

Consolidated Financial Statements of

**WIKWEMIKONG UNCEDED
INDIAN RESERVE**

Year ended March 31, 2016

WIKWEMIKONG UNCEDED INDIAN RESERVE

**CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2016**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Wikwemikong Unceded Indian Reserve are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 2 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Wikwemikong Unceded Indian Reserve's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.


The Chief and Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Freelandt Caldwell Reilly LLP, independent external auditors appointed by the Wikwemikong Unceded Indian Reserve. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Wikwemikong Unceded Indian Reserve's consolidated financial statements.

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Chief


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


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Councillor

INDEPENDENT AUDITORS' REPORT

To: Chief and Council of
Wikwemikong Unceded Indian Reserve

Report on the Consolidated Financial Statements

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

Management's Responsibility for the 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' judgement, 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 auditors consider 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 audit opinion.

INDEPENDENT AUDITORS' REPORT, continued

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Wikwemikong Unceded Indian Reserve as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our examination was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in Schedules 1 through 25 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.



FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants

Licensed Public Accountants

Sudbury, Canada

July 25, 2016

WIKWEMIKONG UNCEDED INDIAN RESERVE
Consolidated Statement of Financial Position

March 31, 2016, with comparative figures for 2015

	2016	2015 restated (note 3)
Financial assets		
Cash	\$ 3,393,290	\$ 2,850,581
Restricted cash (note 4)	4,452,580	4,187,684
Short-term investments (note 5)	6,048,149	7,147,011
Restricted funds held in trust in Ottawa (note 6)	113,986	106,165
Resident funds held in trust - Nursing Home residents (note 7)	185,098	179,958
Accounts receivable	2,856,211	2,933,426
Due from Aboriginal Affairs and Northern Development Canada (note 8)	261,040	210,500
Note receivable (note 9)	948,251	891,601
Economic development loans receivable (note 10)	110,452	108,420
Mortgages receivable (note 11)	595,179	-
Investment in and advances to Your Dollar Store with More (note 12)	20,940	128,422
Other investments (notes 13, 14)	2	2
Total financial assets	18,985,178	18,743,770
Financial liabilities		
Accounts payable and accrued liabilities	4,178,407	4,074,618
Resident funds held in trust - Nursing Home residents (note 7)	185,098	179,958
Deferred contributions (note 16)	1,332,806	1,615,166
Promissory note payable to Aboriginal Affairs and Northern Development Canada (note 17)	2,116,144	2,116,144
Payable to Ontario Ministry of Health and Long-Term Care (note 18)	679,767	340,063
Long-term debt (note 19)	23,041,836	24,076,942
Total financial liabilities	31,534,058	32,402,891
Net debt	(12,548,880)	(13,659,121)
Non-financial assets (note 20)		
Tangible capital assets (note 23)	54,523,318	55,834,434
Prepaid expenses	588,884	626,864
Total non-financial assets	55,112,202	56,461,298
Accumulated surplus (note 21)	\$ 42,563,322	\$ 42,802,177

Contingent liabilities (note 22)

Approved on behalf of the Wikwemikong Unceded Indian Reserve Council:

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Chief

WIKWEMIKONG UNCEDED INDIAN RESERVE
Consolidated Statement of Operations

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015 restated (note 3)
Revenues:		
Aboriginal Affairs and Northern Development Canada (note 24)		
Block contribution funding	\$ 16,600,474	\$ 16,345,517
Set contribution funding	3,250,793	3,143,667
Fixed contribution funding	1,321,583	1,474,909
Flexible contribution funding	100,000	155,000
Total Aboriginal Affairs and Northern Development Canada	21,272,850	21,119,093
Other revenues	37,232,971	35,698,633
Deferred contributions, beginning of year (note 16)	1,615,166	1,924,199
Total revenues	60,120,987	58,741,925
Expenditures:		
Band Government	2,968,989	2,701,355
Social Assistance and Income Support	6,847,847	7,078,557
Social Development and Health Services	11,812,290	11,430,301
Community Operations and Maintenance	10,282,369	9,228,966
Employment Development	186,802	216,549
Housing and Other Projects	1,041,156	970,453
Pension Plan Funding	173,737	171,069
Other Programs	896,581	1,849,391
Wikwemikong Board of Education operations	14,386,542	14,040,669
Wikwemikong Development Commission operations	3,477,658	3,398,023
Social Housing Rentals	4,039,093	3,763,362
First Nation Enterprise Initiatives including Government Business Enterprises	2,310,736	2,621,335
Capital Projects and Major Repairs	354,444	324,871
Ontario First Nations Limited Partnership Distributions	121,115	89,383
Total expenditures (note 25)	58,899,359	57,884,284
Excess of revenues over expenditures, before undernoted items	1,221,628	857,641
Deferred contributions, end of year (note 16)	(1,332,806)	(1,615,166)
Funding repaid or repayable to funders	(127,677)	(238,736)
Deficiency of revenues over expenditures for the year	(238,855)	(996,261)

Budget information (note 27)

WIKWEMIKONG UNCEDED INDIAN RESERVE
Consolidated Statement of Accumulated Surplus

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015
Accumulated surplus, beginning of year, as originally presented	\$ 41,642,240	\$ 42,777,080
Prior period adjustment of Wikwemikong Nursing Home (note 3)	1,159,937	757,022
Accumulated surplus, beginning of year, as restated	42,802,177	43,534,102
Adjustment for Wikwemikong Property Management Limited *	-	208,679
Adjustment for FirstTEL Communications Corporation	-	55,657
Deficiency of revenues over expenditures for the year	(238,855)	(996,261)
Accumulated surplus, end of year	\$ 42,563,322	\$ 42,802,177

Budget information (note 27)

* operating as Rainbow Ridge Golf Course

WIKWEMIKONG UNCEDED INDIAN RESERVE
Consolidated Statement of Change in Net Debt

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015 restated (note 3)
Deficiency of revenues over expenditures for the year	\$ (238,855)	\$ (996,261)
Amortization of tangible capital assets	3,361,199	3,275,107
Acquisition of tangible capital assets	(2,107,759)	(1,851,853)
Consolidation of existing FirstTEL Communications tangible capital assets	-	(78,294)
Consolidation of existing Wikwemikong Property Management Ltd.* tangible capital assets	-	(344,174)
Loss on disposal of tangible capital assets	9,104	-
Proceeds of disposition of tangible capital assets	48,572	5,000
Change in prepaid expenses	37,980	297,733
Decrease in net debt for the year	1,110,241	307,258
Net debt, beginning of year	(13,659,121)	(13,966,379)
Net debt, end of year	\$ (12,548,880)	\$ (13,659,121)

Budget information (note 28)

* operating as Rainbow Ridge Golf Course

WIKWEMIKONG UNCEDED INDIAN RESERVE
Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative figures for 2015

	2016	2015 restated (note 3)
Cash flows from operating activities:		
Deficiency of revenues over expenditures for the year	\$ (238,855)	\$ (996,261)
Items not involving cash:		
Loss on investment in Your Dollar Store with More	91,565	-
Amortization of tangible capital assets	3,361,199	3,275,107
Loss on disposal of tangible capital assets	9,104	-
	3,223,013	2,278,846
Change in non-cash items relating to operations:		
Accounts receivable and Due from Aboriginal Affairs and Northern Development Canada	26,675	113,754
Prepaid expenses	37,980	297,733
Accounts payable and accrued liabilities	103,790	(30,342)
Payable to Ontario Ministry of Health and Long-Term Care	339,704	327,085
Deferred contributions	(282,360)	(309,033)
	3,448,802	2,678,043
Cash flows from (for) capital activities:		
Cash used to acquire tangible capital assets	(2,107,759)	(1,851,853)
Proceeds on disposal of tangible capital assets	48,572	5,000
	(2,059,187)	(1,846,853)
Cash flows from (for) financing activities:		
Proceeds of long-term debt	830,908	714,246
Principal repayments of long-term debt	(1,866,014)	(1,799,858)
	(1,035,106)	(1,085,612)
Cash flows from (for) investing activities:		
Economic development loans receivable	(2,032)	(19,442)
Mortgages receivable	(595,179)	-
Investment in and advances to FirstTEL Communications Corporation	-	(78,244)
Investment in and advances to Wikwemikong Property Management Company Ltd. *	-	(23,658)
Investment in and advances to Your Dollar Store With More	15,916	(4,618)
Investment in Great Lakes Hospitality Group Limited Partnership	-	599,771
Investment in Great Lakes Hospitality Group Limited Partnership	-	(99,771)
Note receivable	(56,650)	108,399
Restricted cash	(264,896)	(259,066)
Restricted funds held in trust in Ottawa reinvested	(7,821)	(7,254)
Short-term investments	1,098,862	(605,624)
	188,200	(389,507)
Net change in cash for the year	542,709	(643,929)
Cash, beginning of year	2,850,581	3,494,510
Cash, end of year	\$ 3,393,290	\$ 2,850,581

* operating as Rainbow Ridge Golf Course

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

1. Nature of operations:

The Wikwemikong Unceded Indian Reserve is a First Nation located at the eastern end of Manitoulin Island in the Province of Ontario. The First Nation, under the direction of its Chief and Council and management, operate various programs for the benefit of its members, including municipal services, health services, economic development, housing, education and other services. The Wikwemikong Unceded Indian Reserve is a not-for-profit entity and is not taxable under the Canadian Income Tax Act.

2. Basis of presentation and significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for local government entities established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

(a) Reporting entity and basis of consolidation:

These consolidated financial statements include the assets, liabilities, accumulated surplus, revenues and expenses of the First Nation government functions that have been determined to be accountable to the Wikwemikong Unceded Indian Reserve, ("the First Nation") and are either owned or under the control of the First Nation through its' Chief and Council. They include the Wikwemikong Board of Education, Wikwemikong Development Commission, the Wikwemikong Tribal Police Service, the Wikwemikong Nursing Home, the Wikwemikong Property Management Company Limited (operating as Rainbow Ridge Golf Course) and FirstTEL Communications Corporation.

The following entity has been accounted for in the First Nation's consolidated financial statements using the modified equity method: 2404383 Ontario Ltd. (operating as Your Dollar Store With More) and Great Lakes Hospitality Group Limited Partnership.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of the operations for specific functional areas, transactions amongst functional areas have not necessarily been eliminated on the individual supplementary schedules.

Other investments in non-controlled entities are recorded at the lower of cost of net realizable value.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of presentation and significant accounting policies, continued:

(b) Basis of accounting:

Revenues and expenditures are reported using the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents:

Cash and cash equivalents consist of unrestricted cash on hand and balances held by major financial institutions.

(d) Short-term investments:

Short-term investments are recorded at the lower of cost and fair market value. The investments are held for short-term unspecified purposes and are generally comprised of monthly interest paying investments accounts, term deposits and guaranteed investment certificates with major financial institutions, and have maturities within one year.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost. The First Nation provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital asset over the estimated useful life of the asset. The annual amortization rates are as follows:

Asset	Basis	Rate
Buildings and building additions	straight-line	10-40 years
Water and electrical systems	straight-line	10 & 50 years
Roads	straight-line	10-40 years
Vehicles	straight-line	3-10 years
Furniture, equipment and other	straight-line	1-10 years
Computer hardware and software	straight-line	2-5 years
Infrastructure projects	straight-line	10 years

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of presentation and significant accounting policies, continued:

(f) Financial instruments:

Measurement of financial instruments

The First Nation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The First Nation subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in annual surplus.

Financial assets measured at amortized cost include cash, restricted cash, short-term investments, restricted funds held in trust in Ottawa, resident funds held in trust (Nursing Home residents), accounts receivable, due from Aboriginal Affairs and Northern Development Canada, note receivable, economic development loans receivable, and mortgages receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, resident funds held in trust (Nursing Home residents), promissory note payable to Aboriginal Affairs and Northern Development Canada, payable to Ontario Ministry of Health and Long-term Care, and long-term debt.

Impairment

Financial assets measured at other than fair value are tested for impairment when there are indicators of possible impairments. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the annual surplus. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the annual surplus up to the amount of the previously recognized impairment.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of presentation and significant accounting policies, continued:

(g) Revenue recognition and deferred contributions:

Revenue from government grants and contributions are recognized in the period that the events giving rise to the government transfer have occurred as long as the transfer is authorized, the eligibility criteria, if any, have been met, and the amount can reasonably be estimated. Funding received under the funding arrangement, which relates to a subsequent fiscal period and the unexpended portions of contributions received for specific purposes are reflected as deferred contributions in the year of receipt and are recognized as revenue in the period in which all the recognition criteria have been met.

Other revenues including certain user fees, rents and interest are recorded on the accrual basis when earned and the amounts can be reasonably estimated and collection is reasonably assured.

(h) Retirement and Post-Employment Benefits:

The First Nation provides retirement and post-employment benefits to certain employee groups. These benefits include pension, health and dental benefits. The First Nation has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of post-employment benefits are determined using management's best estimate of health care costs, employee turnover rates and discount rates. Adjustments to these costs arising from plan amendments and changes in estimates are accounted for in the period of the amendment or change.
- ii) The expense related to the multi-employer defined benefit pension plan is the employer's contributions to the plan in the year.
- iii) The discount rate used in the determination of post-employment benefits is equal to the First Nation's internal rate of borrowing.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

2. Basis of presentation and significant accounting policies, continued:

(i) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the consolidated financial statements and reported amounts of certain revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the consolidated financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements are certain accounts receivable, allowance for doubtful accounts, certain deferred contributions, amounts repayable to certain funders, certain long-term investments, and estimated useful lives and impairment of tangible capital assets.

3. Prior period adjustment:

In the prior year, the Wikwemikong Nursing Home, a controlled government not-for-profit organization consolidated with the First Nation, had used a conservative approach to estimating the amount payable to the Ministry of Health and Long-term Care for the years ending December 31, 2012, 2013 and 2014. Upon the provision of additional information and clarification of the assessment process, the estimate has been substantially adjusted which has resulted in a reduction of \$1,159,937 of the payable as at March 31, 2016. To account for this reduction, an increase of \$757,022 to the opening operating surplus has been recorded in 2015, while an additional \$402,915 of revenue has also been recorded in 2015. Due to the substantial impact on the reporting of the results of this change, these adjustments have been recorded on a retroactive basis.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

4. Restricted cash:

Restricted cash is comprised of bank account balances supporting Canada Mortgage and Housing Corporation (CMHC) replacement reserves, subsidy surplus reserves and operating reserves.

Under the terms of agreements with CMHC amounts are to be credited annually to replacement reserves and, where applicable, may be credited to the subsidy surplus and operating reserves. These funds must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

5. Short-term investments:

Short-term investments are presented at their cost value and consist of:

	Rate	2016	2015
TD interest bearing current account	Prime less 1.9%	\$6,042,753	\$7,141,615
Other		5,396	5,396
		<u>\$6,048,149</u>	<u>\$7,147,011</u>

The fair market values of the investments approximate their carrying value.

6. Restricted funds held in trust in Ottawa:

Funds held in trust are comprised of funds held in Ottawa trust accounts and 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

7. Resident funds held in trust – nursing home residents:

The resident funds held in trust are funds held by the Wikwemikong Nursing Home in trust for residents, for resident fees and for purchases made by the residents.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

8. Due from Aboriginal Affairs and Northern Development Canada:

Due from Aboriginal Affairs and Northern Development Canada (AANDC) represents funding receivable from AANDC in accordance with funding arrangements between the First Nation and AANDC. The amounts are unsecured and non-interest bearing.

9. Note receivable:

The note receivable is from Great Lakes Hospitality Group Limited Partnership (GLHGLP), bears interest at prime plus 2% per annum and is due on demand. The note is secured by the First Nation's registered mortgage of the hotel property to a maximum \$1,000,000, (4th ranking). See note 13 for additional details of the First Nation's investment in Great Lakes Hospitality Group Limited Partnership.

10. Economic development loans receivable:

The loans are unsecured, bear interest at 0% - 5% per annum, and contain repayment terms which vary between 1 and 10 years.

The loans are administered by the Wikwemikong Development Commission.

11. Mortgages receivable:

In the current year, the First Nation issued mortgages to six residents, totalling \$764,831, bearing interest at rates ranging from 2.39% to 4.64%, and amortized over 25 years, with a 5 year term. As of March 31, 2016, the total balance remaining on the mortgages is \$595,179.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

12. Investment in and advances to Your Dollar Store With More:

	2016	2015
Common shares	\$ 100	\$ 100
Advances	112,405	128,322
Allowance for investment write-down	(91,565)	-
	\$ 20,940	\$ 128,422

The First Nation holds a 100% ownership interest in 2404383 Ontario Ltd., operating as Your Dollar Store With More. The investment is accounted for using the modified equity method reflecting the First Nation's 100% ownership share of the corporation's start up operations for the current and prior years. The corporation operates a retail operation on the Wikwemikong First Nation.

	2016	2015
Opening balance	\$ 128,422	\$ 123,803
First Nation's share of net loss of Your Dollar Store With More	(87,130)	-
Advances to (repayment from) Your Dollar Store With More during the year, and other adjustments	(20,352)	4,619
	\$ 20,940	\$ 128,422

The First Nation recognized a loss of \$nil (2015 - \$nil) in the accompanying consolidated financial statements.

The following summarizes the assets, liabilities, shareholder's equity, revenues, and expenses of Your Dollar Store With More:

	2016	2015
Assets:		
Current assets	\$ 84,192	\$ 116,321
Equipment and leasehold improvements	30,813	34,051
Incorporation costs	1,651	1,651
Franchise Fee	16,000	18,000
	\$ 132,656	\$ 170,023

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

12. Investment in and advances to Your Dollar Store With More, continued:

Liabilities and shareholder's equity:		
Current liabilities	\$ 111,716	\$ 46,036
Amounts from Wikwemikong Development Commission	112,405	128,322
Share capital	100	100
Deficit	(91,565)	(4,435)
	\$ 132,656	\$ 170,023

	2016	2015
Revenues	\$ 455,353	\$ 537,103
Expenses	(542,483)	(541,538)
Net loss	\$ (87,130)	\$ (4,435)

13. Investment in and advances to Great Lakes Hospitality Group Limited Partnership:

The First Nation holds a non-controlling limited partnership interest in Great Lakes Hospitality Group Limited Partnership. This partnership operates a hotel in Little Current, Ontario, which commenced operations in May 2013. The partnership is between 7043821 Canada Inc., the First Nation which holds an 11.5% interest and other First Nations from in and around the Manitoulin Island area. The carrying value of the investment of \$599,771 has been adjusted to its estimated net recoverable amount.

	2016	2015
Investment in Great Lakes Hospitality Group		
Limited Partnership	\$ 599,771	\$ 599,771
Provision for adjustment to estimated net recoverable amount	(599,771)	(599,771)
	\$ -	\$ -

Financial statement of Great Lakes Hospitality Group Limited Partnership for its December 31, 2013, 2014 and 2015 fiscal years are not available for supplementary disclosure in these consolidated financial statements.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

14. Other investments:

The First Nation holds an interest in N'Swakamok Forestry Corporation. The investment has been reflected in the accompanying consolidated financial statements using the cost method and has been written down a nominal amount of \$1 for permanent decline in value related to ongoing operating losses.

The First Nation holds a non-controlling interest in UCCM Building Material Supply Company Ltd. The investment has been reflected in the accompanying consolidated financial statements using the cost method at \$1.

The First Nation holds a 100% controlling share holding interest in 2228293 Ontario Limited. The corporation's operations have had no significant activities and the investment has been reflected in the accompanying consolidated financial statements using the cost method.

15. Bank indebtedness:

- a) An operating line of credit, for the Wikwemikong Unceded Indian Reserve, has been approved by TD Canada Trust to a maximum of \$250,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2016, no funds have been drawn on the operating line.
- b) An operating line of credit, for the Wikwemikong Development Commission, has been approved by TD Canada Trust to a maximum of \$100,000. The operating line is payable on demand, bears interest at the bank's prime lending rate plus 0.50% per annum. Interest is payable monthly. The operating line is secured by a general security agreement and is guaranteed by the Wikwemikong Unceded Indian Reserve. At March 31, 2016, no funds have been drawn on this operating line.
- c) An operating line of credit, for Wii Ni'Guch Tood (a program of the First Nation), has been approved by TD Canada Trust to a maximum of \$300,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2016, no funds have been drawn on this operating line, (2015- \$410,364).
- d) An operating line of credit, for the Wikwemikong Tribal Police Service, has been approved by TD Canada Trust to a maximum of \$150,000. The operating line bears interest at the bank's prime lending rate plus 0.50% per annum, interest payable monthly and is payable on demand. The operating line is secured by a general security agreement. At March 31, 2016, no funds have been drawn on the operating line.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

16. Deferred contributions:

Deferred contributions consist of the following:

	2016	2015
Health Canada	\$ 514,258	\$ 430,906
Human Resource and Skills Development Canada	446,903	329,786
Aboriginal Affairs and Northern Development Canada	176,242	584,503
Federal Funding - Policing	87,024	134,593
Provincial Funding - Policing	81,377	124,240
Other Funding Agencies	27,002	11,138
	<u>\$ 1,332,806</u>	<u>\$ 1,615,166</u>

17. Promissory note payable to Aboriginal Affairs and Northern Development Canada:

The promissory note payable to Aboriginal Affairs and Northern Development Canada, funds native land claim expenditures and is non-interest bearing, unsecured, with no specified terms of repayment.

18. Payable to the Ontario Ministry of Health and Long-term Care:

Amounts payable to the Ontario Ministry of Health and Long-term Care are comprised of contribution funding received in excess of eligible expenditures incurred at the Wikwemikong Nursing Home. The repayable amounts are unsecured, non-interest bearing with no specified terms of repayment. The breakdown of the cumulative year end totals, by year, are as follows:

	2016	2015
2012	\$ (64,399)	\$ (64,399)
2013	77,377	77,377
2014	327,085	327,085
2015	339,704	-
Cumulative year end totals	<u>\$ 679,767</u>	<u>\$ 340,063</u>

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt:

	2016	2015
Canadian Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,067, including interest at 1.39%, due June, 2020. Insured by Canada Mortgage and Housing Corporation.	\$ 1,026,845	\$ 1,071,442
Canadian Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,788, including interest at 1.08%, due August, 2020. Insured by Canada Mortgage and Housing Corporation.	704,482	775,439
Canadian Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,590, including interest at 1.08%, due August, 2020. Insured by Canada Mortgage and Housing Corporation.	735,173	779,669
Canadian Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,068, including interest at 1.01%, due September, 2018. Insured by Canada Mortgage and Housing Corporation	120,373	166,067
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,845, including interest at 1.11% due April, 2021. Insured by Canada Mortgage and Housing Corporation.	554,146	601,464
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,442, including interest at 1.11%, due April, 2021. Insured by Canada Mortgage and Housing Corporation.	163,614	177,462
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,129, including interest at 2.63% due June, 2016. Insured by Canada Mortgage and Housing Corporation.	330,107	358,596
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,090, including interest at 2.75%, due June, 2016. Insured by Canada Mortgage and Housing Corporation.	120,734	142,184
Subtotal carried forward to next page	\$ 3,755,474	\$ 4,072,323

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

	2016	2015
Balance carried forward from prior page	\$ 3,755,474	\$ 4,072,323
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,168, including interest at 2.75%, due June, 2016. Insured by Canada Mortgage and Housing Corporation.	769,220	809,545
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,089, plus interest at 1.58%, due in September, 2016. Insured by Canada Mortgage and Housing Corporation.	36,368	108,247
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,622, including interest at 1.82%, due December, 2016. Insured by Canada Mortgage and Housing Corporation.	233,910	272,733
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,333, including interest at 1.92%, due April, 2017. Insured by Canada Mortgage and Housing Corporation.	504,929	582,433
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,145, including interest at 1.67%, due April, 2017. Insured by Canada Mortgage and Housing Corporation.	503,145	544,123
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,088, including interest at 1.65%, due June, 2017. Insured by Canada Mortgage and Housing Corporation.	1,031,814	1,087,366
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,562, including interest at 1.65%, due June, 2017. Insured by Canada Mortgage and Housing Corporation.	684,857	739,816
Subtotal carried forward to next page	\$ 7,519,717	\$ 8,216,586

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

	2016	2015
Balance carried forward from prior page	\$ 7,519,717	\$ 8,216,586
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$10,441, including interest at 1.65%, due June, 2017. Insured by Canada Mortgage and Housing Corporation.	2,242,550	2,330,099
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,184, including interest at 1.71%, due September, 2017. Insured by Canada Mortgage and Housing Corporation.	1,228,201	1,292,826
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,578, including interest at 1.67%, due October, 2017. Insured by Canada Mortgage and Housing Corporation.	432,533	503,606
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,147, including interest at 1.53%, due December, 2017. Insured by Canada Mortgage and Housing Corporation.	912,389	959,807
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$6,379, including interest at 1.62%, due March, 2018. Insured by Canada Mortgage and Housing Corporation.	824,146	886,810
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,656, including interest at 1.67%, due June, 2018. Insured by Canada Mortgage and Housing Corporation.	217,375	233,474
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,586, including interest at 1.67%, due June, 2018. Insured by Canada Mortgage and Housing Corporation.	367,504	415,970
Subtotal carried forward to next page	\$ 13,744,415	\$ 14,839,178

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

	2016	2015
Balance carried forward from prior page	\$ 13,744,415	\$ 14,839,178
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,407, including interest at 2.35%, due September, 2018. Insured by Canada Mortgage and Housing Corporation.	582,165	609,062
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$9,054, including interest at 2.11%, due January, 2019. Insured by Canada Mortgage and Housing Corporation.	1,207,391	1,289,673
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,583, including interest at 2.11%, due January, 2019. Insured by Canada Mortgage and Housing Corporation.	211,139	225,528
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$11,318, including interest at 1.85%, due August, 2019. Insured by Canada Mortgage and Housing Corporation.	2,103,523	2,199,518
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,148, including interest at 1.82%, due September, 2019. Insured by Canada Mortgage and Housing Corporation.	958,669	1,026,350
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,500, including interest at 1.83%, due December, 2019. Insured by Canada Mortgage and Housing Corporation.	217,629	231,517
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,862, including interest at 1.83%, due December, 2019. Insured by Canada Mortgage and Housing Corporation.	270,250	299,368
Subtotal carried forward to next page	\$ 19,295,181	\$ 20,720,194

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

	2016	2015
Balance carried forward from prior page	\$ 19,295,181	\$ 20,720,194
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,180, including interest at 0.98%, due March, 2020. Insured by Canada Mortgage and Housing Corporation.	559,436	580,000
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,670, including interest at 1.05%, due April, 2020. Insured by Canada Mortgage and Housing Corporation.	729,463	777,028
Royal Bank of Canada loans. Repayable by monthly instalments totalling \$3,593, including interest between 3.98% and 4.99%, due between 2015 and 2019, secured by specific vehicles.	122,532	143,142
Royal Bank of Canada term loan, unsecured. Repayable by monthly instalments of \$5,418, including interest at 4.35%, repaid in the current year.	-	16,602
Royal Bank of Canada mortgage, secured by specific property. Repayable by monthly instalments of \$5,224, including interest at 3.46%, repaid in the current year	-	309,272
Royal Bank of Canada loan, secured by vehicle. Repayable by monthly instalments of \$679, including interest at 5.41%, due August, 2018.	18,412	25,355
TD Canada Trust loan. Repayable by monthly instalments of \$1,946, plus interest of prime rate of 3% plus 0.75%, due February, 2019, secured by a general security agreement and assignment of insurance.	68,104	91,454
Subtotal carried forward to next page	\$ 20,793,128	\$ 22,663,047

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

	2016	2015
Balance carried forward from prior page	\$20,793,128	\$ 22,663,047
TD Canada Trust term loan. Repayable by monthly instalments of \$11,446, including interest at 4.91%, due January, 2016. Secured by a general security agreement and assignment of property fire insurance.	587,196	693,867
TD Canada Trust term loan. Repayable by monthly instalments of \$1,079, including interest at 4.91%, due January, 2016. Secured by a general security agreement and assignment of property fire insurance.	55,340	65,399
TD Canada Trust term loan. Repayable by monthly instalments of \$1,849, plus interest of prime rate of 3% plus 0.75%, due June, 2019, secured by a general security agreement and assignment of insurance.	529,954	569,951
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$1,321, including principal and interest at 7.875%, due November 2021, secured by specific property.	74,980	84,678
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,828, including interest at 1.04% due March 2021. Insured by Canada Mortgage and Housing Corporation.	747,000	-
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$5,006, including interest at 1.08%, due July, 2020. Insured by Canada Mortgage and Housing Corporation	254,238	-
Total	\$ 23,041,836	\$ 24,076,942

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

19. Long-term debt, continued:

Principal payments required to retire outstanding long-term debt, assuming mortgages due beyond 2016 are renewed with similar terms and conditions are as follows:

2017	\$ 2,418,991
2018	9,620,285
2019	4,882,227
2020	2,189,754
2021	2,932,646
2022 and subsequent years	997,933
	<u>\$ 23,041,836</u>

Certain mortgage loans are due and are to be renegotiated within the next year. The full balances of these loans have been shown as repayable in 2017. Management has no reason to believe that the loans will not be renewed and that the creditor will demand repayment of these loans during the next fiscal year.

20. Non-financial assets:

Tangible capital assets and prepaid expenses are accounted for as assets by the First Nation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

21. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2016	2015
Equity in tangible capital assets	\$ 31,624,566	\$ 31,932,909
Restricted social housing reserves	4,213,168	4,092,001
First Nation enterprise initiatives	(3,586,019)	(3,032,054)
Internally restricted economic development loans	321,515	289,586
Restricted Ontario First Nations Limited Partnership distributions	12,092,256	11,781,745
Ontario First Nations Limited Partnership Distributions, loans	260,766	291,378
Restricted funds held in trust in Ottawa	113,986	106,165
Internally restricted deferred expenditures	(1,294,332)	(2,030,648)
Unrestricted band operations accumulated surplus (deficit)	(1,182,584)	(628,905)
	<u>\$ 42,563,322</u>	<u>\$ 42,802,177</u>

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

22. Contingent liabilities:

(a) Government funding:

The First Nation has entered into accountable contribution arrangements with various government funding agencies. All such programs are subject to audit by the various governments, with repayable audit adjustments to the funding agency government. Audit adjustments, if any, are recorded in the accounts in the year in which the liability is determined.

(b) Guarantees:

The First Nation is contingently liable for the following items at March 31, 2016:

	2016	2015
Loan guarantees to various financial institutions in favour of individual Band Members	\$ 2,908,282	\$ 2,178,650
Loan guarantee to Bank of Montreal in favour of Great Lakes Hospitality Group Limited Partnership (i)	538,996	538,996
Letter of credit to a major supplier of the UCCM Building Material Supply Company Ltd.	140,000	140,000
Loan guarantees to various financial institutions in favour of individual Band Members and organizations supported by Ministerial guarantees	13,375	102,865
Guarantees to Bell Canada in favour of FirstTel Communications Corporation	90,000	90,000
	\$ 3,690,653	\$ 3,050,511

- (i) The First Nation, as a limited partner (note 13), has provided a guarantee to a maximum of \$538,996 in favour of a loan from the Bank of Montreal advanced to Great Lakes Hospitality Group Limited Partnership (the "partnership") in the amount of \$4,700,000. This guarantee is provided jointly and severally with the other limited partners. The balance of the loan at March 31, 2016 is \$4,465,000.

Each of the limited partners, on a joint and several basis, are to cover all and any shortfalls of the debt service coverage covenants of the borrower with respect to the loan guarantee to Bank of Montreal. The credit facility agreement with the Bank of Montreal requires the partnership to maintain compliance with certain financial covenants upon funding of the term loan, including maintaining a debt service coverage ratio of 1.25:1, 1.35:1 and 1.55:1 for the first three years of operations and 1.55:1 thereafter as well as a maximum loan to value ratio of 50%, defined as the principal amount of the debt divided by the current market value of the properties.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

22. Contingent liabilities, continued:

(c) Legal claims against the First Nation:

The First Nation is a defendant in claims in the amount of approximately \$400,000 regarding labour dispute matters. At the present time, neither the outcome nor the possible settlement, if any, can be determined, therefore, no provision regarding any payable with respect to these matters that has been recorded in the accompanying consolidated financial statements.

The First Nation is a defendant in claims in the amounts of \$450,000 and \$700,000 regarding breach of duty and personal injury matters. At the present time, neither the outcome nor the possible settlement, if any, can be determined, therefore, no provision regarding any payable with respect to these matters that has been recorded in the accompanying consolidated financial statements.

The Wikwemikong Board of Education is a defendant in claims and possible claims in the amount of approximately \$240,000 regarding labour dispute matters. At the present time, neither the outcome nor the possible settlement, if any, can be determined. Therefore, no provision regarding any payable with respect to these matters has been recorded in the accompanying consolidated financial statements.

(d) Legal claim in favour of the First Nation:

The First nation is a plaintiff in a claim in the amount of approximately \$15,000,000 regarding damages arising from oil and gas wells on the lands of the First Nation. At the present time, neither the outcome nor the possible settlement, if any, can be determined. Therefore, no provision regarding any receivable with respect to this matter that has been recorded in the accompanying consolidated financial statement.

(e) Other matter:

The First Nation is currently in discussion with the Wikwemikong Trust with regards to amounts owing to the Trust based on an annual inflation amount determined from the consumer price index. A potential claim of the Wikwemikong Trust against the First Nation exists in the amount of \$1,943,976. The First Nation has recorded provisions in regards to this matter in the amount of \$696,288 including \$262,598 in the current year. At the present time, neither the outcome nor the possible settlement, if any, can be determined. Therefore, no additional provision regarding this matter has been recorded in the accompanying consolidated financial statements.

WIKWEMIKONG UNCEDED INDIAN RESERVE
Notes to Consolidated Financial Statements

March 31, 2016

23. Tangible capital assets:

2016										
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Computer Software & Hardware	Infrastructure Projects	CMHC Rental Buildings	Property Management Vehicles	Totals 2016
Cost										
Balance, beginning of year	\$ 239,364	\$ 27,723,306	\$ 12,700,049	\$ 21,924,339	\$ 4,482,169	\$ 3,363,897	\$ 641,912	\$ 31,574,302	\$ 117,909	\$ 102,869,802
Additions	-	66,040	108,942	241,528	474,476	232,632	46,024	887,069	-	2,107,759
Other adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(120,657)	(8,207)	-	-	-	-
Balance, end of year	239,364	27,789,346	12,808,991	22,165,867	4,835,988	3,588,322	687,936	32,461,371	117,909	104,848,697
Accumulated Amortization										
Balance, beginning of year	-	12,715,555	3,328,434	12,820,167	3,380,443	1,810,607	477,163	12,331,445	106,118	47,035,368
Other adjustments	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(62,980)	(8,207)	-	-	-	(71,187)
Amortization expense	-	633,050	243,982	633,405	316,322	322,114	52,480	1,144,347	-	3,361,196
Balance, end of year	-	13,348,605	3,572,416	13,453,572	3,633,785	2,124,514	529,643	13,475,792	106,118	50,325,377
Net book value	\$ 239,364	\$ 14,440,741	\$ 9,236,575	\$ 8,712,295	\$ 1,202,203	\$ 1,463,808	\$ 158,292	\$ 18,985,579	\$ 11,791	\$ 54,523,318
2015										
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Computer Software & Hardware	Infrastructure Projects	CMHC Rental Buildings	Property Management Vehicles	Totals 2015
Cost										
Balance, beginning of year	\$ 113,341	\$ 26,890,416	\$ 12,664,049	\$ 21,799,387	\$ 3,691,710	\$ 2,713,694	\$ 393,413	\$ 30,922,510	\$ 117,939	\$ 99,409,384
Additions and adjustments	126,023	832,890	36,000	124,952	837,729	650,203	248,499	651,392	-	3,507,688
Disposals	-	-	-	-	(47,270)	-	-	-	-	(47,270)
Balance, end of year	239,364	27,723,306	12,700,049	21,924,339	4,482,169	3,363,897	641,912	31,574,302	117,909	102,869,802
Accumulated Amortization										
Balance, beginning of year	-	11,924,249	3,101,168	12,192,027	2,555,388	1,350,125	306,582	11,240,287	106,118	42,833,500
Disposals and adjustments	-	153,370	(13,821)	-	468,138	197,092	121,982	-	-	926,761
Amortization expense	-	637,936	241,087	628,140	356,917	263,390	48,599	1,091,158	-	3,275,107
Balance, end of year	-	12,715,555	3,328,434	12,820,167	3,380,443	1,810,607	477,163	12,331,445	106,118	47,035,368
Net book value	\$ 239,364	\$ 15,007,751	\$ 9,371,615	\$ 9,104,172	\$ 1,101,726	\$ 1,553,290	\$ 164,749	\$ 19,242,857	\$ 11,791	\$ 55,834,434

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

24. Aboriginal Affairs and Northern Development Canada:

Reconciliation to Aboriginal Affairs and Northern Development Canada (AANDC) funding confirmation:

	2016	2015
Revenue reported per consolidated financial statements for year ended March 31, 2016	\$ 21,272,850	\$ 21,119,093
Revenue per AANDC funding confirmation/agreement with Wikwemikong Unceded Indian Reserve	\$ 20,831,158	\$ 20,869,093
Add additional agreements, as follows:		
- Wikwemikong Nursing Home,		
- Institutional care funding programming	366,003	150,000
- Wikwemikong Development Commission:		
- Economic development capacity funding	75,689	100,000
	\$ 21,272,850	\$ 21,119,093

25. Expenditure by object:

As required by the Public Sector Accounting Board reporting requirements, these consolidated financial statements report on expenditures by functions. The First Nation's expenditures by object are as follows:

	2016	2015
Salaries, wages, and benefits	\$ 26,782,212	\$ 25,254,936
Amortization	2,708,724	3,275,107
Interest on long-term debt	485,622	593,635
Other	28,922,801	28,760,606
	\$ 58,899,359	\$ 57,884,284

26. Employee benefits plans:

Certain employees of the First Nation are members of defined contribution pension plans and/or multi-employer defined benefit pension plans. Contributions by the First Nation to the plans during the year on behalf of the employees in the amount of \$1,337,421 (2015 - \$1,142,715) were expensed when due.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

27. Budget information:

The First Nation does not prepare a consolidated budget, does not prepare budgets for all programs, and certain program budgets have not been prepared in a format consistent with the accompanying consolidated financial statements; accordingly budget information has not been presented in these consolidated financial statements.

28. Financial instruments:

Transactions in financial instruments may result in an organization assuming or transferring risks to another party. The First Nation is exposed to the following risks in respect of certain financial instruments and transactions it is a party to:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The First Nation's main credit risk relate to its cash, restricted cash, resident funds held in trust (Nursing Home residents), short-term investments, accounts receivable, due from Aboriginal Affairs and Northern Development Canada, note receivable, economic development loans receivable, mortgages receivable, and investment in and advances to Your Dollar Store With More.

Credit risk associated with cash, restricted cash, resident funds held in trust (Nursing Home residents), and short-term investments is minimized by ensuring these financial assets are placed with large reputable financial institutions with high credit ratings.

The First Nation is exposed to credit risk through its accounts receivable and due from Aboriginal Affairs and Northern Development Canada in a total amount of \$3,177,251 (2015 - \$3,143,926), of which the majority is comprised of amount due from governments, and government funded organizations, but also includes amounts due from First Nation members and other receivables. The First Nation measures its exposure to credit risk to accounts receivable based on how long the accounts have been outstanding and manages this risk through management's ongoing analysis and monitoring of the accounts. An allowance for bad debts is recorded when applicable.

Refer to note 2(f) "Impairment" regarding the First Nation's accounting policies for assessing impairment of financial instruments measured at other than fair value, which includes economic development loans receivable, mortgages receivable, and investment in and advances to Your Dollar Store With More.

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

29. Financial instruments, continued:

Liquidity risk

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation is exposed to this risk relating to its accounts payable and accrued liabilities of \$4,178,407 (2015 - \$4,074,618), its promissory note payable to Aboriginal Affairs and Northern Development Canada, payable to Ministry of Health and Long-Term Care and long-term debt.

The First Nation reduces its exposure to liquidity risk through its ongoing program budgeting and expenditure monitoring processes, documenting when authorized payments become due, and maintaining an adequate line of credit to repay creditors as the liabilities become due.

Interest rate risk

The First Nation is exposed to interest rate risk in respect of interest paid on its short-term investments which fluctuate from time to time due to a variety of financial market factors.

The First Nation is exposed to interest rate risk in respect of its operating lines of credit and certain long-term debts, the interest rates of which are variable based on bank prime rates, fluctuate from time to time due to a variety of financial market factors, and would result in changes in payments on account of interest.

The First Nation is exposed to interest rate risk in respect of certain long-term debt credit facilities which will mature and be renewed in future periods at interest rates that will be determined in future periods. Changes in interest rates would result in changes in payments on account of interest.

Other risks

The First Nation is exposed to the risk of not realizing the value of its investments in Wiky Property Management Company Ltd., and Great Lakes Hospitality Group Limited Partnership. Refer to note 2(f) "Impairment" regarding the First Nation's accounting policies for assessing impairment of financial instruments measured at other than fair value, which includes this investment. During the prior year a provision for impairment was recorded against the First Nation's investment in Great Lakes Hospitality Group Limited Partnership in the amount of \$599,771 (note 13).

WIKWEMIKONG UNCEDED INDIAN RESERVE

Notes to Consolidated Financial Statements

March 31, 2016

30. Economic dependence:

The First Nation receives a major portion of its revenues pursuant to funding agreements with several agencies, including the Aboriginal Affairs and Northern Development Canada, Health Canada, Ministry of Community and Social Services and Human Resources Development Canada.

The Wikwemikong Nursing Home has contribution arrangements with the Ontario Ministry of Health and Long-term Care to provide funds to administer operations and provide services. The Wikwemikong Nursing Home is obligated to repay to the Ontario Ministry of Health and Long-Term Care contribution funding received in excess of eligible expenditures incurred. The repayment of these amounts could impede the nursing home's ability to continue operations.

As these contribution agreements provide the First Nation's major source of revenue, its ability to continue viable operations is dependent upon maintaining these funding arrangements.