

Consolidated Financial Statements of

Wiikwemkoong Unceded Territory

Year ended March 31, 2017

Wiikwemkoong Unceded Territory
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The accompanying consolidated financial statements of the **Wiikwemkoong Unceded Territory** 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 the Wiikwemkoong Unceded Territory'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 Wiikwemkoong Unceded Territory. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Wiikwemkoong Unceded Territory's consolidated financial statements.


Chief


Councillor

Councillor

Councillor


Councillor

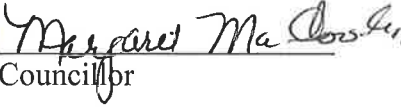
Councillor


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INDEPENDENT AUDITORS' REPORT

To: Chief and Council of
Wiikwemkoong Unceded Territory

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Wiikwemkoong Unceded Territory**, which comprise the consolidated statement of financial position as at **March 31, 2017**, 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 Wiikwemkoong Unceded Territory as at March 31, 2017 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

FREELANDT CALDWELL REILLY LLP

Chartered Professional Accountants

Licensed Public Accountants

Sudbury, Canada

August 21, 2017


WIIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Financial Position

March 31, 2017, with comparative figures for 2016

	2017	2016 (restated) (note 3)
Financial assets		
Cash	\$ 4,127,375	\$ 3,393,290
Restricted cash (note 4)	4,404,859	4,452,580
Short-term investments (note 5)	5,284,415	6,048,149
Restricted funds held in trust in Ottawa (note 6)	122,486	113,986
Resident funds held in trust - Nursing Home residents (note 7)	183,684	185,098
Accounts receivable	2,430,093	2,856,211
Due from Indigenous and Northern Affairs Canada (note 8)	507,226	261,040
Note receivable (note 9)	426,953	948,251
Economic development loans receivable (note 10)	156,344	110,452
Mortgages receivable (note 11)	1,105,702	595,179
Investment in and advances to Your Dollar Store with More (note 12)	15,732	20,940
Other investments (notes 13, 14)	174	2
Total financial assets	18,765,043	18,985,178
Financial liabilities		
Accounts payable and accrued liabilities	5,175,062	5,346,690
Resident funds held in trust - Nursing Home residents (note 7)	183,684	185,098
Deferred contributions (note 16)	1,092,764	1,332,806
Promissory note payable to Indigenous and Northern Affairs Canada (note 17)	2,116,144	2,116,144
Payable to Ontario Ministry of Health and Long-Term Care (note 18)	1,143,902	679,767
Long-term debt (note 19)	23,151,661	23,041,836
Total financial liabilities	32,863,217	32,702,341
Net debt	(14,098,174)	(13,717,163)
Non-financial assets (note 20)		
Tangible capital assets (note 23)	55,157,901	54,523,318
Prepaid expenses	768,200	588,884
Total non-financial assets	55,926,101	55,112,202
Accumulated surplus (note 21)	\$ 41,827,927	\$ 41,395,039
Contingent liabilities (note 22)		

Approved on behalf of the Wiikwemkoong Unceded Territory Council:



 Chief

WIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Operations

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016 (restated) (note 3)
Revenues:		
Indigenous and Northern Affairs Canada (note 24)		
Block contribution funding	\$ 16,914,376	\$ 16,600,474
Set contribution funding	2,725,351	3,250,793
Fixed contribution funding	3,535,248	1,321,583
Flexible contribution funding	-	100,000
Total Indigenous and Northern Affairs Canada	23,174,975	21,272,850
Other revenues	40,369,318	37,232,971
Deferred contributions, beginning of year (note 16)	1,332,806	1,615,166
Settlement with funder upon review of prior year's claims	(513,830)	-
Total revenues	64,363,269	60,120,987
Expenditures:		
Band Government	4,159,425	2,968,989
Social Assistance and Income Support	6,896,588	6,847,847
Social Development and Health Services	12,543,984	11,812,290
Community Operations and Maintenance	10,807,043	10,282,369
Employment Development	241,581	186,802
Housing and Other Projects	639,563	1,041,156
Pension Plan Funding	177,022	173,737
Other Programs	1,051,559	896,581
Wiikwemkoong Board of Education operations	15,151,001	14,523,249
Wikwemikong Development Commission operations	3,608,540	3,477,658
Social Housing Rentals	4,080,112	4,039,093
First Nation Enterprise Initiatives including Government Business Enterprises	2,673,166	2,310,736
Capital Projects and Major Repairs	491,455	354,444
Ontario First Nations Limited Partnership Distributions	114,237	121,115
Total expenditures (note 25)	62,635,276	59,036,066
Excess of revenues over expenditures, before undernoted items	1,727,993	1,084,921
Deferred contributions, end of year (note 16)	(1,092,764)	(1,332,806)
Funding repaid or repayable to funders	(202,341)	(127,677)
Excess (deficiency) of revenues over expenditures for the year	432,888	(375,562)

Budget information (note 27)

WIIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Accumulated Surplus

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016
Accumulated surplus, beginning of year, as originally stated	\$ 42,563,322	\$ 42,802,177
Prior period adjustment (note 3)	(1,168,283)	(1,031,576)
Accumulated surplus, beginning of year, as restated	41,395,039	41,770,601
Excess (deficiency) of revenues over expenditures for the year	432,888	(375,562)
Accumulated surplus, end of year	\$ 41,827,927	\$ 41,395,039

Budget information (note 27)

WIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Change in Net Debt

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016 (restated) (note 3)
Excess (deficiency) of revenues over expenditures for the year	\$ 432,888	\$ (375,562)
Amortization of tangible capital assets	3,463,908	3,361,199
Acquisition of tangible capital assets	(4,098,491)	(2,107,759)
Loss on disposal of tangible capital assets	-	9,104
Proceeds of disposition of tangible capital assets	-	48,572
Change in prepaid expenses	(179,316)	37,980
(Increase) decrease in net debt for the year	(381,011)	973,534
Net debt, beginning of year	(13,717,163)	(14,690,697)
Net debt, end of year	\$ (14,098,174)	\$ (13,717,163)

Budget information (note 28)

WIKWEMKOONG UNCEDED TERRITORY

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative figures for 2016

	2017	2016 (restated) (note 3)
Cash flows from operating activities:		
Excess (deficiency) of revenues over expenditures for the year	\$ 432,888	\$ (375,562)
Items not involving cash:		
Loss on investment in Investment in Great Lakes Hospitality Group Limited Partnership	569,238	-
Loss on investment in Your Dollar Store with More	11,339	91,565
Amortization of tangible capital assets	3,463,908	3,361,199
Loss on disposal of tangible capital assets	-	9,104
	4,477,373	3,086,306
Change in non-cash items relating to operations:		
Accounts receivable and Due from Indigenous and Northern Affairs Canada	179,932	26,675
Prepaid expenses	(179,316)	37,980
Accounts payable and accrued liabilities	(171,628)	240,497
Payable to Ontario Ministry of Health and Long-Term Care	464,135	339,704
Deferred contributions	(240,042)	(282,360)
	4,530,454	3,448,802
Cash flows from (for) capital activities:		
Cash used to acquire tangible capital assets	(4,098,491)	(2,107,759)
Proceeds on disposal of tangible capital assets	-	48,572
	(4,098,491)	(2,059,187)
Cash flows from (for) financing activities:		
Proceeds of long-term debt	1,942,324	830,908
Principal repayments of long-term debt	(1,832,499)	(1,866,014)
	109,825	(1,035,106)
Cash flows from (for) investing activities:		
Economic development loans receivable	(45,892)	(2,032)
Mortgages receivable	(510,523)	(595,179)
Investment in and advances to Your Dollar Store With More	(6,131)	15,916
Note receivable	(47,940)	(56,650)
Restricted cash	47,721	(264,896)
Restricted funds held in trust in Ottawa reinvested	(8,500)	(7,821)
Short-term investments	763,734	1,098,862
Other investments	(172)	-
	192,297	188,200
Net change in cash for the year	734,085	542,709
Cash, beginning of year	3,393,290	2,850,581
Cash, end of year	\$ 4,127,375	\$ 3,393,290

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

1. Nature of operations:

The Wiikwemkoong Unceded Territory 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 Wiikwemkoong Unceded Territory 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 Wiikwemkoong Unceded Territory, ("the First Nation") and are either owned or under the control of the First Nation through its' Chief and Council. They include the Wiikwemkoong 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 entities have been accounted for in these 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 and net realizable value.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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:

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

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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 Indigenous and Northern Affairs 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 Indigenous and Northern Affairs 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.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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.

(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.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

3. Prior period adjustment:

The comparative figures have been retroactively restated to reflect the Wiikwemkoong Board of Education sick leave payable amounts applicable to 2015 and 2016 which were not previously recorded. As a result, the accumulated surplus as at March 31, 2015 has been decreased by \$1,031,576 and the accumulated surplus at March 31, 2016 has been decreased by \$1,168,283. Also, excess of revenues over expenses for the year ended March 31, 2016 have decreased by \$136,707.

The organization has increased previously recorded accounts payable and accrued liabilities by \$1,031,576 as at March 31, 2015 and by \$1,168,283 at March 31, 2016.

In addition, in regards to 2016, overall wages and benefit expenses have increased by \$136,707, internally restricted deferred revenue of certain programs decreased by \$57,323 and certain program surpluses decreased (deficits increased) by \$79,384.

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:

	2017	2016
Toronto Dominion - interest bearing current account	\$5,033,134	\$6,042,753
Bank of Montreal - interest bearing business account	246,157	-
Other	5,124	5,396
	<u>\$5,284,415</u>	<u>\$6,048,149</u>

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

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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.

8. Due from Indigenous and Northern Affairs Canada:

Due from Indigenous and Northern Affairs Canada (INAC) represents funding receivable from INAC in accordance with funding arrangements between the First Nation and INAC. 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 5% 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 and note 22 for additional details of the First Nation's investment in GLHGLP.

During the year, the First Nation was required to make capital contributions to the GLHGLP. These contributions were made in the form of reducing this note receivable:

	2017	2016
Opening balance	\$ 948,251	\$ 891,600
Interest accrual	47,940	56,651
Capital contributions to GLHGLP	(569,238)	-
	<u>\$ 426,953</u>	<u>\$ 948,251</u>

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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. During the year a total of \$71,124 (2016 - \$ 31,929) of new loans were provided to First Nation members for the purpose of economic development.

11. Mortgages receivable:

The First Nation uses OFNLP funding to issue mortgages to qualifying residents. As of March 31, 2017 the First Nation has issued mortgages to 13 residents, totalling \$1,414,738, bearing interest at rates ranging from 2.34% to 4.64%, and amortized over 25 years, with a 5 year term. The total balance remaining on the mortgages is \$1,105,702.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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

The First Nation holds a 100% ownership interest in 2404383 Ontario Ltd., operating as Your Dollar Store With More. The corporation operates a retail operation on the First Nation.

	2017	2016
Common shares	\$ 100	\$ 100
Advances	118,536	112,405
Allowance for investment write-down	(102,904)	(91,565)
	<u>\$ 15,732</u>	<u>\$ 20,940</u>

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.

	2017	2016
Opening balance	\$ 20,940	\$ 128,422
First Nation's share of net loss of Your Dollar Store With More	(11,339)	(87,130)
Advances to (repayment from) Your Dollar Store With More during the year, and other adjustments	6,131	(20,352)
	<u>\$ 15,732</u>	<u>\$ 20,940</u>

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

	2017	2016
Assets:		
Current assets	\$ 114,203	\$ 84,192
Equipment and leasehold improvements	32,139	30,813
Incorporation costs	1,651	1,651
Franchise fee	14,000	16,000
	<u>\$ 161,993</u>	<u>\$ 132,656</u>

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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

	2017	2016
Liabilities and shareholder's equity:		
Current liabilities	\$ 146,261	\$ 111,716
Amounts from Wikwemikong Development Commission	118,536	112,405
Share capital	100	100
Deficit	(102,904)	(91,565)
	\$ 161,993	\$ 132,656

	2017	2016
Revenues	\$ 607,279	\$ 455,353
Expenses	(618,618)	(542,483)
Net loss	\$ (11,339)	\$ (87,130)

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. See note 9 and note 22 for additional information on the First Nation's investment in GLHGLP. The carrying value of the investment of \$1,169,009 has been adjusted to its estimated net recoverable amount.

	2017	2016
Investment in Great Lakes Hospitality Group		
Limited Partnership	\$ 1,169,009	\$ 599,771
Provision for adjustment to estimated net recoverable amount	(1,169,009)	(599,771)
	\$ -	\$ -

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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 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.

The First Nation and 2228293 Ontario Limited together hold a 100% controlling interest in Wikwemikong Renewable Energy Limited Partnership. The partnership holds several interests in other partnerships that invest in solar energy projects. The partnership's operations have had no significant activities and the investment has been reflected in the accompanying consolidated financial statements using the cost method at \$172.

15. Bank indebtedness:

- a) An operating line of credit, for the Wiikwemkoong Unceded Territory, 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, 2017, no funds have been drawn on the operating line, (2016 - \$nil).
- 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 Wiikwemkoong Unceded Territory. At March 31, 2017, no funds have been drawn on this operating line, (2016 - \$nil).
- 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, 2017, no funds have been drawn on this operating line, (2016 - \$nil).

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

- d) An operating line of credit, for Your Dollar Store With More, has been approved by TD Canada Trust to a maximum of \$100,000. The operating line bears interest at the bank's prime lending rate plus 1.00% per annum, interest payable monthly and is payable on demand. The operating line is secured by an unlimited guarantee of the advances by the Wikwemikong Development Corporation. At March 31, 2017 \$78,000, (2016 – nil), has been drawn on the operating line.
- e) 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, 2017, no funds have been drawn on the operating line, (2016 - \$nil).

16. Deferred contributions:

Deferred contributions consist of the following:

	2017	2016
Health Canada	\$ 270,194	\$ 514,258
Indigenous and Northern Affairs Canada	287,041	176,242
Human Resource and Skills Development Canada	148,679	446,903
Ministry of Attorney General	101,473	-
Laurentian University	92,534	-
Federal Funding - Policing	90,112	87,024
Provincial Funding - Policing	84,265	81,377
Other Funding Agencies	18,466	27,002
	\$ 1,092,764	\$ 1,332,806

17. Promissory note payable to Indigenous and Northern Affairs Canada:

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

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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 December 31 year end totals, by year, are as follows:

	2017	2016
2012	\$ (47,842)	\$ (64,399)
2013	116,867	77,377
2014	308,976	327,085
2015	339,704	339,704
2016	426,197	-
Cumulative year end totals	\$ 1,143,902	\$ 679,767

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt:

	2017	2016
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.	\$ 979,945	\$ 1,026,845
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.	630,243	704,482
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.	687,764	735,173
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	72,646	120,373
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.	502,208	554,146
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.	148,162	163,614
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,917, including interest at 1.14% due June, 2021. Insured by Canada Mortgage and Housing Corporation.	299,276	330,107
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,009, including interest at 1.14%, due May 2021. Insured by Canada Mortgage and Housing Corporation.	98,105	120,734
Subtotal carried forward to next page	\$ 3,418,349	\$ 3,755,474

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

	2017	2016
Balance carried forward from prior page	\$ 3,418,349	\$ 3,755,474
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,612, including interest at 1.14%, due June, 2021. Insured by Canada Mortgage and Housing Corporation.	723,784	769,220
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
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$3,577, including interest at 1.31%, due November 2021. Insured by Canada Mortgage and Housing Corporation.	194,240	233,910
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$7,244, including interest at 1.43%, due April, 2022. Insured by Canada Mortgage and Housing Corporation.	425,886	504,929
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,097, including interest at 1.43%, due April, 2022. Insured by Canada Mortgage and Housing Corporation.	461,442	503,145
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.	975,264	1,031,814
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.	628,937	684,857
Subtotal carried forward to next page	\$ 6,827,902	\$ 7,519,717

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

	2017	2016
Balance carried forward from prior page	\$ 6,827,902	\$ 7,519,717
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.	2,153,381	2,242,550
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.	1,162,371	1,228,201
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.	360,236	432,533
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.	864,179	912,389
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.	760,372	824,146
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.	200,990	217,375
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.	318,198	367,504
Subtotal carried forward to next page	\$ 12,647,629	\$ 13,744,415

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

	2017	2016
Balance carried forward from prior page	\$ 12,647,629	\$ 13,744,415
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.	554,570	582,165
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.	1,123,248	1,207,391
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.	196,425	211,139
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.	2,005,567	2,103,523
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.	889,672	958,669
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.	203,468	217,629
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.	240,575	270,250
Subtotal carried forward to next page	\$ 17,861,154	\$ 19,295,181

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

	2017	2016
Balance carried forward from prior page	\$ 17,861,154	\$ 19,295,181
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.	720,674	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	196,612	254,238
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.	538,638	559,436
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.	680,815	729,463
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$4,980, including interest at 1.46%, due March 2022. Insured by Canada Mortgage and Housing Corporation.	1,251,753	-
Canada Mortgage and Housing Corporation mortgage. Repayable by monthly instalments of \$2,847, including interest at 1.35%, due May 2022. Insured by Canada Mortgage and Housing Corporation.	690,571	-
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.	83,767	122,532
Subtotal carried forward to next page	\$ 22,023,984	\$ 21,707,850

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

	2017	2016
Balance carried forward from prior page	\$22,023,984	\$ 21,707,850
Royal Bank of Canada loan, secured by vehicle. Repayable by monthly instalments of \$679, including interest at 5.41%, due August, 2018.	11,083	18,412
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.	44,754	68,104
TD Canada Trust term loan. Repayable by monthly instalments of \$1,849, plus interest of at the bank's prime rate plus 0.75%, due June 2019, secured by a general security agreement and assignment of insurance.	489,958	529,954
TD Canada Trust term loan. Repayable by monthly instalments of \$10,992, including interest at 3.28%, due January, 2021. Secured by a general security agreement and assignment of property fire insurance.	472,692	587,196
TD Canada Trust term loan. Repayable by monthly instalments of \$1,037, including interest at 3.28%, due January, 2021. Secured by a general security agreement and assignment of property fire insurance.	44,538	55,340
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.	64,652	74,980
Total	\$ 23,151,661	\$ 23,041,836

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

19. Long-term debt, continued:

Principal payments required to retire outstanding long-term debt, assuming mortgages due beyond 2017 are renewed with similar terms and conditions are as follows:

2018	\$ 5,262,509
2019	5,346,519
2020	2,659,862
2021	3,397,958
2022	584,873
2023 and subsequent years	5,899,940
	\$ 23,151,661

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 2018. 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:

	2017	2016 Restated (See Note 3)
Equity in tangible capital assets	\$ 32,115,647	\$ 31,624,566
Restricted social housing reserves	4,245,059	4,213,168
First Nation enterprise initiatives	(4,587,299)	(3,586,019)
Internally restricted economic development loans	369,005	321,515
Restricted Ontario First Nations Limited		
Partnership distributions	12,232,668	12,092,256
Ontario First Nations Limited Partnership		
Distributions, loans	228,605	260,766
Restricted funds held in trust in Ottawa	122,486	133,986
Internally restricted deferred expenditures	251,260	(1,408,978)
Unrestricted band operations accumulated surplus (deficit)	(3,149,504)	(2,256,221)
	\$ 41,827,927	\$ 41,395,039

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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, 2017:

	2017	2016
Loan guarantees to various financial institutions in favour of individual Band Members	\$ 2,192,554	\$ 2,908,282
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	5,066	13,375
Guarantees to Bell Canada in favour of FirstTel Communications Corporation	40,000	40,000
	\$ 2,916,616	\$ 3,640,653

- (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 (GLHGLP) in the amount of \$4,700,000. During the year, the Bank called for a portion of the loan to be repaid immediately due to debt covenant violations. As a result, the First Nation was required to make additional capital contributions (see Note 9). After renegotiations, the balance of the loan at March 31, 2017 is \$2,003,000.

The guarantee continues to provide that each of the limited partners, on a joint and several basis, cover all and any shortfalls of the debt covenants of the borrower. The loan agreement requires GLHGLP to maintain compliance with certain financial covenants, including maintaining a debt service coverage ratio of 1.55:1 as well as a maximum loan to value ratio of 50%.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

22. Contingent liabilities, continued:

(c) Legal claims against the First Nation:

The First Nation is a defendant in a claim in the amount of approximately \$50,000 regarding a labour dispute matter. 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 and the Wikwemikong Nursing Home are defendants in a claim in the amount of approximately \$350,000 regarding a labour dispute matter. 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 Nursing Home is the defendant in a claim by a former employee claiming damages in the amount of \$395,000 for a wrongful dismissal. The Nursing Home is preparing to defend its actions, but at this time, the outcome of this issue is undeterminable. Should an amount become payable, recognition of this amount will be recorded in the period in which it becomes known.

The Wiikwemkoong 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.

WIKWEMIKONG UNCEDED INDIAN RESERVE
Notes to Consolidated Financial Statements

March 31, 2017

23. Tangible capital assets:

	2017										
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Other	Computer Software & Hardware	Infrastructure Projects	Assets under construction	CMHC Rental Buildings	Property Management Vehicles
Cost											
Balance, beginning of year	\$ 239,364	\$ 27,789,346	\$ 12,808,991	\$ 22,165,867	\$ 4,835,988	\$ 3,588,322	\$ 687,936	\$ 153,603	\$ -	\$ 32,461,371	\$ 117,909
Additions	103,728	-	69,959	437,665	141,839	285,373	148,803	316,270	1,274,174	1,320,682	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	343,092	27,789,346	12,878,950	22,603,532	4,977,827	3,873,695	836,739	469,873	1,274,174	33,782,053	117,909
Accumulated Amortization											
Balance, beginning of year	-	13,348,605	3,572,416	13,453,572	3,633,785	2,124,514	529,643	80,932	-	13,475,792	106,118
Disposals	-	-	-	-	-	-	-	-	-	-	-
Amortization expense	-	635,742	250,501	646,535	291,941	345,754	71,481	43,697	-	1,178,257	-
Balance, end of year	-	13,984,347	3,822,917	14,100,107	3,925,726	2,470,268	601,124	124,629	-	14,654,049	106,118
Net book value	\$ 343,092	\$ 13,804,999	\$ 9,056,033	\$ 8,503,425	\$ 1,052,101	\$ 1,403,427	\$ 235,614	\$ 345,244	\$ 1,274,174	\$ 19,128,004	\$ 11,791
											\$ 55,157,201

	2016										
	Land	Buildings	Water & Electrical Systems	Roads	Vehicles	Furniture, Equipment and Other	Computer Software & Hardware	Infrastructure Projects	Assets under construction	CMHC Rental Buildings	Property Management Vehicles
Cost											
Balance, beginning of year	\$ 239,364	\$ 27,723,306	\$ 12,700,049	\$ 21,924,339	\$ 4,482,169	\$ 3,363,897	\$ 641,912	\$ 102,555	\$ -	\$ 31,574,302	\$ 117,909
Additions	-	66,040	108,942	241,528	474,476	223,632	46,024	51,048	-	887,069	-
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	153,603	-	32,461,371	117,909
Accumulated Amortization											
Balance, beginning of year	-	12,715,555	3,328,434	12,820,167	3,380,443	1,810,607	477,163	65,436	-	12,331,445	106,118
Disposals	-	-	-	-	(62,980)	(8,207)	-	-	-	-	-
Amortization expense	-	633,050	243,982	633,405	316,322	322,114	52,480	15,496	-	1,144,347	-
Balance, end of year	-	13,348,605	3,572,416	13,453,572	3,633,785	2,124,514	529,643	80,932	-	13,475,792	106,118
Net book value	\$ 239,364	\$ 14,440,741	\$ 9,236,575	\$ 8,712,295	\$ 1,202,203	\$ 1,463,808	\$ 158,293	\$ 72,671	\$ -	\$ 18,985,579	\$ 11,791
											\$ 54,523,318

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

24. Indigenous and Northern Affairs Canada:

Reconciliation to Indigenous and Northern Affairs Canada (INAC) funding confirmation:

	2017	2016
Revenue reported per consolidated financial statements for year ended March 31, 2017	\$ 23,174,975	\$ 21,272,850
Revenue per INAC funding confirmation/agreement with Wiikwemkoong Unceded Territory	\$ 23,103,020	\$ 20,831,158
Add additional agreements, as follows:		
- Wikwemikong Nursing Home,		
- Institutional care funding programming	45,030	366,003
- Wikwemikong Development Commission:		
- Economic development capacity funding	26,925	75,689
	\$ 23,174,975	\$ 21,272,850

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:

	2017	2016
Salaries, wages, and benefits	\$ 27,843,765	\$ 26,515,341
Amortization	3,463,908	3,361,199
Interest on long-term debt	376,120	483,594
Other	30,951,483	28,675,932
	\$ 62,635,276	\$ 59,036,066

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 \$1,364,169 (2016 – \$1,142,715) were expensed when due.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

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 Indigenous and Northern Affairs 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 Indigenous and Northern Affairs Canada in a total amount of \$2,937,319 (2016 - \$3,117,251), 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.

WIIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

28. 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 \$5,175,062 (2016 - \$5,346,690), its promissory note payable to Indigenous and Northern Affairs 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 \$569,238 (note 13). The total impairment recorded against the investment of the current year and prior years is \$1,169,009.

WIKWEMKOONG UNCEDED TERRITORY

Notes to Consolidated Financial Statements

March 31, 2017

29. Economic dependence:

The First Nation receives a major portion of its revenues pursuant to funding agreements with several agencies, including the Indigenous and Northern Affairs 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.