

WAPEKEKA FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

WAPEKEKA FIRST NATION
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FOR THE YEAR ENDED MARCH 31, 2016

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WAPEKEKA FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of Wapekeka First Nation are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to the Chief and Council.


CHIEF


COUNCILLOR


COUNCILLOR

Holukoff Chiarella

CHARTERED ACCOUNTANTS

Kevin Massee, B.Comm. (Hons), C.A.
(Practising as Kevin Massee Chartered Accountant Ltd.)
Ralph Orr, B.Comm. (Hons), C.A.
(Practising as Ralph Orr Chartered Accountant Ltd.)

EXHIBIT "A"

101 - 1180 Pembina Highway
Winnipeg, Manitoba R3T 2A4
Telephone (204) 452-6449
Fax (204) 452-3397

INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors and Members of
Wapekeka First Nation

We have audited the accompanying financial statements of Wapekeka First Nation, which comprise the consolidated statements of financial position as at March 31, 2016 and the consolidated statements of accumulated surplus, operations, change in Ottawa Trust Funds, change in net financial assets/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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with Canadian public sector accounting standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Holukoff Chiarella

CHARTERED ACCOUNTANTS

Kevin Massee, B.Comm. (Hons), C.A.
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INDEPENDENT AUDITORS' REPORT - CONTINUED

Basis for Qualified Opinion

The First Nation has undertaken to identify the total cost of tangible capital assets not previously recorded and any impairment or related amortization attributed to each of those assets. The full extent of these unrecorded assets and appropriate amortization is not determinable at the date of the audit report. As a result we were unable to determine what further adjustments, if any, might be necessary to tangible capital assets, annual surplus and accumulated surplus.

Qualified Opinion

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



WINNIPEG, MANITOBA
July 28, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

EXHIBIT "B"

	<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS			
Cash in bank, Note 2	\$ 606,100	232,882	
Accounts receivable, Note 3	1,559,831	741,801	
Investments, Note 4	100,000	2,527,645	
Ottawa Trust funds, Exhibit "E", Note 5	<u>42,285</u>	<u>38,173</u>	
	<u>2,308,216</u>	<u>3,540,501</u>	
LIABILITIES			
Accounts payable, Note 6	2,852,828	1,802,622	
Deferred revenue, Note 7	85,205	283,363	
Moveable assets reserve, Note 8	41,620	41,620	
Replacement reserves, Note 9	21,127	21,127	
Long term debt, Note 10	<u>651,570</u>	<u>996,214</u>	
	<u>3,652,350</u>	<u>3,144,946</u>	
NET (DEBT) FINANCIAL ASSETS	<u>(1,344,134)</u>	<u>395,555</u>	
NON-FINANCIAL ASSETS			
Prepaid expenses		230,000	
Tangible capital assets, Note 11	<u>16,627,634</u>	<u>10,649,278</u>	
	<u>16,627,634</u>	<u>10,879,278</u>	
ACCUMULATED SURPLUS, Exhibit "C", Note 13	\$ 15,283,500	11,274,833	

APPROVED BY:


 CHIEF


 COUNCILLOR

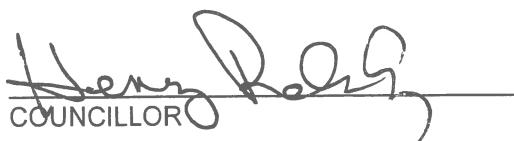

 COUNCILLOR

EXHIBIT "C"

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 11,274,833	12,033,225
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	<u>4,008,667</u>	<u>(758,392)</u>
BALANCE AT END OF YEAR	<u>\$ 15,283,500</u>	<u>11,274,833</u>

EXHIBIT "D"

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>	
	<u>Budget</u>	<u>Actual</u>	
REVENUE			
Federal Government			
AANDC	\$ 4,123,852	9,191,943	4,471,754
Health Canada	1,628,960	2,926,612	1,971,495
Canada Mortgage and Housing Corporation	24,876	27,979	28,761
Provincial government	1,125,954	1,285,130	906,382
Ontario First Nations Limited Partnership	810,062	834,604	829,874
Other	<u>1,077,347</u>	<u>2,821,873</u>	<u>1,940,799</u>
	<u>8,791,051</u>	<u>17,088,141</u>	<u>10,149,065</u>
EXPENSES			
Band Support	753,373	1,028,180	1,056,476
Municipal Services	1,261,603	1,725,767	2,023,858
Education Services	1,200,220	1,398,111	1,392,529
Social Services	1,280,446	1,712,845	1,414,627
Economic Development	62,895	118,038	122,268
Capital Projects	406,922	362,092	418,376
Ki-Chi-Ha-Gamic Home	54,431	104,943	67,873
OFNLP	506,143	186,452	477,231
Health Services	1,989,075	3,028,055	2,229,397
Other Programs	<u>1,955,435</u>	<u>7,026,094</u>	<u>2,698,622</u>
	<u>9,470,543</u>	<u>16,690,577</u>	<u>11,901,257</u>
ANNUAL SURPLUS (DEFICIT)			
BEFORE OTHER ITEMS	(679,492)	397,564	(1,752,192)
OTHER ITEMS			
Transfer to tangible capital assets from operations	6,663,024	1,528,382	
Amortization not included in operations	(628,384)	(541,857)	
Investment write-down	(2,427,645)		
Interest and Fibre Optic revenue, Ottawa Trust Fund	3,321	6,880	
Interest, Trust Funds - community	<u>—</u>	<u>787</u>	<u>395</u>
ANNUAL SURPLUS (DEFICIT)	\$ (679,492)	4,008,667	(758,392)

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

	2016			2015		
	<u>AANDC</u>	<u>Revenue</u>	<u>Total</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Annual Surplus (Deficit)</u>
Band Support	\$ 516,807	411,190	927,997	1,028,180	(132,613)	(232,796)
Municipal Services	978,489	16,965	995,454	1,725,767	392,568	(337,745)
Education Services	1,233,103	259,702	1,492,805	1,398,111	(23,970)	70,724
Social Services	237,700	1,393,490	1,631,190	1,712,845	27,032	(54,623)
Economic Development	50,000		50,000	118,038	68,038	
Capital Projects	369,207	15,000	384,207	362,092	(31,000)	(8,885)
Ki-Chi-Ha-Gamic Home		44,779	44,779	104,943	91,081	30,917
OFNLP		834,604	834,604	186,452	(648,152)	(385)
Health Services		3,246,763	3,246,763	3,028,055	(122,432)	96,276
Other Programs	5,806,637	1,673,705	7,480,342	7,026,094	379,448	833,696
	\$ 9,191,943	<u>7,896,198</u>	<u>17,088,141</u>	<u>16,690,577</u>	—	<u>(419,339)</u>
AANDC FUNDING PER CONFIRMATION	\$ 9,191,943				397,564	<u>(1,752,192)</u>
OTHER ITEMS						
Transfer to tangible capital assets					6,663,024	1,528,382
Amortization not included in operations					(628,384)	(541,857)
Interest and Fibre Optic revenue, Ottawa Trust Fund					3,321	6,880
Interest, Trust Funds - community					787	395
Investment write-down					(2,427,645)	—
ANNUAL SURPLUS (DEFICIT)					\$ 4,008,667	<u>(758,392)</u>

EXHIBIT "E"

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN OTTAWA TRUST FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 38,173	31,293
ADDITIONAL DEPOSITS DURING THE YEAR	3,325	6,000
INTEREST RECEIVED DURING THE YEAR	<u>787</u>	<u>880</u>
BALANCE AT END OF YEAR	\$ 42,285	38,173

EXHIBIT "F"

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN
NET DEBT/NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "D"	\$ 4,008,667	(758,392)
Change in prepaid expenses	230,000	(680)
Acquisition of tangible capital assets	(6,663,024)	(1,528,382)
Amortization of tangible capital assets	<u>684,668</u>	<u>595,915</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,739,689)	(1,691,539)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	<u>395,555</u>	<u>2,087,094</u>
NET DEBT/FINANCIAL ASSETS AT END OF YEAR	<u>\$ (1,344,134)</u>	<u>395,555</u>

EXHIBIT "G"

WAPEKEKA FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit), Exhibit "D"	\$ 4,008,667	(758,392)
Add non-cash items		
Amortization	684,668	595,915
Moveable asset reserve		(1,354)
Net change in financial assets/liabilities and prepaid expenses		
Accounts receivable	(818,030)	1,209,755
Investments	2,427,645	
Prepaid expenses	230,000	(680)
Ottawa Trust funds	(4,112)	(6,880)
Accounts payable	1,050,206	37,440
Deferred revenue	(198,158)	(50,992)
	<u>7,380,886</u>	<u>1,024,812</u>
FINANCING TRANSACTIONS		
Net increase (decrease) in term loans and mortgages	<u>(344,644)</u>	<u>322,392</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(6,663,024)</u>	<u>(1,528,382)</u>
NET CHANGE IN CASH POSITION	<u>373,218</u>	<u>(181,178)</u>
CASH POSITION AT BEGINNING OF YEAR	<u>232,882</u>	<u>414,060</u>
CASH POSITION AT END OF YEAR	<u>\$ 606,100</u>	<u>232,882</u>

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

a) Nature and Purpose of Organization

The purpose of the organization is the management and administration of all aspects of the Wapekeka First Nation. The organization operates with a Chief and Council, who are ultimately responsible for the establishment and administration of all programs of the First Nation.

b) Reporting Entity and Principles of Financial Reporting

Wapekeka First Nation reporting entity includes the Wapekeka First Nation government and all related unincorporated non-business entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements summarize on a combined basis the assets, liabilities and results of operations for the following entities. The readers of these summarized financial statements have access to the detailed information of each entity's financial statement.

Wapekeka First Nation Revenue Fund
Wapekeka Education Authority
Wapekeka First Nation Health Authority
Ki-Chi-Ha-Gamic Home

All inter-entity balances have been eliminated on summarization, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated.

Investments in non controlled entities are recorded at the lower of cost and net realizable value.

c) Amortization

Assets are amortized over their expected useful life using the straight line method at the following rates:

Infrastructure	2.5%
Water and Sewage Service	2.5%
General Housing	5.0%
General Equipment	20.0%
Vehicles	20.0%
Small Business Centre	5.0%
Multi-Purpose Building	5.0%

In the year of acquisition, 50% of the normal amortization is recorded.

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long term debt, which approximates its economic life.

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

d) Revenue Recognition

The organization follows the deferral method of accounting for revenue. Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and can reasonably be estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

e) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services. The organization does not capitalize computer software. Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

f) Assets Under Construction

Capital projects under construction at year end are recorded at cost and are segregated as part of the non-financial assets. As the construction of these assets is completed, they are added to the appropriate tangible capital asset category. Amortization is not taken until the asset is put into use.

g) Net Debt/Net Financial Assets

The organization's financial statements are presented so as to highlight the net debt/net financial assets as a measurement of financial position. The net debt/net financial assets of the organization are determined by its financial assets less its liabilities.

h) Deferred Revenue

Deferred revenue represents funding received or receivable under the terms of their respective funding arrangements for specified purposes and for which the related expenses have not been incurred. Unspent funding or expenses made which are not in accordance with the terms of the funding arrangements may constitute a debt to the funding authority upon review of the funding arrangement expenses. Note 5 provides a summary of deferred revenue by project.

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

i) Financial Instruments

Initial and subsequent measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash in bank, accounts receivable, investments and Ottawa Trust Funds

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, deferred revenue, moveable asset reserve, replacement reserves and long term debt.

Transaction costs

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

EXHIBIT "H"

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

2. CASH IN BANK

	<u>2016</u>	<u>2015</u>
GIC at 1.25% interest, maturing September 2020	\$ 19,777	19,594
Social Services	(58,431)	(38,437)
Education	(47,269)	(51,399)
Administration	123,881	(241,172)
Soil Remediation	762	4,775
Health Authority	539,815	478,819
Revenue Fund	(8,766)	37,160
Ki-Chi-Ha-Gamic Home	<u>36,331</u>	<u>23,542</u>
	\$ 606,100	232,882

3. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
CMHC	\$ 2,331	2,331
Aboriginal Affairs and Northern Development Canada	978,693	230,912
Health Canada	148,812	
Other government agencies	11,428	60,131
Members loans, advances and rent	445,751	258,272
CRA - Goods and Services Tax recovery	1,259	
Other	<u>367,357</u>	<u>439,504</u>
	1,955,631	991,150
Allowance for doubtful accounts	<u>(395,800)</u>	<u>(249,349)</u>
	\$ 1,559,831	741,801

EXHIBIT "H"

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

4. INVESTMENTS

	<u>2016</u>	<u>2015</u>
The First Nation has the following investments:		
2137922 Ontario Inc. - shares in holding company for interest in Landmark Inn Limited Partnership	\$ 100,000	100,000
Wasaya Partnership	1,392,582	1,392,582
Less: Provision for write-down in value	(1,392,582)	
Wasaya Group Inc.	1,035,063	1,035,063
Less: Provision for write-down in value	(1,035,063)	
Kenawun Community Development Corporation		
Loan with no specified interest or terms of repayment.	62,000	62,000
Less: Provision for write-down in value	(62,000)	(62,000)
Kenawun Properties Ltd.		
Loan with no specified interest or terms of repayment.	150,000	150,000
Less: Provision for write-down in value	(150,000)	(150,000)
145005 Ontario Inc. and 2028975 Ontario Inc.		
Shares and advances	160,000	160,000
Less: Provision for write-down in value	(160,000)	(160,000)
	<u>\$ 100,000</u>	<u>2,527,645</u>

5. OTTAWA TRUST FUNDS

Ottawa Trust Funds are derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held 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.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 38,173	31,293
Amount placed on deposit	3,325	6,000
Interest received in the year	<u>787</u>	<u>880</u>
Balance, end of year	<u>\$ 42,285</u>	<u>38,173</u>

6. ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 2,661,250	1,836,054
Canada Revenue Agency	<u>191,578</u>	<u>(33,432)</u>
	<u>\$ 2,852,828</u>	<u>1,802,622</u>

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

7. DEFERRED REVENUE

Funding in the current period to be applied against subsequent period programs are recorded as incomplete projects in the financial statements.

Deferred revenue consists of the following:

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
Leadership Governance	\$ 35,000		35,000	
Soil Remediation Project	117,279		117,279	
Electrical System -				
Diesel Generating System				
Feasibility Study	<u>131,084</u>	_____	<u>45,879</u>	<u>85,205</u>
	<u>\$ 283,363</u>	_____	<u>198,158</u>	<u>85,205</u>

8. MOVABLE ASSETS RESERVE

Under the terms of the Health Services Transfer Agreement the initial lump sum, interest and an annual amount were placed in a reserve for the replacement of assets. Expenditures for the replacement or substitutions are charged to the reserve during the year. Health Canada no longer requires an annual allocation to the moveable asset reserve.

The remaining reserve balance has not been funded in a separate bank account as at March 31, 2016.

Expenditures qualifying for the remaining reserve balance during 2016 were \$NIL.

9. REPLACEMENT RESERVES

Under the terms of the agreement with Canada Mortgage and Housing Corporation, Replacement Reserves are to be credited in the amount of \$2,100 annually until it accumulates to \$21,000 plus interest. These funds, along with accumulated interest, are to 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

10. LONG TERM DEBT

	<u>2016</u>	<u>2015</u>
Bank loan, Royal Bank, non-revolving, repayable in four annual payments of \$113,000 commencing May 15, 2013 for principal and interest of 5% per annum, secured by assignment of minor capital funds of AANDC for the year 2013 to 2015 and Ontario First Nations Limited Partnership funds.	\$ 104,884	
Bank loan, Royal Bank, repayable at \$1,473 per month plus interest at 3.85% per annum, secured by a guarantee and vehicle.	21,539	38,033
Loan payable to John Deere Financial, repayable at \$8,088 per month without interest.	8,088	
Bank loan repayable at \$820 per month plus interest at 4.35%, secured by a guarantee and school bus.	19,457	28,177
Bank loan, Royal Bank, repayable at \$15,960 per month including interest at 4.78% per annum, secured by a guarantee and equipment.	463,309	641,863
Mortgage for Ki-Chi-Ha-Gamic Home, repayable at \$2,732 per month principal and interest at 3.06% per annum maturing February 2019.	<u>147,265</u>	<u>175,169</u>
	\$ <u>651,570</u>	<u>996,214</u>

Principal repayments on loans and mortgages over the next five years are estimated as follows:

2017	\$ 228,073
2018	224,401
2019	140,603
2020	31,434
2021	<u>27,059</u>
	\$ <u>651,570</u>

WAPEKEKA FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

11. TANGIBLE CAPITAL ASSETS

		2016				
		Cost Mar. 31/15	Additions (Disposals)	Cost Mar. 31/16	Accumulated Amortization	Net Book Value
General buildings	\$ 2,719,767			2,719,767	1,343,579	1,376,188
Vehicles and equipment	853,533	89,850		943,383	706,878	236,505
Heavy vehicles	709,869			709,869	212,961	496,908
Water and sewer infrastructure	10,703,534			10,703,534	3,612,439	7,091,095
Generating station infrastructure	603,519	648,264		1,251,783	38,279	1,213,504
Bulk fuel facility	214,994			214,994	10,750	204,244
CMHC housing	487,200			487,200	339,934	147,266
New School		5,038,880		5,038,880	62,986	4,975,894
Assets under construction		886,030		886,030		886,030
	\$ 16,292,416	6,663,024		22,955,440	6,327,806	16,627,634

		2015				
		Cost Mar. 31/14	Additions (Disposals)	Cost Mar. 31/15	Accumulated Amortization	Net Book Value
General buildings	\$ 2,719,767			2,719,767	1,207,591	1,512,176
Vehicles and equipment	760,533			760,533	612,216	148,317
Heavy vehicles	93,000	709,869		802,869	145,987	656,882
Water and sewer infrastructure	10,703,534			10,703,534	3,344,851	7,358,683
Generating station infrastructure		603,519		603,519	15,088	588,431
Bulk fuel facility		214,994		214,994	5,375	209,619
CMHC housing	487,200			487,200	312,031	175,169
	\$ 14,764,034	1,528,382		16,292,416	5,643,139	10,649,277

12. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant contribution arrangements.

13. FEDERAL ASSISTANCE PAYMENTS

The Ki-Chi-Ha-Gamic Home has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low-income individuals. The amount of assistance received in 2016 was \$27,979 (2015 - \$28,761).

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

14. FINANCIAL RISKS AND CONCENTRATION OF RISK

a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are mainly due from funders. There has been no change to the risk exposures from 2015.

b) Liquidity risk

Liquidity risk is the risk that First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation's exposure to liquidity risk is dependent on the collection of funding, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the First Nation's cash requirements. Additional cash requirements are provided by operating lines of credit as needed. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2015.

The First Nation's debt is structured with regularly recurring payments, secured by assets. Regularly recurring payments are required to service this debt, limiting the requirement to extinguish the debt in the short term. Interest rate fluctuations impact the cash flows but not to a significant effect.

c) Currency risk

The First Nation is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the First Nation does not normally have purchases and sales denominated in foreign currency. There has been no change to the risk exposure from 2015.

d) Interest Rate risk

The First Nation has long-term fixed rate debts. A change in the variable rate does not impact cash flows to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2015 and there is expected to be no substantive change in the next fiscal period.

15. COMPARATIVE FIGURES

Certain comparative figures for the previous year have been reclassified to conform with the current year's financial statement presentation.

16. BUDGET INFORMATION

Budget data was included when available and was approved by Chief and Council.

17. ECONOMIC DEPENDENCE

The Wapekeka First Nation receives a major portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada and Health Canada.

EXHIBIT "H"

WAPEKEKA FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

18. SEGMENT DISCLOSURE

		Budget	Band Support 2016	Budget 2015	Municipal Services 2016	Budget 2015	Education Services 2016	Budget 2015
REVENUE								
Federal government	\$ 484,974	516,807	520,256	937,992	978,489	947,783	1,039,372	1,233,103
Provincial government								1,085,229
Economic activities								
Net income from investments in government business enterprises								
Other revenue	<u>76,788</u>	<u>411,190</u>	<u>287,970</u>	<u>69,402</u>	<u>16,965</u>	<u>94,443</u>	<u>160,848</u>	<u>259,702</u>
TOTAL REVENUE	<u>561,762</u>	<u>927,997</u>	<u>808,226</u>	<u>1,007,394</u>	<u>995,454</u>	<u>1,042,226</u>	<u>1,200,220</u>	<u>1,492,805</u>
EXPENSES								
Honoraria								
Chief and Councillors	276,000	276,000	276,000					
Elders and Board Members	10,000							
Wages and benefits	218,601	215,441	264,730	419,996	451,045	471,759	830,550	834,923
Amortization		550,925	541,857			(516,878)		
Tangible capital assets								
Interest	9,459	61,990	37,719					
Other expenses	259,083	2,898,286	470,752	883,307	1,274,722	1,552,099	342,270	563,188
TOTAL EXPENSES	<u>773,143</u>	<u>4,002,642</u>	<u>1,591,058</u>	<u>1,303,303</u>	<u>1,725,767</u>	<u>1,506,980</u>	<u>1,172,820</u>	<u>1,382,663</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(211,381)	(3,074,645)	(782,832)	(295,909)	(730,313)	(464,754)	27,400	110,142
TRANSFERS	<u>19,770</u>	<u>(132,613)</u>	<u>90,500</u>	<u>41,700</u>	<u>392,568</u>	<u>45,739</u>	<u>(27,400)</u>	<u>(23,970)</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (191,611)</u>	<u>(3,207,258)</u>	<u>(692,332)</u>	<u>(254,209)</u>	<u>(337,745)</u>	<u>(419,015)</u>	<u>—</u>	<u>86,172</u>
								<u>(55,746)</u>

EXHIBIT "H"

WAPEKEKA FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

18. SEGMENT DISCLOSURE, continued

	<u>Social Services</u>		<u>Economic Development</u>		<u>Capital Projects</u>	
	<u>Budget</u> <u>2016</u>	<u>2015</u>	<u>Budget</u> <u>2016</u>	<u>2015</u>	<u>Budget</u> <u>2016</u>	<u>2015</u>
REVENUE						
Federal government	\$ 187,068	237,700	344,439	50,000	50,000	403,995
Provincial government	1,080,242	1,285,130	1,070,447			369,207
Economic activities						367,937
Net income from investments in government business enterprises						
Other revenue		108,360	—	10,500	—	—
	1,267,310	1,631,190	1,414,886	60,500	50,000	403,995
TOTAL REVENUE						384,207
EXPENSES						367,937
Honoraria						
Chief and Councillors						
Elders and Board Members						
Wages and benefits	305,993	317,165	286,325	82,615	102,296	95,934
Amortization						
Tangible capital assets						
Interest	934,154	1,395,680	1,128,302	1,280	15,742	26,334
Other expenses	1,240,147	1,712,845	1,414,627	83,895	118,038	122,268
TOTAL EXPENSES						361,412
SURPLUS (DEFICIT) BEFORE TRANSFERS	27,163	(81,655)	259	(23,395)	(68,038)	(72,268)
TRANSFERS	(40,299)	27,032	(60,361)	21,000	68,038	72,268
ANNUAL SURPLUS (DEFICIT)	\$ (13,136)	(54,623)	(60,102)	(2,395)	—	—
					(2,927)	(8,885)
						(2,335)

EXHIBIT "H"

WAPEKEKA FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

18. SEGMENT DISCLOSURE, continued

	Ki-Ch-Ha-Gamic Home		OFNLP and Other Programs	
	Budget	2016	Budget	2016
REVENUE				
Federal government	\$ 24,876	27,979	28,761	1,020,451
Provincial government				5,806,637
Economic activities			45,712	1,156,110
Net income from investments in government business enterprises				262,050
Other revenue	15,600	<u>16,800</u>	<u>38,727</u>	<u>1,394,418</u>
TOTAL REVENUE	<u>40,476</u>	<u>44,779</u>	<u>67,488</u>	<u>2,460,581</u>
EXPENSES				
Honoraria				
Chief and Councillors				4,600
Elders and Board Members	27,675	41,090	439,462	488,464
Wages and benefits	27,838	27,903	29,538	86,177
Amortization				(5,687,144)
Tangible capital assets				(1,011,504)
Interest	5,030	4,875	3,241	
Other expenses	16,305	<u>31,075</u>	<u>17,094</u>	<u>2,030,297</u>
TOTAL EXPENSES	<u>76,848</u>	<u>104,943</u>	<u>67,873</u>	<u>2,469,759</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(36,372)	(60,164)	(385)	(9,178)
TRANSFERS	<u>22,417</u>	<u>91,081</u>	—	<u>8,181</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (13,955)</u>	<u>30,917</u>	<u>(385)</u>	<u>(997)</u>
				<u><u>6,434,663</u></u>
				<u><u>664,573</u></u>

EXHIBIT "H"

WAPEKEKA FIRST NATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2016

18. SEGMENT DISCLOSURE, continued

	Health Services			Total		
	Budget	2016	2015	Budget	2016	2015
REVENUE						
Federal government	\$ 1,628,960	2,926,612	1,971,495	5,777,688	12,146,534	6,472,010
Provincial government				1,125,954	1,285,130	1,332,497
Economic activities						
Net income from investments in government business enterprises	<u>159,853</u>	<u>320,151</u>	<u>244,852</u>	<u>1,887,409</u>	<u>3,656,477</u>	<u>2,272,150</u>
Other revenue						
TOTAL REVENUE	<u>1,788,813</u>	<u>3,246,763</u>	<u>2,216,347</u>	<u>8,791,051</u>	<u>17,088,141</u>	<u>10,076,657</u>
EXPENSES						
Honoraria						
Chief and Councillors	12,000		12,000	276,000	276,000	276,000
Elders and Board Members	1,373,889	1,120,449	1,268,775	3,744,291	22,000	4,600
Wages and benefits		28,381	(969,151)	27,838	3,708,038	13,200
Amortization					684,667	3,986,318
Tangible capital assets					(6,663,024)	588,118
Interest	557,817	1,879,226	948,622	14,489	66,865	(1,528,382)
Other expenses				5,385,925	15,002,328	40,960
						7,458,835
TOTAL EXPENSES	<u>1,943,706</u>	<u>2,058,905</u>	<u>2,229,397</u>	<u>9,470,543</u>	<u>13,079,474</u>	<u>10,835,049</u>
SURPLUS (DEFICIT) BEFORE TRANSFERS	(154,893)	1,187,858	(13,050)	(679,492)	4,008,667	(758,392)
TRANSFERS	(45,369)	(122,432)	(180,000)	—	—	—
ANNUAL SURPLUS (DEFICIT)	\$ (200,262)	1,065,426	(193,050)	(679,492)	4,008,667	(758,392)