

Financial Statements of

WAHNAPITAE FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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


The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles as described in note 1. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the First Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the First Nation.

A handwritten signature in dark ink, appearing to read "L. Roque", is written over a horizontal line.

Chief

A handwritten signature in dark ink, appearing to read "J. Fortin", is written over a horizontal line.

Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Members of Wahnapiatae First Nation

Opinion

We have audited the financial statements of Wahnapiatae First Nation (the "First Nation"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 11, 2020

WAHNAPITAE FIRST NATION

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Year ended March 31, 2020

Financial Statements

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WAHNAPITAE FIRST NATION

Exhibit A - Statement of Financial Position

March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|------------------------------------------------------|--------------|--------------|
| Financial assets | | |
| Cash | \$ 3,536,252 | \$ 2,749,922 |
| Accounts receivable (note 2) | 914,704 | 736,411 |
| Housing loans receivable (note 3) | 191,127 | 192,169 |
| Investment in N'Swakamok Forestry Corporation | 1 | 1 |
| Consolidated revenue fund | 339,591 | 333,054 |
| | 4,981,675 | 4,011,557 |
| Financial liabilities | | |
| Accounts payable and accrued liabilities | 472,825 | 438,073 |
| Deferred revenue (note 5) | 2,874,313 | 1,243,179 |
| Loans payable to Indigenous Services Canada (note 6) | 856,831 | 856,831 |
| Long-term debt (note 7) | 2,678,014 | 2,617,466 |
| | 6,881,983 | 5,155,549 |
| Net debt | (1,900,308) | (1,143,992) |
| Non-financial assets | | |
| Inventories | 80,204 | 40,092 |
| Tangible capital assets (note 8) | 8,692,154 | 8,022,100 |
| Prepaid expenses | 109,900 | - |
| | 8,882,258 | 8,062,192 |
| Contingent liabilities (note 9) | | |
| Effects of COVID-19 (note 14) | | |
| Accumulated surplus (note 10) | \$ 6,981,950 | \$ 6,918,200 |

See accompanying notes to financial statements.

On behalf of the First Nation:


Chief


Executive Director

WAHNAPITAE FIRST NATION

Exhibit B - Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

| | 2020 Budget (Note 13) | 2020 Total | 2019 Total |
|----------------------------------------------|-----------------------------|---------------|---------------|
| Revenue: | | | |
| Indigenous Services Canada (note 11) | \$ 1,017,913 | \$ 2,182,851 | \$ 912,451 |
| Health Canada | - | - | 378,323 |
| Provincial | 363,587 | 507,170 | 634,278 |
| Ontario First Nations Limited Partnership | - | 645,746 | 743,498 |
| Kinoomaadziwin Education Body | 995,497 | 910,736 | 638,726 |
| Mining agreements and services | 380,500 | 417,389 | 459,532 |
| Union of Ontario Indians | 149,324 | 288,211 | 206,217 |
| Canada Mortgage and Housing Corporation | 100,596 | 107,849 | 153,354 |
| Business Enterprise | - | 1,807,428 | 1,726,239 |
| Other | 328,143 | 980,396 | 813,238 |
| | 3,335,560 | 7,847,776 | 6,665,856 |
| Expenses: | | | |
| Band Government | 698,610 | 1,494,805 | 1,375,430 |
| Education | 1,246,917 | 1,147,862 | 1,105,804 |
| Public Works and Community Development | 539,041 | 726,084 | 604,252 |
| Health Services | 450,040 | 1,036,759 | 901,439 |
| Lands | 859,953 | 873,147 | 680,868 |
| CMHC Housing | 203,143 | 209,769 | 161,775 |
| General Housing | 209,542 | 382,351 | 34,442 |
| Business Enterprise | 70,280 | 1,913,249 | 1,854,512 |
| | 4,277,526 | 7,784,026 | 6,718,522 |
| Excess (deficiency) of revenue over expenses | (941,966) | 63,750 | (52,666) |
| Accumulated surplus, beginning of year | 6,918,200 | 6,918,200 | 6,970,866 |
| Accumulated surplus, end of year | \$ 5,976,234 | \$ 6,981,950 | \$ 6,918,200 |

See accompanying notes to financial statements.

WAHNAPITAE FIRST NATION

Exhibit C - Statement of Changes in Net Debt

Year ended March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|-------------------------------------------------------|----------------|----------------|
| Excess (deficiency) of revenue over expenses | \$ 63,750 | \$ (52,666) |
| Acquisition of tangible capital assets | (1,238,379) | (443,026) |
| Amortization of tangible capital assets | 537,484 | 446,587 |
| Net book value of disposal of tangible capital assets | 30,841 | 31,688 |
| | (606,304) | (17,417) |
| Use of inventories | (40,112) | 712 |
| Use (acquisition) of inventory | (109,900) | 4,050 |
| Change in net financial assets | (756,316) | (12,655) |
| Net debt, beginning of year | (1,143,992) | (1,131,337) |
| Net debt, end of year | \$ (1,900,308) | \$ (1,143,992) |

See accompanying notes to financial statements.

WAHNAPITAE FIRST NATION

Exhibit D - Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

| | 2020 | 2019 |
|---------------------------------------------------|--------------|--------------|
| Operating transactions: | | |
| Excess (deficiency) of revenue over expenses | \$ 63,750 | \$ (52,666) |
| Adjustments for: | | |
| Amortization of tangible capital assets | 537,484 | 446,587 |
| Loss on disposal of tangible capital assets | 2,841 | 31,688 |
| | 604,075 | 425,609 |
| Change in non-cash working capital: | | |
| Accounts receivable | (178,295) | (134,442) |
| Accounts payable and accrued liabilities | 34,751 | 97,629 |
| Deferred revenue | 1,631,134 | 767,712 |
| Prepaid expenses | (109,900) | 4,050 |
| Inventories | (40,112) | 712 |
| | 1,941,653 | 1,161,270 |
| Financing transactions: | | |
| Issuance of long-term debt | 253,450 | - |
| Principal payments on housing loans receivable | 1,042 | 5,742 |
| Principal payments on long-term debt | (192,899) | (7,424) |
| | 61,593 | (1,682) |
| Investing transactions: | | |
| Proceeds from disposal of tangible capital assets | 28,000 | - |
| Cash used to acquire tangible capital assets | (1,238,379) | (443,026) |
| Consolidated revenue fund | (6,537) | (7,559) |
| | (1,216,916) | (450,585) |
| Net increase in cash position | 786,330 | 709,003 |
| Cash, beginning of year | 2,749,922 | 2,040,919 |
| Cash, end of year | \$ 3,536,252 | \$ 2,749,922 |

See accompanying notes to financial statements.

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

The Wahnapiatae First Nation (the "First Nation"), located in Capreol, Ontario, administers programs and provides services to First Nation members.

1. Significant accounting policies:

These financial statements of the First Nation are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Reporting entity:

The reporting entity includes activities of all committees of the First Nation under the control of Chief and Council.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Useful Life - Years |
|-------------------------------------|---------------------|
| Land improvements | 25 |
| Buildings and building improvements | 25 - 40 |
| Vehicles | 5 - 10 |
| Furniture, computers and fixtures | 3 - 10 |
| Machinery and equipment | 5 - 20 |
| Roads infrastructure | 40 - 50 |

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

1. Significant accounting policies (continued):

(c) Non-financial assets (continued):

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(d) Revenue recognition:

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

(e) Investment in N'Swakamok Forestry Corporation:

The investment is accounted for by the equity method and represents a 20% interest in the corporation.

(f) Consolidated revenue funds:

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.

(g) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 periods specified. Significant items subject to such estimates and assumptions include the carrying value of capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

2. Accounts receivable:

| | 2020 | 2019 |
|-----------------------------------------|-------------------|-------------------|
| Vale Canada Limited | \$ 2,225 | \$ 13,086 |
| Indigenous Services Canada | 623,666 | 294,306 |
| KGHM International | 12,748 | 12,098 |
| Health Canada | — | 121,182 |
| KEB | 39,080 | 33,022 |
| Canada Mortgage and Housing Corporation | 8,754 | 8,763 |
| Ontario Power Generation | 20,000 | 20,000 |
| Government of Canada | 10,532 | 10,532 |
| Glencore | 7,700 | 2,200 |
| Ministry of Natural Resources | 5,000 | 19,000 |
| Independent Electricity System Operator | 52,292 | 52,292 |
| Union of Ontario Indians | 19,500 | 52,981 |
| Other | 304,182 | 275,834 |
| Allowance for doubtful accounts | (190,975) | (178,885) |
| | \$ 914,704 | \$ 736,411 |

3. Housing loans receivable:

Housing loans to band members bear interest at various rates, have terms of five years and are secured by the specific band member's homes.

4. Line of credit:

The First Nation has available an operating line of credit in the amount of \$25,000, secured by a general security agreement over the assets of the First Nation. Interest on amounts drawn is charged at the prime lending rate plus 0.75%.

5. Deferred revenue:

Deferred revenue relates to cash received in advance for future periods. The balance includes \$65,595 (2019 - \$77,850) in tenant receipts for business enterprise lot fees. This revenue has been deferred as the services have yet to be provided.

6. Loans payable to Indigenous Services Canada:

The loans payable to Indigenous Services Canada ("ISC") are secured, by a promissory non-interest bearing note and are due on the earlier of the settlement of the land claim or March 31, 2022.

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

7. Long-term debt:

| | 2020 | 2019 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------|
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$776 including interest at 1.73%, due 2025 | \$ 79,515 | 87,339 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$567 including interest at 1.39%, due 2020 | 63,551 | 69,433 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$1,894 including interest at 2.22%, due 2024 | 267,912 | 284,509 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$1,654 including interest at 1.11%, due 2021 | 292,350 | 308,858 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$1,610 including interest at 1.43%, due 2022 | 292,753 | 307,771 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$1,970 including interest at 1.87%, due 2024 | 380,742 | 397,071 |
| Canada Mortgage and Housing Corporation construction financing, payable in monthly instalments of \$1,403 including interest at 1.03%, due 2021 | 316,396 | 329,789 |
| Waubetek Business Development Corporation, payable in monthly installments of \$1,138 non-interest bearing, due 2024, security described in i) below | 56,924 | 68,309 |
| Toronto Dominion Bank term loan, payable in monthly instalments of \$4,742 including interest at 4.65%, due 2024, security described in ii) below | 242,125 | — |
| Toronto Dominion Bank term loan, payable in monthly instalments of \$7,795 including interest at 4.91%, due 2028 | 620,462 | 681,684 |
| Toronto Dominion Bank term loan, payable in monthly instalments of \$1,770 including interest at 4.92%, due 2023 | 65,284 | 82,703 |
| | \$ 2,678,014 | 2,617,466 |

- i. The Waubetek Business Development Corporation loan payable is secured by specific equipment and assets having a carrying value of \$66,963 (2019 - \$69,875).
- ii. The Toronto Dominion Bank term loan payable is secured under a security agreement where the lender has first position on specific equipment having a carrying value of \$221,769

Principal payments required on long-term debt within each of the next five years are as follows:

| | |
|------------|------------|
| 2021 | \$ 237,842 |
| 2022 | 245,276 |
| 2023 | 253,006 |
| 2024 | 232,969 |
| 2025 | 206,822 |
| Thereafter | 1,502,099 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

8. Tangible capital assets:

| Cost | Balance at March 31, 2019 | Additions | Disposals | Balance at March 31, 2020 |
|----------------------------------|---------------------------------|------------------|-----------------|---------------------------------|
| Land improvements | \$ 149,309 | - | - | 149,309 |
| Buildings | 6,227,537 | 1,580 | - | 6,229,117 |
| Road infrastructure | 1,514,668 | 49,874 | - | 1,564,542 |
| Machinery and equipment | 1,529,625 | 477,121 | (54,479) | 1,952,267 |
| Furniture, computer and fixtures | 239,445 | 29,888 | - | 269,333 |
| Social housing | 2,554,917 | 527,466 | - | 3,082,383 |
| Assets under construction | - | 152,450 | - | 152,450 |
| Total | \$ 12,215,501 | 1,238,379 | (54,479) | 13,399,401 |

| Accumulated amortization | Balance at March 31, 2019 | Disposals | Amortization expense | Balance at March 31, 2020 |
|----------------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Land improvements | \$ 71,784 | - | 5,973 | 77,757 |
| Buildings | 1,541,411 | - | 181,914 | 1,723,325 |
| Road infrastructure | 646,569 | - | 31,995 | 678,564 |
| Machinery and equipment | 1,157,288 | (23,638) | 190,952 | 1,324,602 |
| Furniture, computer and fixtures | 192,184 | - | 19,850 | 212,034 |
| Social housing | 584,165 | - | 106,800 | 690,965 |
| Total | \$ 4,193,401 | (23,638) | 537,484 | 4,707,247 |

| | Net book value, March 31, 2019 | Net book value, March 31, 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Land improvements | \$ 77,525 | 71,552 |
| Buildings | 4,686,126 | 4,505,792 |
| Road infrastructure | 868,099 | 885,978 |
| Machinery and equipment | 372,337 | 627,665 |
| Furniture, computer and fixtures | 47,261 | 57,299 |
| Social housing | 1,970,752 | 2,391,418 |
| Assets under construction | - | 152,450 |
| Total | \$ 8,022,100 | 8,692,154 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

8. Tangible capital assets (continued):

| Cost | Balance at March 31, 2018 | Additions | Disposals | Balance at March 31, 2019 |
|----------------------------------|---------------------------------|----------------|-----------------|---------------------------------|
| Land improvements | \$ 149,309 | - | - | 149,309 |
| Buildings | 6,146,000 | 81,537 | - | 6,227,537 |
| Road infrastructure | 1,514,668 | - | - | 1,514,668 |
| Machinery and equipment | 1,186,737 | 342,888 | - | 1,529,625 |
| Furniture, computer and fixtures | 305,342 | 18,601 | (84,498) | 239,445 |
| Social housing | 2,554,917 | - | - | 2,554,917 |
| Total | \$ 11,856,973 | 443,026 | (84,498) | 12,215,501 |

| Accumulated amortization | Balance at March 31, 2018 | Disposals | Amortization expense | Balance at March 31, 2019 |
|----------------------------------|---------------------------------|-----------------|-------------------------|---------------------------------|
| Land improvements | \$ 65,811 | - | 5,973 | 71,784 |
| Buildings | 1,273,835 | - | 267,576 | 1,541,411 |
| Road infrastructure | 615,821 | - | 30,748 | 646,569 |
| Machinery and equipment | 1,084,669 | (52,810) | 125,429 | 1,157,288 |
| Furniture, computer and fixtures | 175,323 | - | 16,861 | 192,184 |
| Social housing | 584,165 | - | - | 584,165 |
| Total | \$ 3,799,624 | (52,810) | 446,587 | 4,193,401 |

| | Net book value, March 31, 2018 | Net book value, March 31, 2019 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Land improvements | \$ 83,498 | 77,525 |
| Buildings | 4,872,165 | 4,686,126 |
| Road infrastructure | 898,847 | 868,099 |
| Machinery and equipment | 102,068 | 372,337 |
| Furniture, computer and fixtures | 130,019 | 47,261 |
| Social housing | 1,970,752 | 1,970,752 |
| Total | \$ 8,057,349 | 8,022,100 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

9. Contingent liabilities:

(a) Government funding:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government.

(b) Loan guarantees - Band members:

The First Nation is contingently liable for loan guarantees to various chartered banks in favour of individual Band members. The guarantees total \$332,970 (2019 - \$362,418).

(c) In accordance with the terms and conditions of a financing arrangement between the Bank of Montreal and the Robinson Huron Treaty Trust ("Trust"), the First Nation as a beneficiary of the Trust has guaranteed borrowings in proportion to its beneficial interest in the Trust in the amount of \$203,000. As of March 31, 2020, its proportional outstanding loan balance as part of the Trust is \$203,000 (2019 - \$203,000).

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

| | 2020 | 2019 |
|-----------------------------------------------------|--------------|-------------|
| Surplus (deficit): | | |
| Invested in capital assets | \$ 6,014,130 | 5,404,634 |
| Operations | (2,026,998) | (1,374,599) |
| Land claim | (1,352,501) | (1,152,496) |
| | 2,634,631 | 2,877,539 |
| Reserves set aside for specific purpose by Council: | | |
| Consolidated revenue trust | 339,591 | 333,054 |
| Ontario First Nations Limited Partnership | 1,397,817 | 1,111,475 |
| Community Development | 894,715 | 894,715 |
| Education | 45,698 | 45,698 |
| CMHC replacement reserves | 109,841 | 96,062 |
| Ontario Power Generation Settlement | 1,559,657 | 1,559,657 |
| | 4,347,319 | 4,040,661 |
| | \$ 6,981,950 | 6,918,200 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

11. Indigenous Services Canada Funding:

| | 2020 | 2019 |
|----------------------------------------|--------------|--------------|
| Total funding per confirmation | \$ 3,649,200 | \$ 1,253,832 |
| Deferred revenue – beginning | 710,949 | 281,225 |
| Deferred revenue – ending | (2,177,298) | (622,606) |
| Total funding per financial statements | \$ 2,182,851 | \$ 912,451 |

12. Comparative information:

Certain 2019 comparative information have been reclassified to conform with the presentation adopted in 2020.

13. Budget figures:

The budget data presented in these consolidated financial statements is based upon the operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported on these consolidated financial statements is listed below.

| | |
|----------------------------------------------|--------------|
| Approved revenue budget: | |
| Total revenues per budget | \$ 3,335,560 |
| Revenue budget per financial statements | \$ 3,335,560 |
| Approved expense budget: | |
| Total expenses per budget | \$ 3,740,042 |
| Add: Amortization of tangible capital assets | 537,484 |
| Expense budget per financial statements | \$ 4,277,526 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

14. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the First Nation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the First Nation's business is not known at this time.

15. Segmented information:

Wahnapiatae First Nation is a diversified governmental institution that provides a wide range of services to its band members, including band support, health services, education, sustainable development and capital. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

General / Band Support

The band support department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of chief and council, the operations of the band's business operations, community development, public works, management and assistance for computer and communications related projects and services.

Health Services

The health services department provides a diverse bundle of services directed toward the well-being of the members of the First Nation including such activities as long-term care, health centers, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing and training designed to enhance the health of member communities.

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

15. Segmented information (continued):

Education

The education department provides education management services to the member First Nations as well as overseeing various small incentives on behalf of the communities.

Lands

The lands department provides services to make use of the natural landscape of the First Nation in the form of mining and mineral agreements with local mining companies to provide long-term sustainable resources to the First Nation and its members.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

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

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

15. Segmented information (continued):

| | General/Band Support | Health Services | Education | Lands | 2020 Total |
|----------------------------------------------|-------------------------|--------------------|-----------|----------|---------------|
| Revenue: | \$ 4,793,534 | 1,112,531 | 1,166,540 | 775,171 | 7,847,776 |
| Expenses: | | | | | |
| Salaries, benefits and honoraria | 1,262,653 | 460,622 | 270,748 | 550,507 | 2,544,530 |
| Travel and training | 168,612 | 85,027 | 47,615 | 32,940 | 334,194 |
| Materials, supplies and rentals | 2,751,842 | 308,700 | 116,744 | 42,877 | 3,220,163 |
| Contractual and professional fees | 574,716 | 103,163 | 110,905 | 178,824 | 967,608 |
| Interest on long-term debt | 62,066 | - | 3,816 | - | 65,882 |
| Tuition and student allowances | 1,800 | 1,120 | 461,539 | - | 464,459 |
| Other | 533,585 | 151,648 | 156,008 | 46,846 | 888,087 |
| Amortization of tangible capital assets | 431,887 | 53,345 | 31,096 | 21,154 | 537,482 |
| Investment in tangible capital assets | (1,060,901) | (126,866) | (50,609) | - | (1,238,376) |
| | 4,726,260 | 1,036,759 | 1,147,862 | 873,148 | 7,784,029 |
| Excess (deficiency) of revenue over expenses | \$ 67,274 | 75,772 | 18,678 | (97,977) | 63,747 |

WAHNAPITAE FIRST NATION

Notes to Financial Statements

Year ended March 31, 2020

15. Segmented information (continued):

| | General/Band Support | Health Services | Education | Lands | 2019 Total |
|----------------------------------------------|-------------------------|--------------------|-----------|---------|---------------|
| Revenue: | \$ 3,824,787 | 891,542 | 1,162,611 | 786,916 | 6,665,856 |
| Expenses: | | | | | |
| Salaries, benefits and honoraria | 1,026,951 | 453,073 | 230,182 | 384,135 | 2,094,341 |
| Travel and training | 161,060 | 75,053 | 32,426 | 51,094 | 319,633 |
| Materials, supplies and rentals | 1,793,942 | 119,445 | 204,736 | 36,057 | 2,154,180 |
| Contractual and professional fees | 461,024 | 140,296 | 34,813 | 102,486 | 738,619 |
| Interest on long-term debt | 60,678 | - | 2,963 | - | 63,641 |
| Tuition and student allowances | - | - | 619,552 | - | 619,552 |
| Other | 367,230 | 111,202 | 111,517 | 85,942 | 675,891 |
| Amortization of tangible capital assets | 376,488 | 27,971 | 20,974 | 21,154 | 446,587 |
| Investment in tangible capital assets | (216,962) | (25,601) | (151,359) | - | (393,922) |
| | 4,030,411 | 901,439 | 1,105,804 | 680,868 | 6,718,522 |
| Excess (deficiency) of revenue over expenses | \$ (205,624) | (9,897) | 56,807 | 106,048 | (52,666) |