

Wabauskang First Nation
Consolidated Financial Statements
March 31, 2016

Wabauskang First Nation

Contents

For the year ended March 31, 2016

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements.....	6
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	16
Schedule 2 - Consolidated Schedule of Expenses by Object.....	18
Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment.....	19
Schedules 4 - 10 - Consolidated Schedules of Revenue and Expenses.....	20

Management's Responsibility

To the Members and Chief and Council of Wabauskang First Nation:

The accompanying consolidated financial statements of Wabauskang First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council (the "Council").

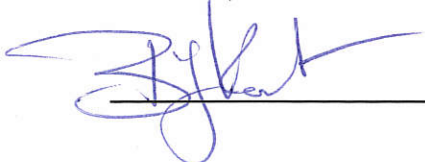
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Members and Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

November 9, 2016



Band Manager

Independent Auditors' Report

To the Members and Chief and Council of Wabauskang First Nation:

We have audited the accompanying consolidated financial statements of Wabauskang First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

The First Nation's consolidated statement of operations and consolidated statement of change in net financial assets do not present a comparison of the results for the year with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Wabauskang First Nation as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

November 9, 2016



Chartered Professional Accountants

Licensed Public Accountants

Wabauskang First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015 (Restated)
Financial assets		
Current		
Cash (Note 3)	743,212	1,717,545
Accounts receivable (Note 4)	824,610	649,324
	1,567,822	2,366,869
Funds held in Ottawa Trust Fund (Note 5)	49,253	42,425
Portfolio investments (Note 6)	983,530	116,870
Total financial assets	2,600,605	2,526,164
Liabilities		
Current		
Accounts payable and accruals (Note 7)	543,701	571,507
Deferred revenue (Note 8)	701,445	52,500
Total liabilities	1,245,146	624,007
Net financial assets	1,355,459	1,902,157
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	2,689,552	2,843,061
Prepaid expenses	2,990	-
Total non-financial assets	2,692,542	2,843,061
Accumulated surplus (Note 10)	4,048,001	4,745,218

Approved on behalf of Chief and Council




Chief

Councillor



Councillor

Councillor

Wabauskang First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	2016	<i>2015 (Restated)</i>
Revenue			
Indigenous and Northern Affairs Canada <i>(Note 11)</i>		1,586,967	1,434,306
First Nations and Inuit Health <i>(Note 11)</i>		297,327	324,464
Canada Mortgage and Housing Corporation <i>(Note 11)</i>		-	16,000
Goldcorp		906,800	1,928,937
Ontario First Nations Limited Partnership		459,752	456,493
Ministry of Natural Resources <i>(Note 11)</i>		343,011	96,470
Anishinaabe Abinoojii Family Services		154,592	-
TransCanada Pipelines		154,264	-
Ministry of Indigenous Relations and Reconciliation <i>(Note 11)</i>		150,000	90,000
Paawidigong First Nation's Forum Incorporated		103,036	90,776
Administration fees		96,062	15,332
Miscellaneous		70,231	29,032
Shooniyaa Wa-Biitong		65,495	56,083
Ministry of Community and Social Services <i>(Note 11)</i>		60,156	208,036
Bimose Tribal Council		53,904	-
Ministry of Northern Development and Mines <i>(Note 11)</i>		51,872	-
Rubicon Minerals Corporation		28,659	497,226
Ministry of Health and Long-Term Care <i>(Note 11)</i>		23,545	31,390
Other revenue		13,332	-
Province of Ontario <i>(Note 11)</i>		9,645	6,553
Interest income		4,022	-
Reimbursed medical travel		1,644	759
Union Gas Limited		-	60,000
Repayment of funding		(874)	(128,602)
Deferred revenue - prior year <i>(Note 8)</i>		52,500	156,902
Deferred revenue - current year <i>(Note 8)</i>		(701,445)	(52,500)
		3,984,497	5,317,657
Expenses			
Administration	4	711,932	810,031
Economic Development	5	989,105	695,723
Education	6	905,452	945,727
Health	7	674,500	498,552
Ontario First Nations Limited Partnership	8	2,976	7,582
Operations and Maintenance	9	937,259	658,494
Social Services	10	135,492	155,893
Total expenses		4,356,716	3,772,002
Surplus (deficit) before other items		(372,219)	1,545,655

Continued on next page

Wabauskang First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Surplus (deficit) before other items <i>(Continued from previous page)</i>	(372,219)	1,545,655
Other expense		
Gain (loss) on disposal of capital assets	25,000	-
Valuation loss on investments <i>(Note 6)</i>	(349,998)	(8,130)
	(324,998)	(8,130)
Surplus (deficit)	(697,217)	1,537,525
Accumulated surplus, beginning of year, as previously stated	4,563,681	3,207,693
Correction of an error <i>(Note 12)</i>	181,537	-
Accumulated surplus, beginning of year, as restated	4,745,218	3,207,693
Accumulated surplus, end of year	4,048,001	4,745,218

Wabauskang First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Surplus (deficit)	(697,217)	1,537,525
Purchases of tangible capital assets	(104,554)	(42,287)
Amortization of tangible capital assets	258,063	261,656
(Gain) loss on sale of tangible capital assets	(25,000)	-
Proceeds of disposal of tangible capital assets	25,000	-
	153,509	219,369
Acquisition of prepaid expenses	(2,990)	-
Use of prepaid expenses	-	2,913
	(2,990)	2,913
Increase (decrease) in net financial assets	(546,698)	1,759,807
Net financial assets, beginning of year	1,902,157	142,350
Net financial assets, end of year	1,355,459	1,902,157

The accompanying notes are an integral part of these financial statements

Wabauskang First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(697,217)	1,537,525
Non-cash items		
Amortization	258,063	261,656
Gain (loss) on disposal of capital assets	(25,000)	-
Valuation loss on investments	349,998	8,130
	(114,156)	1,807,311
Changes in working capital accounts		
Accounts receivable	(428,476)	(62,926)
Prepaid expenses	(2,990)	2,913
Accounts payable and accruals	(27,804)	145,089
Deferred revenue	648,945	(104,402)
	75,519	1,787,985
Financing activities		
Repayment of current portion of long-term debt	-	(7,148)
Capital activities		
Purchases of tangible capital assets	(104,554)	(42,287)
Proceeds of disposal of tangible capital assets	25,000	-
	(79,554)	(42,287)
Investing activities		
Purchase of portfolio investments	(963,470)	(125,000)
Funds held in Ottawa Trust Fund	(6,828)	(14,031)
	(970,298)	(139,031)
Increase (decrease) in cash resources	(974,333)	1,599,519
Cash resources, beginning of year	1,717,545	118,026
Cash resources, end of year	743,212	1,717,545
Supplementary cash flow information		
Interest paid	-	233

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Operations

Wabauskang First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The First Nation reporting entity includes the First Nation government and all related enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation. Trusts administered by the First Nation are excluded from the First Nation reporting entity.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources include balances with chartered banks.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation's members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records for infrastructure, housing, buildings, vehicles, equipment and land improvements. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Infrastructure	4 %
Housing	4 %
Buildings	20 %
Vehicles	30 %
Equipment	30 %
Land improvements	4 %

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year in which the asset becomes impaired.

Discounted cash flows are used to measure fair value of long-lived assets.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Non-financial assets

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Investment income

Investment income is recognized when the right to receive payment is established.

Resource utilization revenue

Ongoing royalty fees, which are determined on a formula basis in accordance with the terms of the relevant land use agreements, are recognized as revenue when earned or when the related services have been provided.

Other revenue

Other revenue, such as rental income, is recognized when the service is provided and collectability is reasonably assured.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency or credit risk.

2. Significant accounting policies *(Continued from previous page)*

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the period in which they become known.

Segments

The First Nation conducts its business through seven reportable segments: Administration, Economic Development, Education, Health, Ontario First Nations Limited Partnership, Operations and Maintenance and Social Services. These segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the *Significant accounting policies*.

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

2. Significant accounting policies *(Continued from previous page)*

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 Restructuring Transactions

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

3. Cash

	2016	2015
General	575,088	382,031
Ontario First Nations Limited Partnership	114,094	310,633
RBC Trust	39,460	1,000,000
Trilateral	14,480	-
Right to Play	90	24,881
	743,212	1,717,545

4. Accounts receivable

	2016	2015 (Restated)
Ontario First Nations Limited Partnership	306,257	-
Goldcorp	114,300	112,500
TransCanada Pipelines	106,748	-
Other accounts receivable	79,740	5,241
Ministry of Natural Resources	71,568	36,493
Indigenous and Northern Affairs Canada	68,096	86,037
Paawidigong First Nation's Forum Incorporated	26,400	-
Gold Canyon Resources Inc.	21,000	21,000
Shooniyaa Wa-Biitong	11,865	26,484
Harmonized Sales Tax receivable	10,267	56
First Nations and Inuit Health	8,369	39,287
Members advances	-	349,967
Rubicon Minerals Corporation	-	322,226
	824,610	999,291
Allowance for doubtful accounts	-	(349,967)
	824,610	649,324

5. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning and end of year	873	873
Revenue Trust		
Balance, beginning of year	41,552	27,521
Interest	6,828	14,031
Balance, end of year	48,380	41,552
	49,253	42,425

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Portfolio investments

	2016	2015
Rubicon Minerals Corporation 101,626 common shares	116,870	125,000
Additional shares acquired during the year 232,710 common shares	253,188	-
Writedown to FMV at March 31, 2016	(349,998)	(8,130)
	20,060	116,870
Russell Income Essential Mutual Fund (FMV at March 31, 2016 \$954,358)	963,470	-
	983,530	116,870

Per the First Nation's agreement with Rubicon Minerals Corporation ("Rubicon"), the First Nation is entitled to an annual payment of \$250,000 subject to an Applicable Expenditure Limit. The 2014 annual amount was to be paid by March 31, 2015. As part of this agreement, Rubicon may, at its sole discretion, issue or transfer to the First Nation common shares of Rubicon with an equivalent value by April 15. On April 15, 2015, Rubicon issued 232,710 shares to the First Nation with a fair market value of \$253,188 as payment for the outstanding balance from 2014.

Rubicon has reduced its exploration efforts and suspended production in one of its main producing operations. At year end, the decline in share value was determined to be more than temporary, and as a result, an adjustment to fair market value has been recorded.

7. Accounts payable and accruals

	2016	2015
Trade payables	241,778	241,466
Funding repayable	184,126	184,126
Tuition payable	61,692	110,915
Accruals	55,486	35,000
Government remittances	619	-
	543,701	571,507

8. Deferred revenue

	Balance March 31, 2015	Funding Received 2016	Other Revenue 2016	Revenue Recognized 2016	Balance March 31, 2016
Federal Government					
Operations and Maintenance	-	-	703,820	523,820	180,000
Ontario First Nations Limited Partnership	-	-	459,752	2,976	456,776
Economic Development	52,500	-	1,317,348	1,305,179	64,669
	52,500	-	2,480,920	1,831,975	701,445

9. Contingencies

The First Nation has signed funding agreements with Indigenous and Northern Affairs Canada and other governmental bodies for funding of programs which state that the funding party may require surpluses to be returned. The total of such surpluses were indeterminable and the amount could be material. Payment or recoveries of prior year surpluses will be recorded in the year recovered or paid.

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015 (Restated)
Equity in Ottawa Trust Funds		
Balance, beginning of year	42,425	28,394
Interest	828	804
Capital investment	6,000	13,227
	49,253	42,425
Equity in tangible capital assets		
Balance, beginning of year	2,843,061	3,062,430
Amortization	(258,063)	(261,656)
Purchases	104,554	42,287
	2,689,552	2,843,061
Opening unrestricted surplus	1,859,736	116,877
Annual change in unrestricted surplus (deficit)	(550,540)	1,561,318
Correction of an error	-	181,537
Closing unrestricted surplus	1,309,196	1,859,732
	4,048,001	4,745,218

11. Government transfers

	Operating	Capital	2016	2015
Federal government transfers				
Indigenous and Northern Affairs Canada	1,586,967	-	1,586,967	1,434,306
First Nations and Inuit Health	297,327	-	297,327	324,464
Canada Mortgage and Housing Corporation	-	-	-	16,000
Total Federal	1,884,294	-	1,884,294	1,774,770
Provincial government transfers				
Ministry of Natural Resources	343,011	-	343,011	96,470
Ministry of Indigenous Relations and Reconciliation	150,000	-	150,000	90,000
Ministry of Community and Social Services	60,156	-	60,156	208,036
Ministry of Northern Development and Mines	51,872	-	51,872	-
Ministry of Health and Long-term Care	23,545	-	23,545	31,390
Province of Ontario	9,645	-	9,645	6,553
Total Provincial	638,229	-	638,229	432,449
	2,522,523	-	2,522,523	2,207,219

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. Correction of an error

Effective April 1, 2015, the First Nation determined that revenue from a resource utilization agreement with Goldcorp had been excluded from revenue and accounts receivable in the amount of \$112,500. The correction of this error was applied retrospectively and prior year results have been restated.

Effective April 1, 2015, the First Nation determined that expenses incurred to develop a resource exploration agreement between Rubicon Minerals Corporation ("Rubicon") and the First Nation were billed to Rubicon subsequent to the year end. As per the agreement between Rubicon and the First Nation, all expenses incurred to develop an exploration agreement were to be invoiced by the First Nation and paid by Rubicon. This resulted in an understatement of both revenue and accounts receivable in the amount of \$69,037. The correction of this error was applied retrospectively and prior year results have been restated.

The net effect of the above changes resulted in a net change of \$181,537 to the 2016 opening accumulated surplus and accounts receivable balances.

13. INAC funding reconciliation

	2016	2015
INAC revenue per Financial Statements	1,586,967	1,434,306
Add: Funds transferred to Minister of Natural Resources	175,000	-
INAC revenue per funding confirmation	1,761,967	1,434,306

14. Economic dependence

The First Nation receives 36% (2015 - 27%) of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

15. Ontario First Nations Limited Partnership

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenue. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development, economic development and permitted interim investments.

The First Nation holds a unit in the Ontario First Nations Limited Partnership, and a share in a related company, Ontario First Nations General Partner Inc. - the carrying values of which are nominal and are therefore, not recorded in these consolidated financial statements.

16. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus (deficit) have not been reported in these consolidated financial statements. While having no effect on reported revenue, expenses, and surplus (deficit), omission of this information is considered a departure from PSA standards.

Wabauskang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

17. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

18. First Nations Financial Transparency

The First Nation is required by the First Nations Financial Transparency Act to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2016. As the audit report is dated after this date, the First Nation is not in compliance with this requirement. The possible effect of this non-compliance has not yet been determined.

Wabauskang First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Infrastructure</i>	<i>Housing</i>	<i>Buildings</i>	<i>Vehicle</i>	<i>Equipment</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	1,105,755	3,688,693	1,770,714	253,173	1,374,999	8,193,334
Acquisition of tangible capital assets	-	-	-	104,554	-	104,554
Disposal of tangible capital assets	-	-	-	(71,554)	-	(71,554)
Balance, end of year	1,105,755	3,688,693	1,770,714	286,173	1,374,999	8,226,334
Accumulated amortization						
Balance, beginning of year	222,998	2,825,192	743,815	219,340	1,371,997	5,383,342
Annual amortization	29,335	156,336	44,268	24,368	1,000	255,307
Accumulated amortization on disposals	-	-	-	(71,554)	-	(71,554)
Balance, end of year	252,333	2,981,528	788,083	172,154	1,372,997	5,567,095
Net book value of tangible capital assets	853,422	707,165	982,631	114,019	2,002	2,659,239
2015 Net book value of tangible capital assets	882,757	863,501	1,026,899	33,833	3,002	2,809,992

Wabauskang First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Land Improvements</i>	<i>2016</i>	<i>2015</i>
Cost				
Balance, beginning of year	8,193,334	55,124	8,248,458	8,206,171
Acquisition of tangible capital assets	104,554	-	104,554	42,287
Disposal of tangible capital assets	(71,554)	-	(71,554)	-
Balance, end of year	8,226,334	55,124	8,281,458	8,248,458
Accumulated amortization				
Balance, beginning of year	5,383,342	22,055	5,405,397	5,143,741
Annual amortization	255,307	2,756	258,063	261,656
Accumulated amortization on disposals	(71,554)	-	(71,554)	-
Balance, end of year	5,567,095	24,811	5,591,906	5,405,397
Net book value of tangible capital assets	2,659,239	30,313	2,689,552	2,843,061
2015 Net book value of tangible capital assets	2,809,992	33,069	2,843,061	

Wabauskang First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016	2015
Consolidated expenses by object		
Administration	96,062	15,332
Advertising	1,747	6,260
Amortization	258,063	261,656
Bad debts	500	5,120
Bank charges and interest	5,754	13,206
Communications	516	221
Community events	214,500	-
Contracted services	113,862	331,087
Family assistance	27,064	21,875
Funeral	-	10,455
Furniture and equipment	4,120	500
Gas and oil	38,468	35,756
Headstone project	-	4,375
Honourarium	106,083	90,000
Insurance	29,647	38,116
Interest on long-term debt	-	233
Management fees	1,092	-
Materials	5,050	-
Meeting	67,219	41,721
Office supplies	22,532	73,798
Professional fees	460,836	436,356
Program education	-	6,000
Program expense	73,777	20,670
Rent	1,200	-
Repairs and maintenance	488,929	95,715
Resource committee	71,328	96,631
Salaries and benefits	1,051,087	799,095
Shelter	-	34,739
Social assistance	8,178	1,680
Staledated cheques	(37,510)	(26,102)
Student expenses	250,388	237,915
Supplies	105,118	110,616
Telephone	50,095	58,212
Training	30,877	50,368
Transportation	48,909	58,577
Travel	231,695	265,738
Tuition	391,658	452,036
User fees	300	50
Utilities	70,514	83,479
Workers compensation premiums	67,058	40,516
	4,356,716	3,772,002

Wabauskang First Nation

Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2016

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Current Surplus (Deficit)</i>
Administration	4	216,514	397,721	-	614,235	711,932	(97,697)
Economic Development	5	42,000	925,351	(12,169)	955,182	989,105	(33,923)
Education	6	810,797	9,645	-	820,442	905,452	(85,010)
Health	7	-	615,820	-	615,820	674,500	(58,680)
Ontario First Nations Limited Partnership	8	-	459,752	(456,776)	2,976	2,976	-
Operations and Maintenance	9	450,786	253,034	(180,000)	523,820	937,259	(413,439)
Social Services	10	66,870	60,156	-	127,026	135,492	(8,466)
		1,586,967	2,721,479	(648,945)	3,659,501	4,356,716	(697,215)

Wabauskang First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	216,514	182,008
Ministry of Indigenous Relations and Reconciliation	150,000	90,000
Administration fees	96,062	15,332
Miscellaneous	70,231	29,032
Shooniyaa Wa-Biitong	28,176	29,040
Bimose Tribal Council	23,460	-
Interest income	4,022	-
Grand Council Treaty #3	1,644	759
Repayment of funding	(874)	-
	589,235	346,171
Expenses		
Administration	13,200	7,200
Advertising	300	3,060
Amortization	1,000	1,004
Bad debts	500	5,120
Bank charges and interest	5,688	6,024
Communications	516	221
Contracted services	33,709	55,786
Family assistance	11,788	20,927
Gas and oil	7,914	20,046
Honourarium	70,283	89,250
Insurance	7,360	11,210
Management fees	1,092	-
Meeting	9,900	7,779
Office supplies	19,551	53,081
Professional fees	136,884	61,073
Repairs and maintenance	14,860	18,717
Salaries and benefits	211,078	161,464
Staledated cheques	(37,510)	(26,102)
Supplies	3,118	6,764
Telephone	34,942	37,038
Training	11,069	33,543
Travel	130,783	204,955
Utilities	23,907	31,871
	711,932	810,031
Deficit before other items	(122,697)	(463,860)
Other income (expense)		
Gain (loss) on disposal of capital assets	25,000	-
Deficit before transfers	(97,697)	(463,860)
Transfers between segments	-	240,896
Deficit	(97,697)	(222,964)

Wabauskang First Nation
Economic Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015 (Restated)
Revenue		
Indigenous and Northern Affairs Canada	42,000	42,000
Goldcorp	656,800	1,928,937
Ministry of Natural Resources	343,011	96,470
TransCanada Pipelines	154,264	-
Ministry of Northern Development and Mines	51,872	-
Rubicon Minerals Corporation	28,659	497,226
Bimose Tribal Council	27,411	-
Other revenue	13,332	-
Union Gas Limited	-	60,000
Deferred revenue - prior year (Note 8)	52,500	-
Deferred revenue - current year (Note 8)	(64,669)	(52,500)
	1,305,180	2,572,133
Expenses		
Administration	52,610	25
Community events	214,500	-
Contracted services	53,345	1,930
Furniture and equipment	4,000	-
Honourarium	35,800	750
Meeting	41,158	28,942
Office supplies	2,158	18,711
Professional fees	323,952	375,283
Resource committee	71,328	96,631
Salaries and benefits	135,414	139,880
Supplies	16,000	1,000
Training	8,315	-
Travel	30,525	32,571
	989,105	695,723
Surplus (deficit) before other items	316,075	1,876,410
Other expense		
Valuation loss on investments	(349,998)	(8,130)
Surplus (deficit) before transfers	(33,923)	1,868,280
Transfers between segments	-	109,224
Surplus (deficit)	(33,923)	1,977,504

Wabauskang First Nation
Education

Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	810,797	785,740
Province of Ontario	9,645	6,553
Repayment of funding	-	(128,602)
	820,442	663,691
Expenses		
Administration	50	8,098
Bank charges and interest	37	7,175
Contracted services	14,571	33,091
Gas and oil	12,723	6,877
Insurance	22,287	18,895
Interest on long-term debt	-	233
Materials	5,050	-
Meeting	16,161	-
Office supplies	823	2,006
Program expense	36,907	16,050
Repairs and maintenance	1,587	9,095
Salaries and benefits	115,132	128,578
Student expenses	250,388	237,915
Supplies	5,875	9,922
Telephone	1,296	1,181
Training	2,682	625
Travel	27,925	13,900
Tuition	391,658	452,036
User fees	300	50
	905,452	945,727
Deficit before transfers	(85,010)	(282,036)
Transfers between segments	-	24,406
Deficit	(85,010)	(257,630)

**Wabauskang First Nation
Health**

Schedule 7 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016	2015
Revenue		
First Nations and Inuit Health	297,327	324,464
Anishinaabe Abinoojii Family Services	154,592	-
Paawidigong First Nation's Forum Incorporated	103,036	90,776
Shooniyaa Wa-Biitong	37,320	27,043
Ministry of Health and Long-Term Care	23,545	31,390
	615,820	473,673
Expenses		
Administration	30,202	-
Amortization	8,457	8,457
Contracted services	7,202	11,896
Family assistance	15,276	948
Furniture and equipment	120	500
Insurance	-	8,011
Program expense	36,870	4,619
Rent	1,200	-
Repairs and maintenance	2,425	42,287
Salaries and benefits	404,163	289,700
Supplies	65,382	43,541
Telephone	8,416	14,569
Training	933	949
Transportation	48,909	58,577
Travel	34,550	8,740
Utilities	10,395	5,758
	674,500	498,552
Deficit before transfers	(58,680)	(24,879)
Transfers between segments	-	30,418
Surplus (deficit)	(58,680)	5,539

Wabauskang First Nation
Ontario First Nations Limited Partnership
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Ontario First Nations Limited Partnership	459,752	456,493
Deferred revenue - current year <i>(Note 8)</i>	(456,776)	-
	2,976	456,493
Expenses		
Advertising	1,447	3,200
Bank charges and interest	29	7
Headstone project	-	4,375
Social assistance	1,500	-
	2,976	7,582
Surplus (deficit) before transfers	-	448,911
Transfers between segments	-	(404,943)
Surplus (deficit)	-	43,968

Wabauskang First Nation
Operations and Maintenance
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	450,786	329,809
Canada Mortgage and Housing Corporation	-	16,000
Goldcorp	250,000	-
Bimose Tribal Council	3,034	-
Deferred revenue - prior year (Note 8)	-	156,902
Deferred revenue - current year (Note 8)	(180,000)	-
	523,820	502,711
Expenses		
Amortization	248,605	252,195
Contracted services	5,035	224,235
Gas and oil	17,831	8,833
Repairs and maintenance	470,057	25,615
Salaries and benefits	132,781	38,375
Supplies	14,743	48,541
Telephone	5,441	615
Training	5,079	15,252
Travel	1,475	3,793
Utilities	36,212	41,040
	937,259	658,494
Deficit	(413,439)	(155,783)

Wabauskang First Nation
Social Services
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	66,870	94,749
Ministry of Community and Social Services	60,156	208,036
	127,026	302,785
Expenses		
Administration	-	8
Contracted services	-	4,150
Funeral	-	10,455
Meeting	-	5,000
Program education	-	6,000
Salaries and benefits	52,519	41,098
Shelter	-	34,739
Social assistance	6,678	1,680
Supplies	-	849
Telephone	-	4,809
Training	2,800	-
Travel	6,437	1,779
Utilities	-	4,810
Workers compensation premiums	67,058	40,516
	135,492	155,893
Surplus (deficit)	(8,466)	146,892