

**Anishinabe of Wauzhushk Onigum Nation
Financial Statements
For the year ended March 31, 2019**

Anishinabe of Wauzhushk Onigum Nation
Financial Statements
For the year ended March 31, 2019

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Management's Responsibility for Financial Reporting

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

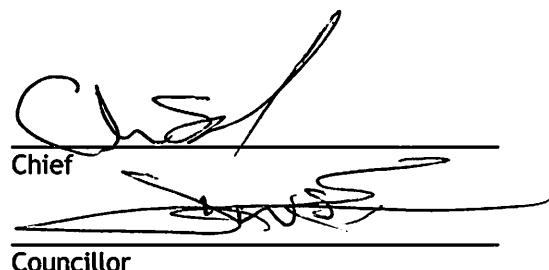
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen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

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



Handwritten signatures of the Chief and a Councillor are shown. The Chief's signature is at the top, and the Councillor's signature is below it. Both signatures are written in black ink on a white background.

Chief

Councillor

Independent Auditor's Report

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

Qualified Opinion

We have audited the accompanying consolidated financial statements of Anishinabe of Wauzhushk Onigum Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2019 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects and possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2019, and the results of its operations, its change in net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Group 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 Group. 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 years ended March 31, 2019 and 2018, financial assets as at March 31, 2019 and 2018 and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 years.

The Summary of Significant Accounting Policies describes the capitalization policies with respect to the Group'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 Group has not fully adopted these recommendations. Although the Group has recognized certain tangible capital assets and amortization as of the date of the consolidated financial statements, the Group 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 11. 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, 2018 and 2017 and March 31, 2019 and 2018 and amortization expense and annual surplus (deficit) for the years ended March 31, 2019 and 2018.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of these limitations in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kenora, Ontario
March 6, 2020

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Financial Position

As at March 31 **2019** **2018**

Assets

Financial Assets

Cash and bank (Note 1)	\$ 1,445,856	\$ 675,193
Temporary investments (Note 2)	252,409	201,563
Accounts receivable (Note 3)	7,196,394	887,785
Inventory for resale	33,274	36,863
Due from related entity (Note 4)	45,360	116,362
Investment in government business enterprise (Note 5)	3,656,117	2,913,718
Ottawa Trust Funds (Note 8)	49,947	48,813
	12,679,357	4,880,297

Liabilities

Bank indebtedness (Note 10)	10,493	214,957
Accounts payable and accrued liabilities (Note 6)	1,735,226	1,258,696
Deferred revenue (Note 9)	6,650,168	388,851
Long-term debt (Note 7)	3,375,877	3,505,078
	11,771,764	5,367,582

Net Financial Assets (Debt) **907,593** **(487,285)**

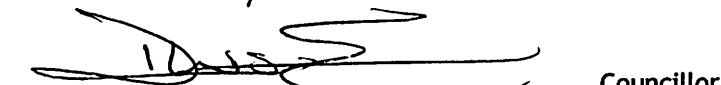
Non-Financial Assets

Prepaid expenses	109,833	18,009
Tangible capital assets (Note 11)	14,366,193	14,468,438
	14,476,026	14,486,447

Accumulated surplus (Note 12) **\$ 15,383,619** **\$ 13,999,162**

Approved on behalf of Council:

 Chief

 Councillor

 Councillor

Anishinabe of Wauzhushk Onigum Nation Consolidated Statement of Operations

For the year ended March 31	Budget (Note 18)	2019	2018
Revenue (Note 14)			
Indigenous Services Canada	\$ 2,904,558	\$ 4,244,521	\$ 4,978,231
Canada Mortgage and Housing Corporation	315,156	353,788	347,683
Health Canada	461,589	568,712	418,397
Province of Ontario	464,779	2,642,556	1,738,577
Shooniya Wa-Biitong	-	93,883	130,144
Ontario First Nations Limited Partnership	-	875,123	753,780
Rent	-	311,048	168,861
Other revenue (Note 15)	186,314	3,184,515	2,765,460
Net income from government business enterprise (Note 5)	-	834,964	607,802
	<hr/>	<hr/>	<hr/>
	4,332,396	13,109,110	11,908,935
Expenses			
Band support programs	-	994,392	880,864
Casino Rama programs	-	35,104	6,971
Economic development programs	2,500	395,182	446,828
Social service programs		747,818	750,066
Infrastructure programs		3,183,796	2,310,018
Training and education programs	2,333,821	2,533,731	2,660,159
Health programs	860,454	1,112,376	840,873
Child care		734,773	731,520
Golden Eagle Charitable Casino and Foundation	-	1,987,481	2,152,808
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	3,196,775	11,724,653	10,780,107
Annual Surplus	<hr/>	<hr/>	<hr/>
	\$ 1,135,621	1,384,457	1,128,828
Accumulated Surplus, beginning of year		<hr/>	<hr/>
		13,999,162	12,870,334
Accumulated Surplus, end of year	<hr/>	<hr/>	<hr/>
	\$ 15,383,619	\$ 13,999,162	

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

<u>As at March 31</u>	<u>Budget</u>	<u>2019</u>	<u>2018</u>
Annual Surplus	\$1,135,621	\$ 1,384,457	\$ 1,128,828
Acquisition of tangible capital assets	-	(821,530)	(2,543,377)
Amortization of tangible capital assets	-	914,633	802,415
Gain on sale of tangible capital assets	-	(9,358)	-
Proceeds on sale of tangible capital assets	-	18,500	-
(Increase) decrease in net debt	1,135,621	1,486,702	(612,134)
Acquisition of prepaid expenses and inventory	-	(91,824)	676
	1,135,621	1,394,878	(611,458)
Net debt, beginning of year	(487,285)	(487,285)	124,173
Net financial assets (debt), end of year	\$ 648,336	\$ 907,593	\$ (487,285)

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
Operating activities		
Annual Surplus	\$ 1,384,457	\$ 1,128,828
Items not affecting cash		
Amortization	914,633	802,415
Income from government business enterprise	(834,964)	(607,802)
Gain on sale of capital assets	(9,358)	-
Changes in non-cash operating balances		
Accounts receivable	(6,308,609)	(71,149)
Inventory for resale	3,589	5,104
Accounts payable and accrued liabilities	476,530	468,312
Deferred revenue	6,261,317	(624,934)
Ottawa Trust Funds	(1,134)	(1,012)
Prepaid expenses	(91,824)	676
Temporary investments	(50,846)	(1,563)
	<u>1,743,791</u>	<u>1,098,875</u>
Financing activities		
Repayment of long term debt	(311,860)	(685,134)
Proceeds from long term debt	<u>182,659</u>	<u>581,958</u>
	<u>(129,201)</u>	<u>(103,176)</u>
Investing activities		
Net change in loans and advances with related parties	<u>163,567</u>	<u>246,693</u>
Capital activities		
Purchase of capital assets	(821,530)	(2,543,377)
Proceeds on disposal of capital assets	<u>18,500</u>	-
	<u>(803,030)</u>	<u>(2,543,377)</u>
Increase (decrease) in cash	975,127	(1,300,985)
Cash, beginning of year	460,236	1,761,221
Cash, end of year	\$ 1,435,363	\$ 460,236
Consisting of:		
Cash and bank	\$ 1,445,856	\$ 675,193
Bank indebtedness (Note 10)	<u>(10,493)</u>	<u>(214,957)</u>
	<u>\$ 1,435,363</u>	<u>\$ 460,236</u>

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2019

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

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2019

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

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

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.

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.

Gaming revenues are recognized at point of sale.

Tangible Capital Assets Tangible capital assets are stated 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 and buses	30%

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 assumptions 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.

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2019

Inventory	Inventories of goods available for resale are recorded at the lower of cost and net realizable value.
Pension Plan	The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nation's required contribution for the year.
Temporary Investments	Temporary investments are recorded at cost, unless the market value has declined below cost, in which case they are written down to market value.

Anishinabe of Wauzhushk Onigum Nation
Notes to Consolidated Financial Statements

March 31, 2019

1. Cash and Bank

	2019	2018
Unrestricted Cash		
Administration	\$ 753,010	\$ 69,628
Social Services	143,542	68,573
Wauzhushk Onigum Foundation	133,603	40,982
Golden Eagle Charitable Casino and Entertainment Centre	385,147	248,513
Kinew Child Care Centre	-	7,692
	1,415,302	435,388
Restricted Cash		
Flood claims	4,954	94,887
CMHC Replacement Reserve	25,600	144,918
	30,554	239,805
	\$ 1,445,856	\$ 675,193

2. Temporary Investments

	2019	2018
Golden Eagle Charitable Casino and Entertainment Centre:		
GIC, matured May 2018, interest at 1.25%	\$ -	\$ 50,509
GIC, maturing April 2020, interest at 1.50%	150,555	151,054
GIC, maturing September 2020, interest at 2.10%	51,854	-
GIC, maturing March 2022, interest at 0.66%	50,000	-
	\$ 252,409	\$ 201,563

3. Accounts Receivable

	2019	2018
Indigenous Services Canada	\$ 6,353,982	\$ 357,509
Health Canada	56,146	-
Canada Mortgage Housing Corporation	52,453	189,050
Province of Ontario	549,696	171,455
Other	184,117	169,771
	\$ 7,196,394	\$ 887,785

Anishinabe of Wauzhushk Onigum Nation Notes to Consolidated Financial Statements

March 31, 2019

4. Due from Related Entity

	2019	2018
Loan receivable from Ozhushk-Onegaming Corporation, a band controlled entity, repayable \$10,086 monthly including interest 1.0%	\$ 20,034	\$ 20,034
Advances to Ozhushk-Onegaming Corporation, a band controlled entity, due on demand, with interest 1.0%, unsecured	25,326	96,328
	\$ 45,360	\$ 116,362

5. Investment in Government Business Enterprise

	2019	2018
<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	651,164	743,727
Retained earnings	3,004,952	2,169,990
	\$ 3,656,117	\$ 2,913,718

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2019 is as follows:

	2019	2018
Assets	\$ 4,160,684	\$ 3,502,199
Liabilities	1,155,731	1,332,209
Shareholder's equity	3,004,953	2,169,990
Revenues	10,151,163	8,765,269
Net income for the year	834,964	607,802

6. Accounts Payable and Accrued Liabilities

	2019	2018
Trade payables	\$ 729,499	\$ 366,433
School boards	862,227	748,763
Indigenous Services Canada	143,500	143,500
	\$ 1,735,226	\$ 1,258,696

Anishinabe of Wauzhushk Onigum Nation
Notes to Consolidated Financial Statements

March 31, 2019

7. Long Term Debt

	2019	2018
Flood claim advances from Government of Canada, non-interest bearing, maturing at the earlier of March 31, 2023 or the date on which the claims are settled	\$ 844,401	\$ 661,742
Mortgage payable to CMHC, repayable \$4,846 monthly including interest .88%, secured by a Ministerial guarantee, maturing October 2019	33,833	91,414
Mortgage payable to CMHC, repayable \$2,623 monthly including interest at 2.04%, secured by a Ministerial guarantee, renewing January 2023, maturing December 2032	377,276	400,826
Mortgage payable to CMHC, repayable \$4,304 including interest at 1.05%, secured by a Ministerial guarantee, renewing August 2021, maturing August 2036	821,856	864,647
Mortgage payable to CMHC, repayable \$4,227 monthly, including interest at 2.39%, secured by a Ministerial guarantee, renewing February 2023, maturing February 2038	772,058	804,009
Mortgage payable to CMHC, repayable \$4,739 monthly including interest at 1.67%, secured by Ministerial guarantee, matured June 2018	-	14,181
Bus loan payable to DeLage Landen Financial Services Canada Inc., repayable \$1,790 monthly including interest at 7.09%, secured by specific automotive equipment, maturing February 2023	72,922	88,595
Royal Bank loan, repayable \$2,580 monthly, including interest at Royal Bank prime plus 1.92%, secured by specific equipment, maturing May 2022	93,574	118,507
	3,015,920	3,043,921

Anishinabe of Wauzhushk Onigum Nation Notes to Consolidated Financial Statements

March 31, 2019

7. Long Term Debt (continued)

Carry-forward	\$ 3,015,920	\$ 3,043,921
Royal Bank loan, repayable \$8,510 monthly including interest at 4.51%, secured by specific equipment, maturing June 2022	307,546	394,004
Royal Bank loan, repayable \$1,450 monthly including interest at 4.48%, secured by specific equipment, maturing June 2022	52,411	67,153
	<hr/>	<hr/>
	\$ 3,375,877	\$ 3,505,078

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

2020	\$ 282,458
2021	257,965
2022	958,496
2023	<u>1,876,958</u>
	\$ 3,375,877

8. Trust Funds Held In Ottawa

	Opening balance, April 1, 2018	Additions	Closing balance, March 31, 2019
Revenue	\$ 15,863	\$ 1,134	\$ 16,997
Capital	32,950	-	32,950
		-	
	\$ 48,813	1,134	\$ 49,947

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 Services Canada and generally must be for projects of a capital nature.

Anishinabe of Wauzhushk Onigum Nation

Notes to Consolidated Financial Statements

March 31, 2019

9. Deferred Revenue

	Opening balance April 1, 2018	Funding Received	Revenue Recognized	Closing balance March 31, 2019
Indigenous Services Canada:				
Water (capital)	\$ -	\$ 6,556,642	\$ 345,226	\$ 6,211,416
Science and technology	35,878	-	250	35,628
Water feasibility	36,520	-	36,520	-
Administration building	15,000	-	15,000	-
Multi-unit construction	49,600	-	49,600	-
Housing renovations	10,797	-	10,797	-
Governance	-	30,000	3,602	26,398
Skills link	22,105	-	6,412	15,693
Prevention	28,932	150,990	36,000	143,922
Risk management	-	203,333	156,000	47,333
	198,832	6,940,965	659,407	6,480,390
Other:				
Grand Council Treaty #3	-	10,000	-	10,000
Shooniyya Wa-Biitong	-	115,000	25,140	89,860
Ministry of Education	56,934	195,294	220,689	31,539
Other	31,974	919,998	913,593	38,379
Canada Mortgage and Housing Corporation	101,111	-	101,111	-
	\$ 388,851	\$ 8,181,257	\$ 1,919,940	\$ 6,650,168

10. Bank Indebtedness

	2019	2018
General operating account	\$ -	\$ 114,957
RBC line of credit	-	100,000
Kinew Child Care Centre	10,493	-
	\$ 10,493	\$ 214,957

The RBC line of credit has a maximum credit capacity of \$200,000 and bears interest at prime plus 1.70%. The unused credit capacity at year-end was \$200,000.

Anishinabe of Wauzhushk Onigum Nation Notes to Financial Statements

March 31, 2019

11. Capital Assets

	2019					
	Cost			Accumulated Amortization		
	Opening Balance	Net Additions	Closing Cost	Opening balance	Amortization (Adjustments)	Accumulated Amortization
Land	\$ 49,000	\$ -	\$ 49,000	\$ -	\$ -	\$ 49,000
Buildings	18,942,651	404,388	19,347,039	7,114,506	554,021	7,668,527
Infrastructure	3,254,264	28,542	3,282,806	1,490,683	71,114	1,561,797
Heavy equipment	1,061,900	-	1,061,900	466,363	178,661	645,024
Equipment	1,325,373	14,847	1,340,220	1,211,795	18,393	1,230,188
Automotive and buses	798,513	177,867	976,380	687,332	(92,094)	595,238
Computer equipment	58,280	5,886	64,166	50,864	3,680	54,544
	\$ 25,489,981	\$ 631,530	\$ 26,121,511	\$ 11,021,543	\$ 733,775	\$ 11,755,318
						\$ 14,366,193

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 \$361,497 (2018 - \$1,309,264).

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

March 31, 2019

11. Capital Assets - continued

	2018					
	Cost			Accumulated Amortization		
	Opening Balance	Net Additions	Closing Cost	Opening balance	Amortization (Adjustments)	Accumulated Amortization
Land	\$ 49,000	\$ -	\$ 49,000	\$ -	\$ -	\$ 49,000
Buildings	17,089,854	1,852,797	18,942,651	6,564,903	549,603	7,114,506
Infrastructure	3,254,264	-	3,254,264	1,417,200	73,483	1,490,683
Heavy equipment	373,400	688,500	1,061,900	358,668	107,695	466,363
Equipment	1,323,293	2,080	1,325,373	1,190,183	21,612	1,211,795
Automotive and buses	798,513	-	798,513	639,683	47,649	687,332
Computer equipment	58,280	-	58,280	48,491	2,373	50,864
	\$ 22,946,604	\$ 2,543,377	\$ 25,489,981	\$10,219,128	\$ 802,415	\$ 11,021,543
						\$ 14,468,438

Anishinabe of Wauzhushk Onigum Nation Notes to Consolidated Financial Statements

March 31, 2019

12. Accumulated Surplus

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

	2019	2018
Current funds	\$ 3,398,616	\$ 2,112,658
Investment in capital assets	11,834,719	11,625,103
Replacement reserve	150,284	261,401
	<hr/> \$ 15,383,619	<hr/> \$ 13,999,162

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.

13. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$16,074 (2018 - \$22,735). The plan is funded equally by the organization and the First Nation's employees at rates determined by the employees as a percentage of the employee's salary. The funds are invested in segregated funds as directed by the First Nation's individual employees' investment directives.

Anishinabe of Wauzhushk Onigum Nation

Notes to Consolidated Financial Statements

March 31, 2019

14. Government Transfers

	Operating	Capital	2019		2018	
			Total	Operating	Capital	Total
Federal						
INAC	\$ 4,244,521	\$ -	\$ 4,244,521	\$ 3,707,387	\$ 1,270,844	\$ 4,978,231
Health Canada	568,712	-	568,712	418,397	-	418,397
CMHC	353,788	-	353,788	323,519	24,164	347,683
Sub-total	5,167,021	-	5,167,021	4,449,303	1,295,008	5,744,311
Provincial	2,264,491	378,065	2,642,556	1,738,577	-	1,738,577
	\$ 7,431,512	378,065	\$ 7,809,577	\$ 6,187,880	\$ 1,295,008	\$ 7,482,888

INAC funding reconciliation:

Funding per confirmation	\$10,526,079
Opening deferred revenue	198,832
Ending deferred revenue	<u>(6,480,390)</u>
INAC funding per financial statements	\$4,244,521

15. Other Revenues

	2019	2018
Non-government grants	\$ 399,050	\$ 240,113
Interest revenue	10,457	19,279
Gaming revenues	2,362,983	2,185,920
Contributions from government business enterprise	145,000	145,000
Other	267,025	175,148
	\$ 3,184,515	\$ 2,765,460

16. Commitments

In March 2019, the First Nation committed to a Canada Mortgage and Housing Corporation mortgage to a maximum of \$2,032,000 for the construction of additional housing. The first instalment was received in June 2019.

The First Nation has entered into various contracts totalling \$13,866,300 for water and wastewater system upgrades. An agreement for funding to a maximum of \$13,409,397 has also been entered into with Indigenous Services Canada.

17. 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 Consolidated Financial Statements

March 31, 2019

18. 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.

19. 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
Segmented Disclosure
For the year ended March 31, 2019

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Golden Eagle & Foundation	Consolidated 2019
Revenue										
Government transfers	\$ 575,623	\$ -	\$ 218,027	\$ 754,804	\$ 2,464,059	\$ 2,341,091	\$ 835,060	\$ 620,913	\$ -	\$ 7,809,577
Net income from government business enterprise	-	-	-	-	-	-	-	-	834,964	834,964
Other	349,331	875,123	101,997	750	238,779	68,183	367,036	97,387	2,365,983	4,464,569
	924,954	875,123	320,024	755,554	2,702,838	2,409,274	1,202,096	718,300	3,200,947	13,109,110
Expenses										
Amortization	-	-	-	-	893,577	-	-	-	21,056	914,633
Debt servicing	3,838	-	-	-	60,526	5,802	-	-	-	70,166
Salaries and benefits	283,282	-	106,116	54,780	409,424	461,252	446,155	571,816	894,320	3,227,145
Other expenses	707,272	35,104	289,066	693,038	1,820,269	2,066,677	666,221	162,957	1,072,105	7,512,709
	994,392	35,104	395,182	747,818	3,183,796	2,533,731	1,112,376	734,773	1,987,481	11,724,653
Excess of revenue (expense)										
Transfer from (to) other segments	(69,438)	840,019	(75,158)	7,736	(480,958)	(124,457)	89,720	(16,473)	1,213,466	1,384,457
	52,886	(703,239)	47,043	-	530,416	64,097	77,324	16,473	(85,000)	-
Excess of revenue (expense) for the year	\$ (16,552)	\$ 136,780	\$ (28,115)	\$ 7,736	\$ 49,458	\$ (60,360)	\$ 167,044	\$ -	\$ 1,128,466	\$ 1,384,457

Anishinabe of Wauzhushk Onigum Nation
Segmented Disclosure
For the year ended March 31, 2018

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Child Care	Other	Consolidated 2018
Revenue										
Government transfers	\$ 438,155	\$ -	\$ 266,766	\$ 741,899	\$ 2,438,388	\$ 2,331,437	\$ 636,307	\$ 629,936	\$ -	\$ 7,482,888
Net income from government business enterprise	-	-	-	-	-	-	-	-	607,802	607,802
Other	215,084	753,780	33,958	2,159	254,860	138,466	164,894	69,124	2,185,920	3,818,245
	653,239	753,780	300,724	744,058	2,693,248	2,469,903	801,201	699,060	2,793,722	11,908,935
Expenses										
Amortization	-	-	-	-	784,801	-	-	-	17,614	802,415
Debt servicing	22,619	-	-	-	54,166	7,498	-	-	-	84,283
Salaries and benefits	254,257	-	100,613	63,076	430,700	487,614	413,766	605,330	948,651	3,304,007
Other expenses	603,988	6,971	346,215	686,990	1,040,351	2,165,047	427,107	126,190	1,186,543	6,589,402
	880,864	6,971	446,828	750,066	2,310,018	2,660,159	840,873	731,520	2,152,808	10,780,107
Excess of revenue (expense)										
Transfer from (to) other segments	(227,625)	746,809	(146,104)	(6,008)	383,230	(190,256)	(39,672)	(32,460)	640,914	1,128,828
	8,363	(696,851)	90,865	3,808	633,047	32,896	38,792	-	(110,920)	-
Excess of revenue (expense) for the year										
	\$ (219,262)	\$ 49,958	\$ (55,239)	\$ (2,200)	\$ 1,016,277	\$ (157,360)	\$ (880)	\$ (32,460)	\$ 529,994	\$ 1,128,828