	615,600	40,000	575,600
Housing renovations	-	250,000	109,302	140,698
Lot servicing	-	150,000	75,000	75,000
	65,795	1,526,553	729,780	862,568
Other:				
Sports and recreation	-	77,475	51,551	25,924
Miscellaneous staff events	1,185	4,599	5,784	-
Garden Island	7,662	-	-	7,662
Legacy fund	41,763	50,011	91,774	-
Minor capital - contributions	70,000	-	70,000	-
OFNLP	23,172	660,655	566,196	117,631
	\$ 209,577	\$ 2,319,293	\$ 1,515,085	\$ 1,013,785

**Anishinabe of Wauzhushk Onigum Nation
Notes to Financial Statements**

March 31, 2017

10. Capital Assets

	2017				
	Cost	Additions (Disposals)	Closing Cost	Opening balance	Amortization
					Accumulated Amortization
Land	\$ 49,000	\$ -	\$ 49,000	\$ 6,023,315	\$ 541,588
Buildings	16,703,177	386,677	17,089,854	1,347,295	6,564,903
Infrastructure	2,935,557	318,707	3,254,264	69,905	1,417,200
Heavy equipment	373,400	-	373,400	352,354	358,668
Equipment	1,278,680	44,613	1,323,293	1,168,691	21,492
Automotive and buses	633,215	165,298	798,513	607,034	32,649
Computer equipment	51,514	6,766	58,280	44,956	3,535
	\$ 22,024,543	\$ 922,061	\$ 22,946,604	\$ 9,543,645	\$ 675,483
					\$ 12,727,476

The net book value of tangible capital assets not being amortized because they are under construction or development or otherwise not yet available for use is \$nil (2016 - \$nil).

**Anishinabe of Wauzhushk Onigum Nation
Notes to Financial Statements**

March 31, 2017

10. Capital Assets - continued

	Opening Balance	Cost Additions (Disposals)	Closing Cost	Opening balance	2016	
					Amortization	Accumulated Amortization
Land	\$ 49,000	\$ -	\$ 49,000	\$ -	\$ -	\$ 49,000
Buildings	12,220,675	4,482,502	16,703,177	5,312,720	710,595	6,023,315
Infrastructure	2,935,557	-	2,935,557	1,281,117	66,178	1,347,295
Heavy equipment	373,400	-	373,400	343,334	9,020	352,354
Equipment	1,244,807	33,873	1,278,680	1,157,594	11,097	1,168,691
Automotive and buses	633,215	-	633,215	595,814	11,220	607,034
Computer equipment	-	51,514	51,514	44,804	152	44,956
						6,558
	\$ 17,508,168	\$ 4,516,375	\$ 22,024,543	\$ 8,735,383	\$ 808,262	\$ 9,543,645
						\$ 12,480,898

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

11. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2017	2016
Current funds	\$ 2,657,133	\$ 1,870,488
Investment in capital assets	9,678,669	9,882,151
Replacement reserve	534,532	472,851
	<hr/> \$ 12,870,334	<hr/> \$ 12,225,490

The investment in capital assets represents amounts already spent and invested in capital assets.

Current funds represents the general activities of the First Nation.

Replacement reserve: Under agreements with CMHC, the First Nation is required to establish a replacement reserve, perpetuated by an annual allocation of funds to ensure replacement of buildings financed by CMHC.

In accordance with the 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 currently unfunded.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

12. Government Transfers

	Operating	Capital	2017		2016	
			Total	Operating	Capital	Total
Federal						
INAC	\$3,871,104	\$ 875,013	\$4,746,117	\$2,400,772	\$1,206,426	\$ 3,607,198
Health Canada	481,698	-	481,698	495,818	-	495,818
New Building Canada	-	278,780	278,780	-	-	-
CMHC	180,662	-	180,662	343,818	-	343,818
Other	23,538	-	23,538	3,545	-	3,545
Sub-total	4,557,002	1,153,793	5,710,795	3,243,953	1,206,426	4,450,379
Provincial	1,549,638	278,780	1,828,418	1,799,730	-	1,799,730
	\$6,106,640	1,432,573	\$7,539,213	\$5,043,683	\$1,206,426	\$ 6,250,109

INAC funding reconciliation:

Funding per confirmation	\$4,723,878
Prior year tuition funding	86,526
2012/13 capital funding	7,740
2013/14 band operated school surplus funds to be returned	<u>(72,027)</u>
INAC funding per financial statements	<u>\$4,746,117</u>

13. Economic Dependence

The Anishinabe of Wauzhushk Onigum Nation received a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

14. Other Revenues

	2017	2016
Non-government grants	\$ 191,020	\$ 140,984
Equipment rental	37,780	36,500
Interest revenue	27,050	28,603
Gaming revenues	2,302,154	2,235,340
Contributions from government business enterprise	140,000	25,000
Other	133,925	441,635
	\$ 2,831,929	\$ 2,908,062

15. Contingent Liabilities

The First Nation has been named in a civil claim arising in the ordinary course of operations. The First Nation has contested the claim and legal counsel has advised that it is premature to make any evaluation of the possible outcome or possible settlement amount of this claim. Consequently, no provision for this claim has been made in the financial statements.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

16. Budget

The budget approved by Chief and Council was not prepared on a consolidated basis and does not include all of the activities of the First Nation. As a result, the budget presented in the consolidated statement of operations combines only the program budgets that were available. The program budgets approved by Chief and Council were not prepared on a basis consistent with that used to report actual financial statements results (Public Sector Accounting Standards). The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis.

17. Segmented Information

Anishinabe of Wauzhushk Onigum Nation is a diversified local government that provides a wide range of services to its citizens and members, including band support, economic development, social services, infrastructure, training and education, health, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Operations and maintenance fee allocations have been made to each building based on a percentage of overall maintenance costs. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2017

18 Adjustment Resulting from Prior Period Errors

During the current year, the First Nation determined that amortization had been calculated incorrectly on certain assets. As a result, accumulated amortization was understated and accumulated surplus was overstated. This error has been corrected retroactively with restatement of prior periods. The correction had the following effect on the financial statements:

	2017	2016
Increase in opening accumulated amortization	\$ 194,699	\$ 154,420
Increase in amortization expense	-	40,280
Decrease in annual surplus	-	(40,280)
Decrease in opening accumulated surplus	(194,699)	(154,420)

Comparative figures were restated to reflect inter-organization balances and transactions not eliminated as follows:

	2016
Decrease in assets - replacement reserve not funded	\$ (212,033)
Decrease in liabilities - inter-entity accounts payable	212,033
Decrease in liabilities - replacement reserve fund reclassified	212,033
Increase in accumulated surplus - replacement reserve fund reclassified	(212,033)
Decrease in revenue - inter-organizational transfers reported as revenues	686,496
Decrease in expenses - inter-organizational transfers reported as expenses	(686,496)

Comparative figures were restated to reflect income from government business enterprises not presented on a net basis:

	2016
Decrease in revenues - government business enterprise	\$ 7,698,813
Decrease in expenses - government business enterprise	(7,698,813)

The net impact on accumulated surplus of the restatements above is as follows:

	2017	2016
Opening accumulated surplus, as previously stated	\$ 12,208,157	\$ 11,765,715
Net effect of restatements	17,333	57,614
Opening accumulated surplus, as restated	<u>\$ 12,225,490</u>	<u>\$ 11,823,329</u>

Certain other comparatives amounts have been reclassified to conform to the current year's presentation.

Anishinabe of Wauzhushk Onigum Nation
Segmented Disclosure
For the year ended March 31, 2017

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Other	Consolidated 2017
Revenue										
Government	\$ 361,205	\$ -	\$ 215,538	\$ 803,963	\$ 2,444,278	\$ 2,532,231	\$ 581,266	\$ 600,732	\$ -	\$ 7,539,213
Net income from transfers										
Net income from government business enterprise	-	-	-	-	-	-	-	-	-	729,039
Other (net)	206,735	566,196	10,696	-	(426,605)	69,993	160,781	120,460	2,302,653	3,010,909
	567,940	566,196	226,234	803,963	2,017,673	2,602,224	742,047	721,192	3,031,692	11,279,161
Expenses										
Amortization	-	-	-	-	658,946	-	-	-	16,537	675,483
Debt servicing	15,820	-	-	-	53,596	1,790	-	-	-	-
Salaries and benefits	223,549	900	94,093	44,084	480,685	361,880	359,133	607,290	908,935	3,080,549
Other expenses	514,853	10,563	332,529	740,367	1,396,470	2,056,200	389,906	162,136	1,204,055	6,807,079
	754,222	11,463	426,622	784,451	2,589,697	2,419,870	749,039	769,426	2,129,527	10,634,317
Excess of revenue (expense)	(186,282)	554,733	(200,388)	19,512	(572,024)	182,354	(6,992)	(48,234)	902,165	644,844
Transfer from (to) other funds	-	(554,733)	37,915	-	571,804	69,861	17,998	-	(142,845)	-
Excess of revenue (expense) for the year	\$ (186,282)	\$ -	\$ (162,473)	\$ 19,512	\$ (220)	\$ 252,215	\$ 11,006	\$ (48,234)	\$ 759,320	\$ 644,844

Anishinabe of Wauzhushk Onigum Nation
Segmented Disclosure
For the year ended March 31, 2017

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Other	Consolidated 2016
Revenue										
Government transfers	\$ 523,383	\$ -	\$ 182,309	\$ 687,128	\$ 1,841,293	\$ 1,855,840	\$ 583,194	\$ 576,962	\$ -	\$ 6,250,109
Net income from government business enterprise	-	-	-	-	-	-	-	-	-	306,400
Other (net)	296,402	660,882	103,607	-	86,391	111,322	97,934	91,928	2,238,660	3,687,126
819,785	660,882	285,916	687,128	1,927,684	1,967,162	681,128	668,890	668,890	2,545,060	10,243,635
Expenses										
Amortization	-	-	-	-	640,244	-	-	-	13,598	653,842
Debt servicing	11,918	-	-	-	81,396	-	-	-	-	93,314
Salaries and benefits	245,733	-	75,540	30,213	377,171	332,980	345,474	436,784	856,878	2,700,773
Other expenses	489,397	60,971	242,538	625,249	1,418,717	1,889,625	307,258	182,168	1,177,622	6,393,545
747,048	60,971	318,078	655,462	2,517,528	2,222,605	652,732	618,952	2,048,098	9,841,474	
Excess of revenue (expense)	72,737	599,911	(32,162)	31,666	(589,844)	(255,443)	28,396	49,938	496,962	402,161
Transfer from (to) other funds	-	(336,517)	13,183	-	266,193	92,752	2,708	-	(38,319)	-
Excess of revenue (expense) for the year	\$ 72,737	\$ 263,394	\$ (18,979)	\$ 31,666	\$ (323,651)	\$ (162,691)	\$ 31,104	\$ 49,938	\$ 458,643	\$ 402,161