

Consolidated Financial Statements of

**WAHGOSHIG FIRST NATION -  
ABITIBI RESERVE #70**

Year ended March 31, 2016

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Financial Statement Index

Year ended March 31, 2016

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Wahgoshig First Nation - Abitibi Reserve #70 are the responsibility of management and have been approved by the Chief and Council of the First Nation.

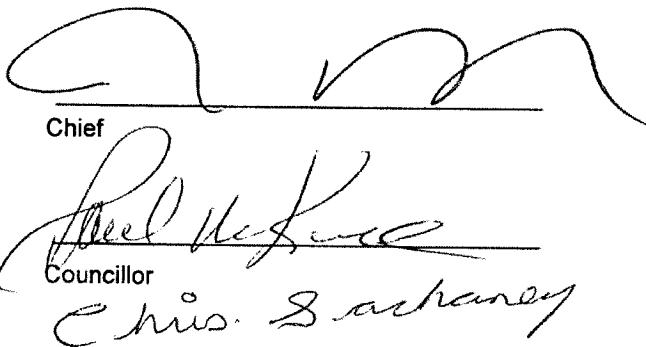
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains a system of internal accounting and administrative controls. 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 consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically to discuss and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

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



The image contains two handwritten signatures. The top signature is a stylized 'A' and 'M'. Below it is a signature that appears to read 'Paul Nakash' with 'Councillor' written underneath. To the right of the 'Councillor' text is another signature that appears to read 'Chris. Sachaney'.



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## INDEPENDENT AUDITORS' REPORT

To the Members of Wahgoshig First Nation – Abitibi Reserve #70

We have audited the accompanying consolidated financial statements of Wahgoshig First Nation - Abitibi Reserve #70 which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of financial activities, changes in net debt and cash flows for the year then ended, and notes, comprising 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we 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.



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Wahgoshig First Nation – Abitibi Reserve #70 as at March 31, 2016 and its results of operations and its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

December 14, 2016  
Sudbury, Canada

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

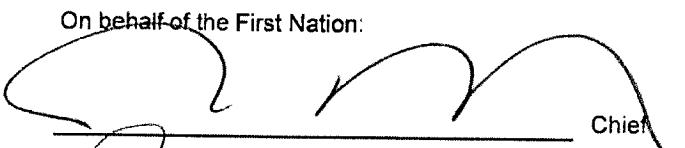
## Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

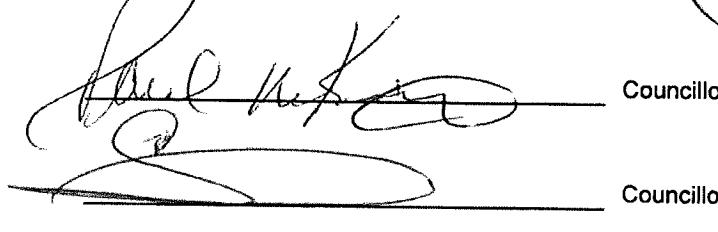
	2016	2015
<b>Financial assets:</b>		
Restricted cash (note 3)	\$ 220,998	\$ 38,537
Accounts receivable	958,595	961,126
Consolidated revenue trust funds	367,396	359,764
Marketable securities (note 2)	428,000	589,250
Investment in government business enterprises (note 4)	4,721,368	1,801,262
	<u>6,696,357</u>	<u>3,749,939</u>
<b>Financial liabilities:</b>		
Bank overdraft	78,742	49,605
Bank loan (note 10)	160,000	-
Accounts payable and accrued liabilities	959,538	1,626,632
Due to Indigenous and Northern Affairs Canada	228,058	198,431
Deferred revenue (note 9)	387,814	155,277
Loan payable (note 6)	3,700,000	-
Capital lease obligations (note 8)	586,878	416,003
Long-term debt (note 7)	3,129,081	2,248,238
	<u>9,230,111</u>	<u>4,694,186</u>
Net debt	(2,533,754)	(944,247)
<b>Non-financial assets</b>		
Financial:		
Tangible capital assets (note 5)	15,487,647	14,028,742
Prepaid expenses	14,094	15,294
	<u>15,501,741</u>	<u>14,044,036</u>
Accumulated surplus (note 11)	<u>\$ 12,967,987</u>	<u>\$ 13,099,789</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 Chief

Chris. Sackner

 Councillor

Councillor

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Financial Activities

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

	2016	2015
<b>Revenue:</b>		
Government transfers - Federal	\$ 2,443,379	\$ 2,347,422
- Provincial	584,070	364,106
Investment income	56,069	9,966
Rental income	373,456	329,677
Government business enterprises	150,448	(320,564)
Other	2,817,978	2,605,265
	<b>6,425,400</b>	<b>5,335,872</b>
<b>Expenses:</b>		
Band Administration	1,345,187	967,597
Health Services	424,107	494,483
Infrastructure	1,209,535	1,259,534
Education	996,298	994,412
Economic Development	2,115,804	2,058,700
Social Services	240,908	258,483
Social Housing	187,621	144,046
Community Property	37,742	115,957
Impairment of marketable securities	-	433,161
	<b>6,557,202</b>	<b>6,726,373</b>
<b>Annual deficit</b>	<b>(131,802)</b>	<b>(1,390,501)</b>
<b>Accumulated surplus, beginning of year</b>	<b>13,099,789</b>	<b>14,490,290</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 12,967,987</b>	<b>\$ 13,099,789</b>

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Changes in Net Debt

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

	2016	2015
Annual deficit	\$ (131,802)	\$ (1,390,501)
Acquisition of tangible capital assets	(1,820,909)	(1,074,964)
Leased assets capitalized	(369,044)	-
Disposal of tangible capital assets	-	66,078
Amortization of tangible capital assets	731,048	677,538
	<hr/> (1,590,707)	<hr/> (1,721,849)
Acquisition of prepaid expenses	(14,094)	(15,294)
Use of prepaid expenses	<hr/> 15,294	<hr/> 14,402
Change in net financial assets	(1,589,507)	(1,722,741)
Net financial assets (net debt), beginning of year	(944,247)	778,494
Net debt, end of year	<hr/> \$ (2,533,754)	<hr/> \$ (944,247)

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Cash Flows

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

	2016	2015
<b>Cash flows from operating activities:</b>		
Annual deficit	\$ (131,802)	\$ (1,390,501)
Adjustments for:		
Amortization of tangible capital assets	731,048	677,538
Loss on disposal of tangible capital assets	-	66,078
Share of loss (income) in business enterprises (note 4)	<u>(150,448)</u>	<u>320,564</u>
	448,798	(326,321)
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	2,531	(659,592)
Decrease in short-term investments	-	971,740
Decrease (increase) in prepaid expenses	1,200	(892)
Decrease (increase) in due from Indigenous and Northern Affairs Canada	29,627	(44,203)
Decrease in accounts payable and accrued liabilities	<u>(667,094)</u>	<u>(196,664)</u>
Increase in deferred revenue	232,537	155,277
	47,599	(100,655)
<b>Cash flows from financing activities:</b>		
Repayment of capital lease obligations	(198,169)	(135,117)
Principal repayment on long-term debt	<u>(199,259)</u>	<u>(1,082,733)</u>
Increase in bank loan	160,000	-
Increase in loan payable	3,700,000	-
New financing obtained	<u>1,080,102</u>	<u>1,025,220</u>
	4,542,674	(192,630)
<b>Cash flows from investing activities:</b>		
Consolidated revenue trust funds	(7,632)	(9,905)
Investment in Mashkiki Investment LP	<u>(2,000,000)</u>	-
Investment in Niiwin Limited Partnership	(249,900)	-
Investment in Kisis Aki Energy Inc.	(1)	-
Investment in Wahgoshig Energy LP	(2)	-
Distribution from (contribution to) government business enterprises	(519,755)	293,703
Purchase of tangible capital assets	<u>(1,820,909)</u>	<u>(1,074,964)</u>
Decrease in marketable securities	161,250	1,662,905
	(4,436,949)	871,739
<b>Net increase in cash</b>	<b>153,324</b>	<b>578,454</b>
<b>Bank indebtedness, beginning of year</b>	<b>(11,068)</b>	<b>(589,522)</b>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ 142,256</b>	<b>\$ (11,068)</b>
<b>Represented by:</b>		
Restricted cash	\$ 220,998	\$ 38,537
Bank indebtedness	<u>(78,742)</u>	<u>(49,605)</u>
	\$ 142,256	\$ (11,068)

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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The Wahgoshig First Nation - Abitibi Reserve #70 (the "First Nation"), located in Northern Ontario, administers programs and provides services on behalf of its members.

## 1. Basis of presentation and significant accounting policies:

The consolidated 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 the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

### (a) Reporting entity:

The reporting entity includes activities of all committees and related entities of the First Nation under the control of the Chief and Council including:

- Wahgoshig Resources Limited Partnership ("WRLP")
- Wahgoshig Resources Inc. ("WRI")
- Little Fox Lodge Limited Partnership ("LFLLP")
- Little Fox Lodge Corporation ("LFLC")
- Niiwin Limited Partnership ("NLP")
- Niiwin General Partner Inc ("NGP")
- Mashkiki Investment LP ("MILP")
- Mashkiki Investment Inc. ("MII")
- Wahgoshig Energy LP ("WELP")
- Wahgoshig Energy Inc. ("WEI")
- Kisis Aki Energy Inc. ("KAEI")

The government business enterprises comprising the above are accounted for using the modified equity method. Under the modified equity method, the business enterprise's accounting principles are not adjusted to conform to those of the First Nation and inter-organizational transactions and balances are not eliminated. The government business enterprise included during the current year are WRLP, WRI, LFLLP, LFLC, NLP, NGP, MILP and MII. WELP, WEI and KAEI had no active operations.

### (b) Investments:

Investments are recorded at cost. Temporary declines in the market value of the long-term investments are not adjusted. Investments are written down to recognize declines in value other than temporary declines and the resulting losses are recognized in the consolidated statement of financial activities.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 1. Basis of presentation and significant accounting policies (continued):

### (c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as deferred revenue.

### (d) 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 are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	10 - 50 years
Buildings	20 - 50 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 15 years
Furniture, computers and fixtures	1 - 20 years
Assets under construction	-

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.

#### (ii) Natural resources:

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

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 1. Basis of presentation and significant accounting policies (continued):

### (e) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. 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.

### (f) Prior year funding adjustments:

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 governments.

Adjustments made under funding arrangements relating to prior years are recorded in the year during which the adjustments are made.

### (g) 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.

## 2. Marketable securities:

The marketable securities are held at cost. The following is a summary of marketable securities held (all quoted in Canadian funds):

	2016		2015	
	Cost	Market	Cost	Market
Detour Gold Corporation	\$ 333,250	633,950	860,377	494,500
Constantine Metal Resources Ltd.	11,050	5,100	11,050	11,050
Primero Mining Inc.	41,099	22,715	51,750	41,098
Northern Gold Mining Inc.	—	—	15,100	4,340
Oban Mining Corp	4,340	2,811	—	—
Fortune Bay Corp	1,594	1,678	800	1,595
Northern Sun Mining Corp.	36,667	23,333	83,334	36,667
	428,000	689,587	1,022,411	589,250
Less impairment of marketable securities	—	—	(433,161)	—
	\$ 428,000	689,587	589,250	589,250

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 3. Restricted cash:

Under terms of certain agreements the First Nation is required to restrict cash for specific purposes as follows:

	2016	2015
First Nation Finance Authority	\$ 185,607	-
Canada Mortgage and Housing Corporation	35,391	38,537
Balance, end of year	<u>\$ 220,998</u>	<u>38,537</u>

### 4. Investment in government business enterprises:

#### (a) Wahgoshig Resources Limited Partnership:

Wahgoshig Resources Limited Partnership ("WRLP") is engaged primarily in forestry and mining operations. The First Nation's interest in WRLP results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 1,009,646	1,513,099
Other assets	1,010,336	277,532
Capital assets	1,409,205	1,699,037
<b>Total assets</b>	<b>3,429,187</b>	<b>3,489,668</b>
Current liabilities	1,431,815	2,221,821
Long-term debt	530,201	971,304
<b>Total liabilities</b>	<b>1,962,016</b>	<b>3,193,125</b>
<b>Net assets</b>	<b>\$ 1,467,171</b>	<b>296,543</b>

#### Results of operations:

Revenues	\$ 6,752,073	5,173,462
Expenses	5,438,217	5,177,232
<b>Operating income (loss) for the year</b>	<b>\$ 1,313,856</b>	<b>(3,770)</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 4. Investment in government business enterprises (continued):

### (a) Wahgoshig Resources Limited Partnership (continued):

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ 276,997	921,004
Share of operating income (loss) for the year	1,300,717	(3,732)
Distribution of partners' capital	(141,269)	(640,275)
<b>Balance, end of year</b>	<b>\$ 1,436,445</b>	<b>276,997</b>

### (b) Wahgoshig Resources Inc.:

Wahgoshig Resources Inc. ("WRI") is the general partner of Wahgoshig Resources Limited Partnership. The First Nation's interest in WRI results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(j) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 30,726	38,251
Current liabilities	30,725	34,788
<b>Net assets</b>	<b>\$ 1</b>	<b>3,463</b>
<b>Results of operations:</b>		
Revenues	\$ 13,139	-
Expenses	16,601	38
<b>Operating loss for the year</b>	<b>\$ (3,462)</b>	<b>(38)</b>

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ 3,463	3,501
Share of operating loss for the year	(3,462)	(38)
<b>Balance, end of year</b>	<b>\$ 1</b>	<b>3,463</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 4. Investment in government business enterprises (continued):

#### (c) Little Fox Lodge Limited Partnership:

Little Fox Lodge Limited Partnership ("LFLLP") is engaged primarily in the operation of a lodge, restaurant and gas bar. The First Nation's interest in LFLLP results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 197,077	242,610
Capital assets	1,037,551	1,747,855
Total assets	1,234,628	1,990,465
Current liabilities	234,559	514,982
<b>Net assets</b>	<b>\$ 1,000,069</b>	<b>1,475,483</b>
<b>Results of operations:</b>		
Revenues	\$ 951,314	768,525
Expenses	1,440,865	1,086,902
Impairment of property and equipment	692,184	-
<b>Operating loss for the year</b>	<b>\$ (1,181,735)</b>	<b>(318,377)</b>

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ 1,520,711	1,492,484
Contribution	661,024	346,572
Share of operating loss for the year	(1,181,735)	(318,345)
<b>Balance, end of year</b>	<b>\$ 1,000,000</b>	<b>1,520,711</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 4. Investment in government business enterprises (continued):

### (d) Little Fox Lodge Corporation:

Little Fox Lodge Corporation ("LFLC") is the general partner of Little Fox Lodge Limited Partnership. The First Nation's interest in LFLC results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 1	1
<b>Net assets</b>	<b>\$ 1</b>	<b>1</b>
<b>Results of operations:</b>		
Revenues	\$ -	-
Expenses	- -	-
<b>Operating income for the year</b>	<b>\$ -</b>	<b>-</b>

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ 1	1
Share of operating income for the year	- -	-
<b>Balance, end of year</b>	<b>\$ 1</b>	<b>1</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 4. Investment in government business enterprises (continued):

### (e) Niiwin Limited Partnership:

Niiwin Limited Partnership ("NLP") is a partnership between the First Nation and Matachewan, Mattagami and Flying Post First Nations. NLP is engaged to develop business opportunities for the partner First Nations. The First Nation's interest in NLP results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 995,319	—
Current liabilities	26,677	—
<b>Net assets</b>	<b>\$ 968,642</b>	<b>—</b>

### Results of operations:

	2016	2015
Revenues	\$ 42,369	—
Expenses	72,450	—
<b>Operating income (loss) for the year</b>	<b>\$ (30,081)</b>	<b>—</b>

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ —	—
Initial investment	249,900	—
Share of operating loss for the year	(7,512)	—
<b>Balance, end of year</b>	<b>\$ 242,388</b>	<b>—</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 4. Investment in government business enterprises (continued):

#### (f) Niiwin General Partner Inc.:

Niiwin General Partner Inc. ("NGP") is the general partner of Niiwin Limited Partnership. The First Nation's interest in NGP results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
Financial position:		
Current assets	\$ 400	1,000,400
Current liabilities	—	1,000,000
Net assets	\$ 400	400
Results of operations:		
Revenues	\$ —	—
Expenses	8	—
Operating income (loss) for the year	\$ (8)	—

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Balance, beginning of year	\$ 100	—
Initial investment	—	100
Share of operating loss for the year	(2)	—
Balance, end of year	\$ 98	100

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 4. Investment in government business enterprises (continued):

#### (g) Mashkiki Investment LP:

Mashkiki Investment LP ("MILP") is engaged primarily in investment activities. The First Nation's interest in MILP results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 2,038,969	—
<b>Net assets</b>	<b>\$ 2,038,969</b>	—
 <b>Results of operations:</b>		
Revenues	\$ 38,969	—
Expenses	—	—
<b>Operating income for the year</b>	<b>\$ 38,969</b>	—

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Initial investment	\$ 2,000,000	—
Share of operating income for the year	38,965	—
<b>Balance, end of year</b>	<b>\$ 2,038,965</b>	—

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2016

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### 4. Investment in government business enterprises (continued):

#### (h) Mashkiki Investment Inc.:

Mashkiki Investment Inc. ("MII") is the general partner of Mashkiki Investment LP. The First Nation's interest in MII results of operations for the year ended March 31, 2016 is included in the First Nation's consolidated statement of financial activities.

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2016:

	2016	2015
<b>Financial position:</b>		
Current assets	\$ 5	—
Current liabilities	—	—
<b>Net assets</b>	<b>\$ 5</b>	<b>—</b>
 <b>Results of operations:</b>		
Revenues	\$ 4	—
Expenses	—	—
<b>Operating income for the year</b>	<b>\$ 4</b>	<b>—</b>

(ii) The investment at March 31, 2016 consists of the following:

	2016	2015
Initial investment	\$ 1	—
Share of operating income for the year	4	—
<b>Balance, end of year</b>	<b>\$ 5</b>	<b>—</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 4. Investment in government business enterprises (continued):

### (i) Wahgoshig Energy LP:

Wahgoshig Energy LP ("WELP") is engaged primarily to invest in renewable energy ventures. WELP was inactive for the year ended March 31, 2016.

### (j) Wahgoshig Energy Inc.:

Wahgoshig Energy Inc. ("WEI") is the general partner of Wahgoshig Energy LP. WEI was inactive for the year ended March 31, 2016.

(k) Kisis Aki Energy Inc. ("KAE") is engaged primarily to invest in a solar power project. KAE was not yet commenced operations.

(l) The investment in government business enterprises is comprised of the following:

	Ownership	2016	2015
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 1,436,445	276,987
Wahgoshig Resources Inc. – 10 common shares	100%	3,463	3,463
Little Fox Lodge Limited Partnership – 9,999 units	99.99%	1,000,000	1,520,711
Little Fox Lodge Corporation – 10 common shares	100%	1	1
Niwin Limited Partnership – 250 units	25%	242,388	–
Niwin General Partner Inc. – 100 common shares	25%	98	100
Mashkiki Investment LP – 2,000,000 units	99.99%	2,038,969	–
Mashkiki Investment Inc. – 100 common shares	100%	1	–
Wahgoshig Energy LP – 100 units	99%	1	–
Wahgoshig Energy Inc. – 100 common shares	100%	1	–
Kisis Aki Energy Inc. – 100 common shares	50%	1	–
Balance, end of year		\$ 4,721,368	1,801,262

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 5. Tangible capital assets:

Cost	Balance			Disposals/ Transfers	Balance at March 31, 2016
	March 31, 2015	Additions			
Land	\$ 442,518	\$ 100,000	\$ -	\$ 542,518	
Buildings	4,571,983	146,689	-	4,718,672	
Computers	111,665	12,829	-	124,494	
Vehicles	2,023,948	468,146	-	2,492,094	
Roads	2,467,313	-	-	2,467,313	
Equipment and furniture	730,260	22,900	-	753,160	
Water and sewer	2,374,229	-	-	2,374,229	
Band Housing	4,013,203	-	-	4,013,203	
CMHC Housing	2,726,910	1,964,332	-	4,691,242	
Assets under construction	1,079,865	389,924	(914,867)	554,922	
<b>Total</b>	<b>\$ 20,541,894</b>	<b>\$ 3,104,820</b>	<b>\$ (914,867)</b>	<b>\$ 22,731,847</b>	

Accumulated amortization	Balance			Amortization expense	Balance at March 31, 2016
	March 31, 2015	Disposals			
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	788,867	-	\$ 118,671	\$ 907,538	
Computers	83,747	-	9,656	93,403	
Vehicles	871,775	-	215,672	1,087,447	
Roads	1,375,770	-	76,983	1,452,753	
Equipment and furniture	299,562	-	49,772	349,334	
Water and sewer	819,117	-	69,290	888,407	
Band Housing	1,684,020	-	98,277	1,782,297	
CMHC Housing	590,294	-	92,727	683,021	
Assets under construction	-	-	-	-	
<b>Total</b>	<b>\$ 6,513,152</b>	<b>\$ -</b>	<b>\$ 731,048</b>	<b>\$ 7,244,200</b>	

	Net book value		Net book value March 31, 2016
	March 31, 2015		
Land	\$ 442,518		\$ 542,518
Buildings	3,783,116		3,811,134
Computers	27,918		31,091
Vehicles	1,152,173		1,404,647
Roads	1,091,543		1,014,560
Equipment and furniture	430,698		403,826
Water and sewer	1,555,112		1,485,822
Band Housing	2,329,183		2,230,906
CMHC Housing	2,136,616		4,008,221
Assets under construction	1,079,865		554,922
<b>Total</b>	<b>\$ 14,028,742</b>		<b>\$ 15,487,647</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 5. Tangible capital assets (continued):

Cost	Balance March 31, 2014	Additions	Disposals/ Transfers	Balance at March 31, 2015
Land	\$ 289,141	\$ 153,377	\$ -	\$ 442,518
Buildings	4,354,608	217,375	-	4,571,983
Computers	102,865	8,800	-	111,665
Vehicles	1,930,590	93,358	-	2,023,948
Roads	2,459,788	7,525	-	2,467,313
Equipment and furniture	722,260	8,000	-	730,260
Water and sewer	2,374,229	-	-	2,374,229
Band Housing	4,121,728	21,537	(130,062)	4,013,203
CMHC Housing	2,726,910	-	-	2,726,910
Assets under construction	514,873	564,992	-	1,079,865
<b>Total</b>	<b>\$ 19,596,992</b>	<b>\$ 1,074,964</b>	<b>\$ (130,062)</b>	<b>\$ 20,541,894</b>

Accumulated amortization	Balance March 31, 2014	Disposals	Amortization expense	Balance at March 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Buildings	674,746	-	114,121	788,867
Computers	72,234	-	11,513	83,747
Vehicles	680,878	-	190,897	871,775
Roads	1,298,975	-	76,795	1,375,770
Equipment and furniture	250,821	-	48,741	299,562
Water and sewer	749,827	-	69,290	819,117
Band Housing	1,649,996	(63,984)	98,008	1,684,020
CMHC Housing	522,121	-	68,173	590,294
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 5,899,598</b>	<b>\$ (63,984)</b>	<b>\$ 677,538</b>	<b>\$ 6,513,152</b>

	Net book value March 31, 2014	Net book value March 31, 2015
Land	\$ 289,141	\$ 442,518
Buildings	3,679,862	3,783,116
Computers	30,631	27,918
Vehicles	1,249,712	1,152,173
Roads	1,160,813	1,091,543
Equipment and furniture	471,439	430,698
Water and sewer	1,624,402	1,555,112
Band Housing	2,471,732	2,329,183
CMHC Housing	2,204,789	2,136,616
Assets under construction	514,873	1,079,865
<b>Total</b>	<b>\$ 13,697,394</b>	<b>\$ 14,028,742</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

## 6. Loan payable:

The First Nation Finance Authority has authorized the First Nation to borrow up to \$5,500,000. At March 31, 2016 \$3,700,000 (2015 - \$Nil) was drawn. The loan payable bears interest at 2.6% with no specified terms of repayment. Distributions from the OFNLP have been pledged as security for the loan. See note 13.

## 7. Long-term debt:

	2016	2015
Canada Mortgage and Housing Corporation mortgage payable \$1,494 monthly including principal and interest, bearing interest at 2.65% per annum, due April, 2016	\$ 1,497	19,202
Canada Mortgage and Housing Corporation mortgage payable \$1,754 monthly including principal and interest, bearing interest at 1.39% per annum, due June, 2035	355,924	371,840
Canada Mortgage and Housing Corporation mortgage payable \$2,080 monthly including principal and interest, bearing interest at 2.63% per annum, due June, 2036	392,663	407,213
Canada Mortgage and Housing Corporation mortgage payable \$1,569 monthly including principal and interest, bearing interest at 1.6% per annum, due January, 2038	347,452	360,607
Canada Mortgage and Housing Corporation mortgage payable \$2,161 monthly including principal and interest, bearing interest at 1.05% per annum, due April, 2040	552,122	570,000
Canada Mortgage and Housing Corporation mortgage payable \$3,814 monthly including principal and interest, bearing interest at 1.01% per annum, due April, 2041	1,008,854	—
Royal Bank of Canada loan payable \$2,647 monthly including principal and interest, bearing interest at prime + 1.9% per annum, due June, 2018	4,265	35,006
Royal Bank of Canada loan payable \$4,437 monthly including principal and interest, bearing interest at prime + 1.9% per annum, due August 2018	75,569	124,074
Royal Bank of Canada mortgage payable \$563 plus interest monthly, bearing interest at prime + 1.9% per annum, due June, 2017	109,688	116,438
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019	53,834	55,577
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019.	117,276	121,073
Royal Bank of Canada loan payable \$1405 monthly including principal and interest, bearing interest at 5.99% per annum, due date not specified	37,852	51,981
Royal Bank of Canada loan payable \$720 monthly including principal and interest, bearing interest at 3.99% per annum, due date not specified	7,064	15,227
Royal Bank of Canada loan payable \$1,529 monthly including principal and interest, bearing interest at 2.99% per annum, due December 2019	65,021	—
	<b>\$ 3,129,081</b>	<b>2,248,238</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 7. Long-term debt (continued):

The Royal Bank of Canada mortgages and loans are secured by specified property having a carrying value of \$ 495,196 and a general security agreement.

Principal repayments over the next five years are estimated as follows:

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2017	\$ 208,031
2018	172,593
2019	140,925
2020	131,715
2021	119,923
2022 and thereafter	6,055,894

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## 8. Capital lease obligations:

	2016	2015
Royal Bank of Canada capital lease payable \$1,054 monthly including principal and interest, bearing interest at 7.24% per annum, due June, 2016	\$ 3,124	15,070
Royal Bank of Canada capital lease payable \$5,941 monthly including principal and interest, bearing interest at 5.18% per annum, due November, 2017	115,560	179,072
Royal Bank of Canada capital lease payable \$1,856 monthly including principal and interest, bearing interest at 3.99% per annum, due January 2017	13,618	34,664
Royal Bank of Canada capital lease payable \$6,551 monthly including principal and interest, bearing interest at 3.01% per annum, due November 2017	113,206	187,197
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, due October 2020	341,370	—
	\$ 586,878	416,003

The capital leases are secured by specified property having a carrying value of \$843,789.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 8. Capital lease obligations (continued):

The First Nation has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

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Year ending March 31:

2017	\$ 228,455
2018	157,381
2019	75,063
2020	78,531
2021	47,448
<hr/> Total minimum lease payments	586,878
Less amount representing interest, interest ranging from 3.99% - 7.24%	45,606
<hr/>	<hr/>
	\$ 541,272

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## 9. Deferred revenue:

	2016	2015
Indigenous and Northern Affairs Canada	\$ 193,907	130,277
Health Canada	193,907	—
Resolute Canada	—	25,000
<hr/>	<hr/>	<hr/>
	\$ 387,814	155,277

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## 10. Bank indebtedness:

The First Nation has a line of credit with RBC Financial for up to \$300,000. The line of credit bears interest at prime plus 2.55% and is secured by a general security agreement.

## 11. Accumulated surplus:

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

	2016	2015
Invested in tangible capital assets	\$ 11,771,360	11,364,172
Operating	(4,055,494)	(2,790,794)
Social Housing	(69,561)	(93,009)
Committed reserve	259,460	301,578
Restricted	2,482,176	2,408,002
Business Enterprises	2,580,046	1,909,840
<hr/>	<hr/>	<hr/>
	\$ 12,967,987	13,099,789

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# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 12. Budget information:

Budget information was unavailable and has not been presented.

## 13. Subsequent event:

On June 8, 2016 the First Nation Finance Authority loan payable was converted to a loan with \$53,650 semi-annual interest payments, \$155,133 annual principal and interest payments and bears interest at 2.90% per annum. The first interest payment is to be made on December 26, 2016. The loan is secured by Ontario First Nation Limited Partnership distribution and is due June 2024.

Principal repayments are estimated as follows:

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2018	\$ 101,483
2019	101,483
2020	101,483
2021	101,483
2022 and thereafter	3,294,068

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## 14. Comparative information:

Certain 2015 comparative information has been reclassified to conform with the presentation adopted in 2016.

## 15. Segmented information:

The First Nation is a diversified governmental institution that provides a wide range of services to its Members, including band administration, education, health services, infrastructure, economic development, housing, capital and social services. 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, are as follows:

### Band Administration

The administration 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.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 15. Segmented information (continued):

### **Education**

The education department enters into service contracts with provincially funded area school boards for elementary and secondary students. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post secondary institutions.

### **Health Services**

The health services department provides a diverse bundle of services directed towards the well being of the members including the delivery of programming such as long-term care, diabetes, mental health, healthy babies, home and community care and many other smaller programs designed to enhance the health of members.

### **Infrastructure**

The infrastructure department provides public services that contribute to sustainability through the provision of maintenance and operating services such as roads, water and sanitation, fire protection, electrical, community buildings and band housing.

### **Economic Development**

This department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training funding for the First Nation. In addition, the department manages various cultural programs.

### **Social Housing**

The housing department manages the operations of two phases of CMHC housing owned by the First Nation. This includes tenant identification, rent collection and maintenance management.

### **Community Property**

This department is responsible for all capital asset activities occurring in the First Nation during the year, including housing construction and renovations as well as major projects such as building construction.

### **Social Services**

The social services department delivers a variety of programming including Ontario Works and offers employment support services. In addition, the department manages the homemakers and national child benefit programs.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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## 15. Segmented information (continued):

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 allocation 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 consolidated financial statements as disclosed in the summary of significant accounting policies.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (Continued)

Year ended March 31, 2016

	Band Administration	Band Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2016 Total
Revenue	\$ 380,981	954,544	402,732	242,429	3,560,944	217,797	457,403	208,570	6,425,400
Expenses:									
Salaries, wages and benefits	723,540	57,456	190,865	139,225	532,625	470	3,576	20,545	1,668,302
Materials, supplies and rentals	235,218	424,882	66,831	244,767	200,782	23,165	8,225	11,305	1,215,175
Contractual and professional services	405,435	30,961	55,732	221,542	523,696	1,565	25,942	25,657	1,290,530
Travel	107,682	153,464	63,207	12,663	314,242	395	-	4,399	656,052
Interest on long-term debt	57,781	188	-	22,084	18,529	29,007	-	-	127,589
Other	63,744	287,019	47	93,469	207,935	37,290	-	179,002	868,506
Administration (recovery)	(260,325)	23,590	40,156	79,992	113,587	3,000	-	-	-
Amortization of tangible capital assets	12,111	18,737	7,270	395,792	204,411	92,727	-	-	731,048
	1,345,186	996,297	424,108	1,209,534	2,115,807	187,619	37,743	240,908	6,557,202
Excess (deficiency) of revenue over expenses	\$ (964,205)	(41,753)	(21,376)	(967,105)	1,445,137	30,178	419,660	(32,338)	(131,802)

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 15 - Segmented Information (continued)

Year ended March 31, 2015

	Band	Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2015 Total
Revenue	\$ 369,590	1,011,904	421,866	270,137	2,542,340	179,723	285,550	254,762	5,335,872	
Expenses:										
Salaries, wages and benefits	600,772	43,312	250,122	140,845	674,134	—	—	—	24,455	
Materials, supplies and rentals	219,254	665,387	81,245	325,147	207,764	17,951	4,119	8,135	1,733,640	
Contractual and professional services	145,093	81,686	44,955	158,618	415,161	380	104,264	18,025	1,529,002	
Travel	100,517	154,075	79,258	3,090	100,802	—	1,440	—	968,182	
Interest on long-term debt	25,923	773	—	25,122	13,716	27,993	—	—	439,182	
Other	82,485	5,850	4,611	151,930	372,134	27,044	213	207,868	93,527	
Administration (recovery)	(218,336)	23,590	28,710	62,176	95,439	2,500	5,921	—	852,135	
Amortization of tangible capital assets	11,889	19,739	5,582	392,606	179,550	68,178	—	—	677,544	
Impairment of marketable securities	—	—	—	433,161	—	—	—	—	433,161	
	967,597	984,412	494,483	1,259,534	2,491,861	144,046	115,957	258,483	6,726,373	
Excess (deficiency) of revenue over expenses	\$ (598,007)	17,492	(72,617)	(988,397)	50,479	35,677	169,593	(3,721)	(1,390,501)	