

Consolidated Financial Statements of

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

Year ended March 31, 2017

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Financial Statement Index

Year ended March 31, 2017

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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.



A large, handwritten signature is at the top, with the word "Chief" written below it. Below this is another handwritten signature, with the word "Councillor" written below it.



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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, 2017, the consolidated statements of financial activities, changes in net assets (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.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



## *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wahgoshig First Nation – Abitibi Reserve #70 as at March 31, 2017 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

August 30, 2017  
Sudbury, Canada

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Restricted cash (note 3)	\$ 311,820	\$ 220,998
Cash	373,661	-
Accounts receivable	1,334,331	958,595
Consolidated revenue trust funds	374,207	367,396
Investments (note 2)	8,326,424	428,000
Investment in government business enterprises (note 4)	4,293,821	4,721,368
	<u>15,014,264</u>	<u>6,696,357</u>
<b>Financial liabilities</b>		
Bank overdraft	-	78,742
Bank indebtedness (note 9)	-	160,000
Accounts payable and accrued liabilities	1,176,097	959,538
Due to Indigenous and Northern Affairs Canada	424,593	228,058
Deferred revenue (note 8)	735,753	387,814
Capital lease obligations (note 7)	366,180	586,878
Long-term debt (note 6)	8,129,343	6,829,081
	<u>10,831,966</u>	<u>9,230,111</u>
Net asset (debt)	4,182,298	(2,533,754)
<b>Non-financial assets</b>		
Financial:		
Tangible capital assets (note 5)	14,787,200	15,487,647
Prepaid expenses	42,022	14,094
	<u>14,829,222</u>	<u>15,501,741</u>
Contingencies (note 11)		
Accumulated surplus (note 10)	\$ 19,011,520	\$ 12,967,987

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

Chief

Councillor

Councillor

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Financial Activities

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

	2017	2016
<b>Revenue:</b>		
Government transfers - Federal	\$ 3,235,680	\$ 2,443,379
- Provincial	715,191	584,070
Investment income	675,599	56,069
Rental income	374,322	373,456
Government business enterprises	(504,096)	150,448
Other	11,018,558	2,817,978
	<hr/> 15,515,254	<hr/> 6,425,400
<b>Expenses:</b>		
Band Administration	1,958,857	1,345,187
Health Services	512,432	424,107
Infrastructure	1,606,491	1,209,535
Education	1,080,926	996,298
Economic Development	2,253,683	2,115,804
Social Services	346,194	240,908
Social Housing	315,208	187,621
Community Property	582,661	37,742
Impairment of Little Fox Lodge Limited Partnership	815,269	-
	<hr/> 9,471,721	<hr/> 6,557,202
Annual surplus (deficit)	6,043,533	(131,802)
Accumulated surplus, beginning of year	12,967,987	13,099,789
Accumulated surplus, end of year	<hr/> \$ 19,011,520	<hr/> \$ 12,967,987

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Changes in Net Assets (Debt)

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

	2017	2016
Annual surplus (deficit)	\$ 6,043,533	\$ (131,802)
Acquisition of tangible capital assets	(470,908)	(1,820,909)
Leased assets capitalized	-	(369,044)
Loss on disposal of tangible capital assets	102,247	-
Proceeds on sale of tangible capital assets	314,379	-
Amortization of tangible capital assets	754,729	731,048
	6,743,980	(1,590,707)
Acquisition of prepaid expenses	(42,022)	(14,094)
Use of prepaid expenses	14,094	15,294
Change in net financial assets	6,716,052	(1,589,507)
Net debt, beginning of year	(2,533,754)	(944,247)
<b>Net assets (debt), end of year</b>	<b>\$ 4,182,298</b>	<b>\$ (2,533,754)</b>

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Cash Flows

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

	2017	2016
<b>Cash flows from operating activities:</b>		
Annual surplus (deficit)	\$ 6,043,533	\$ (131,802)
Adjustments for:		
Amortization of tangible capital assets	754,729	731,048
Loss on disposal of tangible capital assets	102,247	-
Share of loss (income) in business enterprises (note 4)	504,096	(150,448)
Impairment of Little Fox Lodge Limited Partnership	815,269	-
	8,219,874	448,798
<b>Change in non-cash working capital:</b>		
Decrease (increase) in accounts receivable	(375,736)	2,531
Decrease (increase) in prepaid expenses	(27,928)	1,200
Decrease in due from Indigenous and Northern Affairs Canada	196,535	29,627
Increase (decrease) in accounts payable and accrued liabilities	216,558	(667,094)
Increase in deferred revenue	347,939	232,537
	8,577,242	47,599
<b>Cash flows from financing activities:</b>		
Repayment of capital lease obligations	(220,698)	(198,169)
Principal repayment on long-term debt	(397,409)	(199,259)
Increase (decrease) in bank loan	(160,000)	160,000
New financing obtained	1,697,672	4,780,102
	919,565	4,542,674
<b>Cash flows from investing activities:</b>		
Consolidated revenue trust funds	(6,811)	(7,632)
Investment in Mashkiki Investment LP	-	(2,000,000)
Investment in Niiwin Limited Partnership	-	(249,900)
Investment in Kisis Aki Energy Inc.	-	(1)
Investment in Wahgoshig Energy LP	(565,600)	(2)
Contribution to government business enterprises	(326,218)	(519,755)
Purchase of tangible capital assets	(470,908)	(1,820,909)
Decrease (increase) in investments	(7,898,424)	161,250
Proceeds on sale of tangible capital assets	314,379	-
	(8,953,582)	(4,436,949)
<b>Net increase in cash</b>	<b>543,225</b>	<b>153,324</b>
<b>Cash (bank indebtedness), beginning of year</b>	<b>142,256</b>	<b>(11,068)</b>
<b>Cash, end of year</b>	<b>\$ 685,481</b>	<b>\$ 142,256</b>
<b>Represented by:</b>		
Restricted cash	\$ 311,820	\$ 220,998
Cash (bank indebtedness)	373,661	(78,742)
	\$ 685,481	\$ 142,256

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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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, MII, WELP and WEI. 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, 2017

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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, 2017

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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. Investments:

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

	2017		2016	
	Cost	Market	Cost	Market
<b>Marketable Securities</b>				
Detour Gold Corporation	\$ —	—	333,250	633,950
Constantine Metal Resources Ltd.	11,050	11,900	11,050	5,100
Primero Mining Inc.	41,099	7,123	41,099	22,715
Oban Mining Corp	4,340	13,367	4,340	2,811
Fortune Bay Corp	1,153	1,458	1,594	1,678
Kirkland Lake Gold	7,267,500	7,357,500	—	—
Kneat.Com Inc.	1,282	1,045	—	—
Northern Sun Mining Corp.	—	—	36,667	23,333
<b>Other</b>				
Delshen Therapeutics Corp.	1,000,000	—	—	—
	<b>\$ 8,326,424</b>	<b>7,392,393</b>	<b>428,000</b>	<b>689,587</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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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:

	2017	2016
First Nation Finance Authority	\$ 269,793	185,607
Canada Mortgage and Housing Corporation	42,027	35,391
Balance, end of year	<u>\$ 311,820</u>	<u>220,998</u>

### 4. Investment in government business enterprises:

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

	Ownership	2017	2016
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 1,402,396	1,436,445
Wahgoshig Resources Inc. – 10 common shares	100%	1	3,463
Little Fox Lodge Limited Partnership – 9,999 units	99.99%	1	1,000,000
Little Fox Lodge Corporation – 10 common shares	100%	1	1
Niwin Limited Partnership – 250 units	24.75%	277,198	242,388
Niwin General Partner Inc. – 100 common shares	25%	465	98
Mashkiki Investment LP – 2,000,000 units	49.995%	2,060,360	2,038,965
Mashkiki Investment Inc. – 100 common shares	50%	12	5
Wahgoshig Energy LP – 100 units	99%	553,385	1
Wahgoshig Energy Inc. – 100 common shares	100%	1	1
Kisis Aki Energy Inc. – 100 common shares	50%	1	1
Balance, end of year		<u>\$ 4,293,821</u>	<u>4,721,368</u>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

### (b) Wahgoshig Resources Limited Partnership:

The First Nation has a direct 99% interest in Wahgoshig Resources Limited Partnership ("WRLP") and a further 1% interest by virtue of its 100% investment in Wahgoshig Resources Inc. ("WRI").

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2017:

	WRLP	WRI	2017	2016
Financial position:				
Total assets	\$ 3,507,719	30,129	3,537,848	3,459,913
Total liabilities	(2,074,658)	(30,128)	(2,104,786)	(1,992,741)
Net assets	\$ 1,433,061	1	1,433,062	1,467,172
Results of operations:				
Revenues	\$ 5,386,010	691	5,386,701	6,755,536
Expenses	(5,392,088)	(4,153)	(5,396,241)	(5,438,217)
Income (loss) for the year	\$ (6,078)	(3,462)	(9,540)	1,317,319

(ii) The investments at March 31, 2017 consists of the following:

	WRLP	WRI	2017	2016
Balance, beginning of year	\$ 1,436,445	3,463	1,439,908	280,460
Share of earnings (loss) for the year	(6,017)	(3,462)	(9,479)	1,300,717
Distribution of partners' capital	(28,032)	-	(28,032)	(141,269)
Balance, end of year	\$ 1,402,396	1	1,402,397	1,439,908

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

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

The First Nation has a direct 99.99% interest in Little Fox Lodge Limited Partnership ("LFLLP") and a further 0.01% interest by virtue of its 100% investment in Little Fox Lodge Corporation ("LFLC").

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2017:

	LFLLP	LFLC	2017	2016
Financial position:				
Total assets	\$ 1,074,628	1	1,074,629	1,234,629
Total liabilities	(259,289)	–	(259,289)	(234,559)
Net assets	\$ 815,339	1	815,340	1,000,070
Results of operations:				
Revenues	\$ 1,256,278	–	1,256,278	951,314
Expenses	(1,843,785)	–	(1,843,785)	(1,440,865)
Loss for the year	\$ (587,507)	–	(587,507)	(489,551)

(ii) The investments at March 31, 2017 consists of the following:

	LFLLP	LFLC	2017	2016
Balance, beginning of year	\$ 1,000,000	1	1,000,001	1,520,712
Share of loss for the year	(587,507)	–	(587,507)	(1,181,735)
Contribution	402,777	–	402,777	661,024
Impairment	(815,269)	–	(815,269)	–
Balance, end of year	\$ 1	1	2	1,000,001

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

### (d) Niiwin Limited Partnership:

The First Nation has a direct 24.75% interest in Niiwin Limited Partnership ("NLP") and a further 0.25% by virtue of its 25% investment in Niiwin General Partner Inc. ("NGP").

(j) The following table presents condensed supplementary financial information for the year ended March 31, 2017:

	NLP	NGP	2017	2016
Financial position:				
Total assets	\$ 2,833,822	1,858	2,835,680	995,719
Total liabilities	(1,723,172)	–	(1,723,172)	26,677
Net assets	\$ 1,110,650	1,858	1,112,508	969,052
Results of operations:				
Revenues	\$ 2,648,978	1,468	2,647,446	42,369
Expenses	(2,506,970)	–	(2,506,970)	(72,458)
Income (loss) for the year	\$ 142,008	1,468	140,476	(30,089)

(ii) The investments at March 31, 2017 consists of the following:

	NLP	NGP	2017	2016
Balance, beginning of year	\$ 242,388	98	242,486	100
Initial investment	–	–	–	249,900
Share of income (loss) for the year	34,810	367	35,177	(7,514)
Balance, end of year	\$ 277,198	465	277,663	242,486

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

### (e) Mashkiki Investment LP:

The First Nation has a direct 49.995% interest Mashkiki Investment LP ("MILP") and a further 0.005% interest by virtue of its 50% investment in Mashkiki Investment Inc. ("MII").

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2017:

	MILP	MII	2017	2016
Financial position:				
Total assets	\$ 4,193,051	20	4,193,071	2,038,970
Net assets	\$ 4,193,051	20	4,193,071	2,038,970
Results of operations:				
Revenues	\$ 154,082	15	154,097	38,969
Expenses	—	—	—	—
Income for the year	\$ 154,082	15	154,097	38,969

(ii) The investments at March 31, 2017 consists of the following:

	NLP	NGP	2017	2016
Balance, beginning of year	\$ 2,038,965	5	2,038,970	—
Initial investment	—	—	—	2,000,001
Partner distribution	(48,527)	—	(48,527)	—
Share of income for the year	69,922	7	69,929	38,969
Balance, end of year	\$ 2,060,360	12	2,060,372	2,038,970

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

### (f) Wahgoshig Energy LP:

The First Nation has a direct 99% interest in Wahgoshig Energy LP ("WELP") and a further 1% by virtue of its 100% investment in Wahgoshig Energy Inc ("WEI").

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2017:

	WELP	WEI	2017	2016
Financial position:				
Total assets	\$ 553,385	1	553,386	2
Net assets	\$ 553,385	1	553,386	2
Results of operations:				
Revenues	\$ -	-	-	-
Expenses	12,216	-	12,216	-
Loss for the year	\$ (12,216)	-	(12,216)	-

(ii) The investments at March 31, 2017 consists of the following:

	NLP	NGP	2017	2016
Balance, beginning of year	\$ 1	1	2	-
Initial investment	-	-	-	2
Contribution	565,600	-	565,600	-
Share of loss for the year	(12,216)	-	(12,216)	-
Balance, end of year	\$ 553,385	1	553,386	2

(g) Kisis Aki Energy Inc. ("KAE") has not yet commenced operations.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 5. Tangible capital assets (continued):

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Land	\$ 542,518	-	-	542,518
Buildings	4,718,672	-	-	4,718,672
Computers	124,494	81,009	-	205,503
Vehicles	2,492,094	339,463	(395,420)	2,436,137
Roads	2,467,313	-	-	2,467,313
Equipment and furniture	753,160	16,640	-	769,800
Water and sewer	2,374,229	-	-	2,374,229
Band Housing	4,013,203	-	(199,744)	3,813,459
CMHC Housing	4,691,242	-	-	4,691,242
Assets under construction	554,922	33,796	-	588,718
<b>Total</b>	<b>\$ 22,731,847</b>	<b>470,908</b>	<b>(595,164)</b>	<b>22,607,591</b>

  

Accumulated Amortization	Balance at March 31, 2016	Disposals	Amortization	Balance at March 31, 2017
Land	\$ -	-	-	-
Buildings	907,538	-	120,505	1,028,043
Computers	93,403	-	14,059	107,462
Vehicles	1,087,447	(161,815)	213,213	1,138,845
Roads	1,452,753	-	76,008	1,528,761
Equipment and furniture	349,334	-	51,089	400,423
Water and sewer	888,407	-	69,290	957,697
Band Housing	1,782,297	(16,723)	93,284	1,858,858
CMHC Housing	683,021	-	117,281	800,302
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 7,244,200</b>	<b>(178,538)</b>	<b>754,729</b>	<b>7,820,391</b>

  

	Net book value, March 31, 2016	Net book value, March 31, 2017
Land	\$ 542,518	542,518
Buildings	3,811,134	3,690,629
Computers	31,091	98,041
Vehicles	1,404,647	1,297,292
Roads	1,014,560	938,552
Equipment and furniture	403,826	369,377
Water and sewer	1,485,822	1,416,532
Band Housing	2,230,906	1,954,601
CMHC Housing	4,008,221	3,890,940
Assets under construction	554,922	588,718
<b>Total</b>	<b>\$ 15,487,647</b>	<b>14,787,200</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 5. Tangible capital assets (continued):

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
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 at March 31, 2015	Disposals	Amortization	Balance at March 31, 2016
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, March 31, 2015	Net book value, March 31, 2016
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, 2017

### 6. Long-term debt:

	2017	2016
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
Canada Mortgage and Housing Corporation mortgage payable \$1,754 monthly including principal and interest, bearing interest at 1.39% per annum, due June, 2035	339,270	355,924
Canada Mortgage and Housing Corporation mortgage payable \$2,080 monthly including principal and interest, bearing interest at 2.63% per annum, due June, 2036	375,089	392,663
Canada Mortgage and Housing Corporation mortgage payable \$1,569 monthly including principal and interest, bearing interest at 1.6% per annum, due January, 2038	333,528	347,452
Canada Mortgage and Housing Corporation mortgage payable \$2,161 monthly including principal and interest, bearing interest at 1.05% per annum, due April, 2040	531,377	552,122
Canada Mortgage and Housing Corporation mortgage payable \$3,814 monthly including principal and interest, bearing interest at 1.01% per annum, due April, 2041	972,201	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
Royal Bank of Canada loan payable \$4,437 monthly including principal and interest, bearing interest at prime + 1.9% per annum, due August 2018	24,756	75,569
Royal Bank of Canada mortgage payable \$563 plus interest monthly, bearing interest at prime + 1.9% per annum, due June, 2017	-	109,688
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019	52,009	53,834
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019.	113,294	117,276
Royal Bank of Canada loan payable \$1405 monthly including principal and interest, bearing interest at 5.99% per annum, due August 2018	22,848	37,852
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
Royal Bank of Canada loan payable \$828 monthly including principal and interest, bearing interest at 3.17% per annum, due August 2021	44,704	-
Royal Bank of Canada loan payable \$1,529 monthly including principal and interest, bearing interest at 2.99% per annum, due December 2019	48,380	65,021
 Brought forward	 \$ 2,857,456	 3,129,081

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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

	2017	2016
Carried forward	\$ 2,857,456	3,129,081
First Nation Finance Authority loan payable \$8,457 monthly plus interest, bearing interest at 2.90% per annum, due June 2024. For additional information regarding this loan see (i) below.	3,623,887	3,700,000
First Nation Finance Authority interim financing interest payable monthly at 2.60% per annum. For additional information regarding this loan see (i, ii) below.	1,648,000	-
	<hr/> \$ 8,129,343	6,829,081

The Royal Bank of Canada mortgages and loans are secured by specified property having a carrying value of \$ 344,375 and a general security agreement.

First Nation Finance Authority:

i) First Nation Finance Authority loans - security

The First Nation Finance Authority loans are secured by revenue from Ontario First Nations Limited Partnership.

ii) First Nation Finance Authority interim financing – terms of repayment

The First Nation Finance Authority has authorized the First Nation to borrow up to \$1,800,000. At March 31, 2017 \$1,648,000 (2016 - \$Nil) was drawn. The interim financing requires interest to be paid monthly at a rate of 2.60% per annum. Principal payments begin at the earliest of:

(a) Five years from the first principal amount drawdown

(b) The date of completion of the purpose of the borrowing; and

(c) The date upon which the Authority issues debt securities to replace the interim long-term financing provided to the First Nation

As of the date of the financial statements, no events have occurred requiring the First Nation to make principal repayments.

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

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2018	\$ 275,901
2019	244,672
2020	235,743
2021	224,261
2022	1,873,040
2023 and thereafter	5,275,727

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# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

## 7. Capital lease obligations:

	2017	2016
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
Royal Bank of Canada capital lease payable \$5,941 monthly including principal and interest, bearing interest at 5.18% per annum, due November, 2017	47,529	115,560
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
Royal Bank of Canada capital lease payable \$6,551 monthly including principal and interest, bearing interest at 3.01% per annum, due November 2017	45,860	113,206
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, due October 2020	272,791	341,370
	<hr/>	<hr/>
	\$ 366,180	586,878

The capital leases are secured by specified property having a carrying value of \$690,897.

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

Year ending March 31:

2018	\$ 165,138
2019	75,063
2020	78,531
2021	47,448
<hr/>	
Total minimum lease payments	336,180
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Less amount representing interest, interest ranging from 3.01% - 5.18%	24,614
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	\$ 311,566

## 8. Deferred revenue:

	2017	2016
Indigenous and Northern Affairs Canada	\$ 735,753	387,814

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## 9. 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.

## 10. Accumulated surplus:

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

	2017	2016
Invested in tangible capital assets	\$ 11,563,237	11,771,360
Operating	(4,834,322)	(4,055,494)
Social Housing	(113,779)	(69,561)
Committed reserve	335,496	259,460
Restricted	10,437,476	2,482,176
Business Enterprises	1,623,412	2,580,046
	<hr/> \$ 19,011,520	<hr/> 12,967,987

## 11. Contingencies:

The First Nation is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

## 12. Budget information:

Budget information was unavailable and has not been presented.

## 13. Comparative information:

Certain 2016 comparative information has been reclassified to conform with the presentation adopted in 2017.

## 14. 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:

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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### 14. Segmented information (continued):

#### **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.

#### **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.

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.

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

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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## **14. Segmented information (continued):**

### **Social Services (continued)**

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 14 - Segmented Information (continued)

Year ended March 31, 2017

	Band	Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2017 Total
<b>Revenue</b>	\$ 420,651	1,055,863	447,320	345,499	11,547,298	272,958	1,136,922	288,743	288,743	15,515,254
<b>Expenses:</b>										
Salaries, wages and benefits	1,099,796	103,363	320,047	203,678	576,924	-	137,977	25,628	25,628	2,467,413
Materials, supplies and rentals	356,956	671,995	58,356	442,902	219,855	88,104	1,422	24,308	24,308	1,863,938
Contractual and professional services	422,065	69,436	31,363	339,105	430,229	15,1174	367,358	22,144	22,144	1,696,874
Travel	127,864	159,674	42,686	39,677	315,957	383	3,927	1,860	1,860	692,028
Interest on long-term debt	138,175	-	-	13,772	23,446	23,411	-	-	-	198,804
Other	119,673	14,924	20,990	87,551	297,174	67,855	-	272,254	272,254	880,421
Administration (recovery)	(324,186)	38,067	39,924	70,428	100,789	3,000	71,978	-	-	-
Amortization of tangible capital assets	18,520	15,260	7,270	391,956	204,440	117,281	-	-	-	754,727
Disposal of tangible capital assets	-	-	17,422	-	84,825	-	-	-	-	102,247
Impairment of Little Fox Lodge Limited Partnership	-	-	-	-	815,269	-	-	-	-	815,269
	1,958,863	1,072,719	538,058	1,589,069	3,068,948	315,208	582,662	346,194	346,194	9,471,721
<b>Excess (deficiency) of revenue over expenses</b>	\$ (1,538,212)	(16,856)	(90,738)	(1,243,570)	8,478,350	(42,256)	554,260	(57,451)	(57,451)	6,043,533

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 14 - Segmented Information (continued)

Year ended March 31, 2017

	Band Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2016 Total
<b>Revenue</b>	\$ 380,981	954,544	402,732	242,429	3,560,944	217,797	457,403	208,570	6,425,400
<b>Expenses:</b>									
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
<b>Excess (deficiency) of revenue over expenses</b>	\$ (964,205)	(41,753)	(21,376)	(967,105)	1,445,137	30,178	419,660	(32,338)	(131,802)