

Anishinabe of Wauzhushk Onigum Nation
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2020

Anishinabe of Wauzhushk Onigum Nation
FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Financial Statements	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Financial Assets (Debt)	8
Consolidated Statement of Cash Flows	9
Summary of Significant Accounting Policies	10
Notes to Consolidated Financial Statements	13

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 Prairie Point Chartered Professional Accountants LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Prairie Point Chartered Professional Accountants LLP has full access to the First Nation Council.


Chief


Councillor



Independent Auditor's report

To the Members of
Anishinable of Wauzhushk Ongium Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Anishinable of Wauzhushk Ongium Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2020 and the consolidated statement of cash flows for the year 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, 2020, 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 year ended March 31, 2020, financial assets as at March 31, 2020 and accumulated surplus as at April 1, 2019 and March 31, 2020.

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, 2019 and March 31, 2020 and amortization expense and annual surplus (deficit) for the year ended March 31, 2020.

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 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.

Other Matter

The financial statements of Anishinabe of Wauzhushk Onigum Nation for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on these financial statements on March 6, 2020.

The qualified opinion was issued as the previous auditor was unable to verify the the amount of gaming revenues and to recognize and disclose a complete inventory of any of its major classes of tangible capital assets. The qualification in previous year is similar to one stated on the current year financial statements.

Prairie Point CPAs
Chartered Professional Accountants

Winnipeg, Manitoba
March 16, 2021

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Financial Position

As at March 31	2020	2019
Assets		
Financial Assets		
Cash and Bank (Note 1)	\$ 3,253,098	\$ 1,445,856
Temporary investments (Note 2)	5,639,870	252,409
Accounts receivable (Note 3)	1,154,116	7,196,394
Inventory for resale	26,964	33,274
Due from related entity (Note 4)	123,624	45,360
Investment in government business enterprise (Note 5)	4,736,976	3,656,117
Ottawa Trust Funds (Note 8)	50,927	49,947
	14,985,575	12,679,357
Liabilities		
Bank indebtedness (Note 10)	444,647	10,493
Accounts payable and accrued liabilities (Notes 6)	2,867,599	1,735,226
Deferred revenue (Note 9)	3,947,347	6,650,168
Long-term debt (Note 7)	4,247,887	3,375,877
	11,507,480	11,771,764
Net Financial Assets (Debt)	3,478,095	907,593
Commitments (Note 16)		
Non-Financial Assets		
Prepaid expenses	19,971	109,833
Tangible capital assets (Note 11)	25,676,637	14,366,193
	25,696,608	14,476,026
Accumulated surplus (Note 12)	\$ 29,174,703	\$ 15,383,619

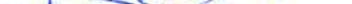
Approved on behalf of Council:

Card

Chief

front end

Councillor



Councillor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Financial Position

For the year ended March 31	Budget (Unaudited)		2020	2019
	(Note 17)			
Revenue (Note 14)				
Indigenous Services Canada	\$ 958,730	\$ 15,433,351	\$ 4,244,521	
Canada Mortgage and Housing Corporation		135,283	353,788	
Health Canada	(465,019)	1,895,616	568,712	
Province of Ontario	1,513,791	3,459,537	2,642,556	
Shooniyya Wa-Biitong	-	225,985	93,883	
Ontario First Nations Limited Partnership	-	734,891	875,123	
Rent	-	319,255	311,048	
Other revenue (Note 15)	-	4,829,444	3,184,515	
Net income from government business enterprise (Note 5)	-	1,080,855	834,964	
	<u>2,007,502</u>	<u>28,114,217</u>	<u>13,109,110</u>	
Expenses				
Band support programs	33,420	684,281	994,392	
Casino Rama programs	-	1,500	35,104	
Economic development programs	-	503,862	395,182	
Social service programs	-	690,511	747,818	
Infrastructure programs	1,309,898	4,263,866	3,183,796	
Training and education programs	195,294	2,850,427	2,533,731	
Health programs	130,939	2,293,795	1,112,376	
Child care	-	1,035,150	734,773	
Golden Eagle Charitable Casino and Foundation	-	2,019,666	1,987,481	
	<u>1,669,551</u>	<u>14,343,058</u>	<u>11,724,653</u>	
Annual Surplus	\$ 337,951	13,771,159	1,384,457	
Accumulated Surplus, beginning of year	-	15,383,619	13,999,162	
Replacement reserve transfer	-	19,925	-	
Accumulated Surplus, end of year	\$ -	\$ 29,174,703	\$ 15,383,619	

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

As at March 31	Budget (Unaudited)	2020	2019
Annual Surplus	\$ 337,951	\$ 13,771,159	\$ 1,384,457
Acquisition of tangible capital assets	-	(12,138,218)	(821,530)
Amortization of tangible capital assets	-	827,774	914,633
Gain on sale of tangible capital assets	-	-	(9,358)
Use of replacement reserve	-	19,925	-
Proceeds on sale of tangible capital assets	-	-	18,500
Increase (decrease) in net financial assets	337,951	2,480,640	1,486,702
Use/(acquisition) of prepaid expenses	-	89,862	(91,824)
	337,951	2,570,502	1,394,878
Net financial assets (debt), beginning of year	<u>907,593</u>	<u>907,593</u>	<u>(487,285)</u>
Net financial assets, end of year	\$ 1,245,544	\$ 3,478,095	\$ 907,593

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Operating activities		
Annual Surplus	\$ 13,771,159	\$ 1,384,457
Items not affecting cash		
Amortization	827,774	914,633
Income from government business enterprise	(1,080,859)	(834,964)
Gain on sale of capital assets	-	(9,358)
Changes in non-cash operating balances		
Accounts receivable	6,042,278	(6,308,609)
Inventory for resale	6,310	3,589
Accounts payable and accrued liabilities	1,132,373	476,530
Use of replacement reserve	19,925	-
Deferred revenue	(2,702,821)	6,261,317
Ottawa Trust Funds	(980)	(1,134)
Prepaid expenses	89,862	(91,824)
Temporary investments	<u>(5,387,461)</u>	<u>(50,846)</u>
	<u>12,717,560</u>	<u>1,743,791</u>
Financing activities		
Repayment of long term debt	(282,591)	(311,860)
Proceeds from long term debt	<u>1,154,601</u>	<u>182,659</u>
	<u>872,010</u>	<u>(129,201)</u>
Investing activities		
Net change in loans and advances with related parties	<u>(78,264)</u>	<u>163,567</u>
Capital activities		
Purchase of capital assets	(12,138,218)	(821,530)
Proceeds on disposal of capital assets	-	18,500
	<u>(12,138,218)</u>	<u>(803,030)</u>
Increase (decrease) in cash	1,373,088	975,127
Cash, beginning of year	1,435,363	460,236
Cash, end of year	\$ 2,808,451	\$ 1,435,363
Consisting of:		
Cash and Bank	\$ 3,253,098	\$ 1,445,856
Bank indebtedness (note 10)	<u>(444,647)</u>	<u>(10,493)</u>
	<u>\$ 2,808,451</u>	<u>\$ 1,435,363</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2020

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 The Anishinabe of Wauzhushk Onigum Nation (First 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.

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.

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.

Organizations consolidated in Anishinabe of Wauzhushk Onigum Nation's financial statements include:

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

Anishinabe of Wauzhushk Onigum Nation Summary of Significant Accounting Policies

March 31, 2020

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 cost 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 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

Measurement Uncertainty (continued)	Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.
Inventory	Inventories of goods available for resale are recorded at 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, 2020

1. Cash and Bank

	2020	2019
Unrestricted Cash		
Administration	\$ 1,260,965	\$ 753,010
Social Services	142,344	143,542
Wauzhushk Onigum Foundation	310,056	133,603
Golden eagle Charitable Casino and Entertainment Centre	370,033	385,147
Kinew Child Care Centre	44,823	-
	2,128,221	1,415,302
Restricted Cash		
Golden Eagle Casino	354,288	-
Flood claims	741,806	4,954
CMHC Replacement Reserve	28,783	25,600
	1,124,877	30,554
	\$ 3,253,098	\$ 1,445,856

2. Temporary Investments

	2020	2019
Wauzhushk Onigum Foundation:		
GIC, maturing May 2020, interest at 1.25%	\$ 150,000	\$ -
GIC, maturing April 2020, interest at 1.25%	88,691	
GIC, maturing April 2020, interest at 1.68%	182,167	
GIC, maturing April 2020, interest at 0.1%	338,137	
GIC, maturing April 2020, interest at 1.68%	4,880,875	150,555
GIC, maturing September 2020, interest at 2.10%	-	51,854
GIC, maturing March 2022, interest at 0.66%	-	50,000
	\$ 5,639,870	\$ 252,409

3. Accounts Receivable

	2020	2019
Indigenous Services Canada	\$ 101,546	\$ 6,353,982
Health Canada	16,122	56,146
Canada Mortgage Housing Corporation	72,018	52,453
Province of Ontario	730,664	549,696
Other	233,766	184,117
	\$ 1,154,116	\$ 7,196,394

Anishinabe of Wauzhushk Onigum Nation
Notes to Consolidated Financial Statements

March 31, 2020

4. Due from Related Entity

	2020	2019
Loan receivable from Qzhushk-Onegaming Corporation, a Band controlled entity, repayable \$10,086 monthly including interest 1.0%	\$ 45,360	\$ 20,034
Advances to Ozhushk-Onegaming Corporation, a Band controlled entity, due on demand, with interest 1.0%, unsecured	<u>78,264</u>	25,326
	<u><u>\$ 123,624</u></u>	45,360

5. Investment in Government Business Enterprise

	2020	2019
<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	<u>651,164</u>	651,164
Retained earnings	<u>4,085,811</u>	3,004,952
	<u><u>\$ 4,736,976</u></u>	3,656,117

Summary financial information for Ozhushk-Onegaming Corporation for the year ended March 31, 2020 is as follows:

	2020	2019
Assets	\$ 5,237,564	\$ 4,160,684
Liabilities	1,151,753	1,155,731
Shareholder's equity	4,085,811	3,004,953
Revenues	10,179,437	10,151,163
Net income for the year	<u>1,080,855</u>	834,964

6. Accounts Payable and Accrued Liabilities

	2,020	2,019
Trade payables	\$ 1,020,580	\$ 729,499
Capital projects payable	1,373,142	-
School boards	473,877	862,227
Indigenous Service Canada	<u>-</u>	143,500
	<u><u>\$ 2,867,599</u></u>	1,735,226

Anishinabe of Wauzhushk Onigum Nation
Notes to Consolidated Financial Statements

March 31, 2020

7. Long term Debt

	2020	2019
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	\$ 844,401
Mortgage payable to CMHC, repaid during the year	-	33,833
Mortgage payable to CMHC, repayable \$2,623 monthly including interest at 2.04%, secured by a Ministerial guarantee, renewing January 2023, maturing December 2032	353,261	377,276
Mortgage payable to CMHC, repayable \$4,304 including interest at 1.05%, secured by a Ministerial guarantee, renewing August 2021, maturing August 2036	778,633	821,856
Mortgage payable to CMHC, repayable \$4,227 including interest at 2.39%, secured by a Ministerial guarantee, renewing Februray 2023, maturing Februray 2038	739,380	772,058
Advances CMHC 8 Unit project in progress	1,154,601	-
Royal Bank loan, repayable \$2,580 monthly, including interest at Royal Bank prime plus 1.92%, secured by specific equipment, maturing May 2022	67,403	93,574
	<hr/>	<hr/>
	3,937,679	2,942,998

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

March 31, 2020

7. Long Term Debt (continued)

	2020	2019
Carry-forward	\$ 3,937,679	\$ 2,942,998
Royal Bank loan, repayable \$8,510 monthly including interest at 4.51%, secured by specific equipment, maturing June 2022	217,190	307,546
Royal Bank loan, repayable \$1,450 monthly including interest at 4.48%, secured by specific equipment, maturing June 2022	36,917	52,411
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	56,101	72,922
	<hr/>	<hr/>
	\$ 4,247,887	\$ 3,375,877

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

2021	\$ 312,443
2022	322,442
2023	1,058,177
2024	163,237
2025	166,474
Thereafter	2,225,114
	<hr/>
	\$ 4,247,887

8. Trust Funds Held In Ottawa

	Opening balance, April 1, 2019	Additions	Closing balance, March 31, 2020
Revenue	\$ 16,997	980	\$ 17,977
Capital	32,950	-	32,950
	<hr/>	<hr/>	<hr/>
	\$ 49,947	980	\$ 50,927

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, 2020

9. Deferred Revenue

	Opening balance April 1, 2019	Funding Received	Revenue Recognized	Closing balance March 31, 2020
Indigenous Service Canada:				
Water (capital)	\$ 6,211,416	\$ 3,703,050	\$ 6,211,416	\$ 3,703,050
Science and technology	35,628	-	35,628	-
Governance	26,398		26,398	-
Skills link	15,693		15,693	-
Prevention	143,922	-	143,922	-
Risk management	47,333	-	47,333	-
Jordan's Principal - KCDSB	-	158,265	-	158,265
	6,480,390	3,861,315	6,480,390	3,861,315
Other:				
Grand Council Treaty #3	10,000	-	10,000	-
Shooniyya Wa-biitong	89,860	43,653	89,860	43,653
Ministry of Education	31,539	-	31,539	-
Other	38,379	42,379	38,379	42,379
	\$ 6,650,168	\$ 3,947,347	\$ 6,650,168	\$ 3,947,347

10. Bank Indebtedness

	2020	2019
General operating account	\$ 444,647	\$ -
Kinew Child Care Centre	-	10,493
	\$ 444,647	\$ 10,493

The RBC line of credit has a maximum credit capacity of \$200,000 and bears interest at prime plus 1.70% for a total of 4.15%. The unused credit capacity at year-end was \$200,000.

Anishinabe of Wauzhushk Onigum Nation
Notes to Financial Statements

March 31, 2020

11. Capital Assets

	2020					
	Opening		Closing		Accumulated Amortization	
	Balance	Additions	Cost	Cost	Amortization	Accumulated Amortization
Land	\$ 49,000	\$ -	\$ 49,000	\$ 49,000	\$ -	\$ 49,000
Buildings	\$ 19,347,039	\$ 1,291,569	\$ 20,638,708	\$ 7,668,527	\$ 478,860	\$ 8,147,387
Infrastructure	3,282,806	10,765,227	14,048,033	1,561,797	72,416	1,634,213
Heavy equipment	1,061,900	-	1,061,900	645,024	125,063	770,087
Equipment	1,340,220	65,148	1,405,368	1,230,188	30,478	1,260,666
Automotive and buses	976,380	-	976,380	595,238	114,342	709,580
Computer equipment	64,166	16,172	80,338	54,542	6,615	61,157
	\$ 26,121,511	\$ 12,138,216	\$ 38,259,727	\$ 11,755,316	\$ 827,774	\$ 12,583,090
						\$ 25,876,637

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 \$11,316,818 (2019 - \$361,497).

Anishinabek of Wauzhushk Onigum Nation
Notes to Financial Statements

March 31, 2020

11. Capital Assets - continued

	2019					
	Opening Balance	Cost	Net Additions	Closing Cost	Opening balance	Accumulated Amortization (adjustments)
Land	\$ 49,000	\$ 404,388	\$ 19,347,039	\$ 49,000	\$ 7,114,506	\$ 554,021
Buildings	18,942,651	28,542	3,282,806	1,490,683	71,114	7,668,527
Infrastructure	3,254,264	-	1,061,900	466,363	178,661	1,561,797
Heavy equipment	1,061,900	-	14,847	1,340,220	1,211,795	645,024
Equipment	1,325,373	177,867	976,380	687,332	18,393	1,230,188
Automotive and buses	798,513	58,280	64,166	50,864	(92,094)	595,238
Computer equipment	58,280	5,886	-	3,680	54,544	9,622
	\$ 25,489,981	\$ 631,530	\$ 26,121,511	\$ 11,021,543	\$ 733,775	\$ 11,755,318
						\$ 14,366,193

Anishinabe of Wauzhushk Onigum Nation
Notes to Consolidated Financial Statements

March 31, 2020

12. Accumulated Surplus

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

	2020	2019
Current funds	\$ 5,030,761	\$ 3,398,616
Investment in capital assets	23,972,935	11,834,719
Replacement reserve	171,007	150,284
	<hr/> \$ 29,174,703	<hr/> \$ 15,383,619

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 \$17,287 (2019 - \$16,074). 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, 2020

14. Government Transfers

	2020			2019		
	Operating	Capital	Total	Operating	Capital	Total
Federal						
INAC	\$ 4,903,968	\$ 10,529,383	\$ 15,433,351	\$ 4,244,521	\$ -	\$ 4,244,521
Health Canada	1,895,616	-	1,895,616	568,712	-	568,712
CMHC	135,283	-	135,283	353,788	-	353,788
Sub-total	6,934,867	10,529,383	17,464,250	5,167,021	-	5,167,021
Provincial	1,811,534	1,648,003	3,459,537	2,264,491	378,065	2,642,556
	\$ 8,746,401	12,177,386	\$ 20,923,787	\$ 7,431,512	378,065	\$ 7,809,577

INAC funding per confirmation:

Funding per confirmation	\$ 12,814,276
Opening deferred revenue	6,480,390
Ending deferred revenue	<u>(3,861,315)</u>
INAC funding per financial statements	
	\$ 15,433,351

15. Other Revenues

	2020	2019
Non-government grants	\$ 690,600	\$ 399,050
Interest revenue	95,058	10,457
Gaming revenues	2,342,795	2,362,983
Contributions from government business enterprise	245,645	145,000
Other	1,455,346	267,025
	\$ 4,829,444	\$ 3,184,515

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. Advances of \$1,154,601 were received during the year.

The First Nation has entered into various contracts totaling \$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.

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

March 31, 2020

17. 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. The budget amounts are unaudited.

18. 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 made to each building based on a percentage of overall maintenance costs. Administration 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, 2020

	Band Support	Casino Rama	Economic Development	Social Services	Infrastructure	Training and Education	Health	Children	Golden Eagle & Foundation	Consolidated 2020
Revenue										
Government transfers	\$ 420,487	\$ -	\$ 77,410	\$ 703,289	\$ 13,631,528	\$ 2,767,395	\$ 2,515,261	\$ 808,417	\$ -	\$ 20,923,787
Net income from government business enterprise	447,885	734,942	740,583	-	219,291	465,246	554,415	260,918	1,080,855	1,080,855
Other	868,372	734,942	817,993	703,289	13,850,819	3,232,641	3,069,676	1,059,335	2,686,295	6,109,575
Expense										
Amortization	-	-	-	795,512	-	-	-	-	-	795,512
Debt servicing	-	-	-	33,933	-	-	-	-	-	33,933
Salaries and benefits	303,349	-	33,423	41,847	503,566	576,894	470,931	500,852	869,746	3,300,608
Other expenses	380,932	1,500	470,439	648,664	2,930,855	2,273,533	1,822,864	534,298	1,149,919	10,213,004
684,281	1,500	503,862	690,511	4,263,866	2,850,427	2,293,795	1,035,150	2,019,666	14,343,058	
Excess of revenue (expense)	184,091	733,442	314,131	12,778	9,586,953	382,214	775,881	34,185	1,747,484	13,771,159
Transfer from (to) other segments	-	(996,303)	497,574	-	585,729	-	-	-	(87,000)	-
Excess of revenue (expense) for the year	\$ 184,091	\$ (262,861)	\$ 811,705	\$ 12,778	\$ 10,172,682	\$ 382,214	\$ 775,881	\$ 34,185	\$ 1,660,484	\$ 13,771,159

Anishinabé 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	Children	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										
Other	349,331	875,123	101,997	750	238,779	68,183	367,036	97,387	834,964	834,964
	<u>924,954</u>	<u>875,123</u>	<u>320,024</u>	<u>755,554</u>	<u>2,702,838</u>	<u>2,409,274</u>	<u>1,202,096</u>	<u>718,300</u>	<u>3,200,947</u>	<u>4,464,569</u>
Expense										
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	40,9424	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
	<u>994,392</u>	<u>35,104</u>	<u>395,182</u>	<u>747,818</u>	<u>3,183,796</u>	<u>2,533,731</u>	<u>1,112,376</u>	<u>734,773</u>	<u>1,987,481</u>	<u>11,724,653</u>
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
	<u>52,886</u>	<u>(703,239)</u>	<u>47,043</u>		<u>530,416</u>	<u>64,097</u>	<u>77,324</u>	<u>16,473</u>	<u>(85,000)</u>	
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