

Consolidated Financial Statements of

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

Year ended March 31, 2018

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

## **Consolidated Financial Statement Index**

Year ended March 31, 2018

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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.

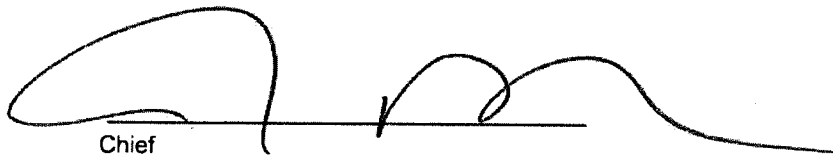
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management 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, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Chief

A smaller, more compact handwritten signature in black ink, with a few loops and a horizontal base.

Councillor



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## 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, 2018, 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.



*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, 2018 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

Sudbury, Canada

July 30, 2018

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

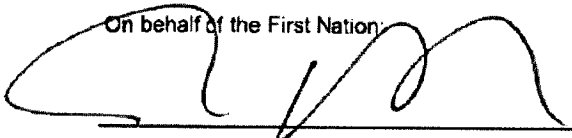
Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets</b>		
Restricted cash (note 3)	\$ 520,531	\$ 311,820
Cash	5,915,921	373,661
Accounts receivable	2,644,073	1,334,331
Consolidated revenue trust funds	382,149	374,207
Investments (note 2)	1,058,924	8,326,424
Due from Indigenous and Northern Affairs Canada	796,200	-
Advance to Wahgoshig Resources Limited Partnership	144,000	-
Investment in government business enterprises (note 4)	5,805,854	4,293,821
	<u>17,267,652</u>	<u>15,014,264</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,276,934	1,176,097
Due to Indigenous and Northern Affairs Canada	-	424,593
Deferred revenue (note 8)	313,543	735,753
Capital lease obligations (note 7)	201,222	366,180
Long-term debt (note 6)	7,983,107	8,129,343
	<u>9,774,806</u>	<u>10,831,966</u>
Net asset	7,492,846	4,182,298
<b>Non-financial assets</b>		
Financial:		
Tangible capital assets (note 5)	16,789,045	14,787,200
Prepaid expenses	106,591	42,022
	<u>16,895,636</u>	<u>14,829,222</u>
Contingencies (note 11)		
Accumulated surplus (note 10)	\$ 24,388,482	\$ 19,011,520

See accompanying notes to consolidated financial statements.

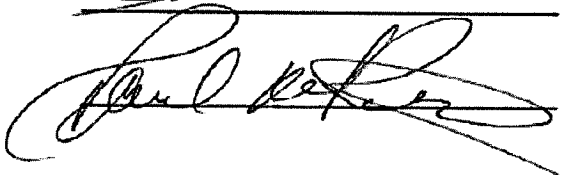
On behalf of the First Nation:



Chief



Councillor



Councillor

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Financial Activities

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Government transfers - Federal	\$ 4,100,980	\$ 3,235,680
- Provincial	443,588	715,191
Investment income	4,596,622	675,599
Rental income	384,211	374,322
Government business enterprises	(581,049)	(504,096)
Other	5,552,247	11,018,558
	14,496,599	15,515,254
Expenses:		
Band Administration	2,103,139	1,958,857
Health Services	780,109	512,432
Infrastructure	1,407,463	1,606,491
Education	1,239,237	1,080,926
Economic Development	2,326,331	2,253,683
Social Services	270,981	346,194
Social Housing	275,869	315,208
Community Property	716,508	582,661
Impairment of Little Fox Lodge Limited Partnership	-	815,269
	9,119,637	9,471,721
Annual surplus	5,376,962	6,043,533
Accumulated surplus, beginning of year	19,011,520	12,967,987
Accumulated surplus, end of year	\$ 24,388,482	\$ 19,011,520

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, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 5,376,962	\$ 6,043,533
Acquisition of tangible capital assets	(3,137,999)	(470,908)
Write-off of capital asset	412,186	-
Loss on disposal of tangible capital assets	-	102,247
Proceeds on sale of tangible capital assets	-	314,379
Amortization of tangible capital assets	723,968	754,729
	3,375,117	6,743,980
Acquisition of prepaid expenses	(106,591)	(42,022)
Use of prepaid expenses	42,022	14,094
Change in net financial assets	3,310,548	6,716,052
Net assets (debt), beginning of year	4,182,298	(2,533,754)
Net assets, end of year	\$ 7,492,846	\$ 4,182,298

See accompanying notes to consolidated financial statements.



# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash flows from operating activities:		
Annual surplus	\$ 5,376,962	\$ 6,043,533
Adjustments for:		
Amortization of tangible capital assets	723,968	754,729
Loss on disposal of tangible capital assets	-	102,247
Share of loss in business enterprises (note 4)	581,049	504,096
Write-off of capital asset	412,186	-
Impairment of Little Fox Lodge Limited Partnership	-	815,269
	7,094,165	8,219,874
Change in non-cash working capital:		
Increase in accounts receivable	(1,309,742)	(375,736)
Increase in prepaid expenses	(64,569)	(27,928)
Increase (decrease) in due from Indigenous and Northern Affairs Canada	(1,220,793)	196,535
Increase in accounts payable and accrued liabilities	100,836	216,558
Increase (decrease) in deferred revenue	(422,210)	347,939
	4,177,687	8,577,242
Cash flows from financing activities:		
Repayment of capital lease obligations	(164,958)	(220,698)
Principal repayment on long-term debt	(298,235)	(397,409)
Decrease in bank loan	-	(160,000)
New financing obtained	152,000	1,697,672
	(311,193)	919,565
Cash flows from investing activities:		
Consolidated revenue trust funds	(7,942)	(6,811)
Investment in Wahgoshig Energy LP	-	(565,600)
Investment in Wahgoshig Resources Limited Partnership	(1,731,235)	-
Advance to Wahgoshig Resources Limited Partnership	(144,000)	-
Contribution to government business enterprises	(361,847)	(326,218)
Purchase of tangible capital assets	(3,137,999)	(470,908)
Decrease (increase) in investments	7,267,500	(7,898,424)
Proceeds on sale of tangible capital assets	-	314,379
	1,884,477	(8,953,582)
Net increase in cash	5,750,971	543,225
Cash, beginning of year	685,481	142,256
Cash, end of year	\$ 6,436,452	\$ 685,481
Represented by:		
Restricted cash	\$ 520,531	\$ 311,820
Cash	5,915,921	373,661
	\$ 6,436,452	\$ 685,481

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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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, 2018

### 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, 2018

## 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):

	2018		2017	
	Cost	Market	Cost	Market
<b>Marketable Securities</b>				
Constantine Metal Resources Ltd.	\$ 11,050	15,300	11,050	11,900
Primero Mining Inc.	41,099	2,358	41,099	7,123
Oban Mining Corp	4,340	7,028	4,340	13,367
Fortune Bay Corp	1,153	963	1,153	1,458
Kirkland Lake Gold	—	—	7,267,500	7,357,500
Kneat.Com Inc.	1,282	1,686	1,282	1,045
<b>Other</b>				
48North Cannabis Corp.	1,000,000	—	1,000,000	—
	<b>\$ 1,058,924</b>	<b>27,335</b>	<b>8,326,424</b>	<b>7,392,393</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 3. Restricted cash:

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

	2018	2017
First Nation Finance Authority	\$ 282,930	269,793
Canada Mortgage and Housing Corporation	237,601	42,027
	<b>\$ 520,531</b>	<b>311,820</b>

## 4. Investment in government business enterprises:

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

	Ownership	2018	2017
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 2,769,555	1,402,396
Wahgoshig Resources Inc. – 10 common shares	100%	1	1
Little Fox Lodge Limited Partnership – 9,999 units	99.99%	1	1
Little Fox Lodge Corporation – 10 common shares	100%	1	1
Niiwin Limited Partnership – 250 units	24.75%	471,536	277,198
Niwin General Partner Inc. – 100 common shares	25%	570	465
Mashkiki Investment LP – 2,000,000 units	49.995%	2,048,014	2,060,360
Mashkiki Investment Inc. – 100 common shares	50%	1	12
Wahgoshig Energy LP – 100 units	99%	516,173	553,385
Wahgoshig Energy Inc. – 100 common shares	100%	1	1
Kisis Aki Energy Inc. – 100 common shares	50%	1	1
		<b>\$ 5,805,854</b>	<b>4,293,821</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 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, 2018:

	WRLP	WRI	2018	2017
Financial position:				
Total assets	\$ 4,655,497	30,129	4,688,636	3,537,848
Total liabilities	(1,858,018)	(30,128)	(1,977,944)	(2,104,786)
Net assets	\$ 2,710,691	1	2,710,692	1,433,062
Results of operations:				
Revenues	\$ 5,106,486	–	5,106,486	5,386,701
Expenses	5,473,257	–	5,473,257	(5,396,241)
Income (loss) for the year	\$ (366,771)	–	(366,771)	(9,540)

(ii) The investments at March 31, 2018 consists of the following:

	WRLP	WRI	2018	2017
Balance, beginning of year	\$ 1,402,396	1	1,402,397	1,439,908
Share of earnings (loss) for the year	(364,076)	–	(364,076)	(9,479)
Investment	1,731,235	–	1,731,235	–
Distribution of partners' capital	–	–	–	(28,032)
Balance, end of year	\$ 2,769,555	1	2,769,556	1,402,397

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 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, 2018:

	LFLLP	LFLC	2018	2017
Financial position:				
Total assets	\$ 929,463	1	929,464	1,074,629
Total liabilities	(17,523)	—	(17,523)	(259,289)
Net assets	\$ 911,940	1	911,401	815,340
Results of operations:				
Revenues	\$ 26,048	—	26,048	1,256,278
Expenses	(278,702)	—	(278,702)	(1,843,785)
Loss for the year	\$ (252,654)	—	(250,654)	(587,507)

(ii) The investments at March 31, 2018 consists of the following:

	LFLLP	LFLC	2018	2017
Balance, beginning of year	\$ 1	1	2	1,000,001
Share of loss for the year	(252,654)	—	(252,654)	(587,507)
Contribution	361,847	—	361,847	402,777
Impairment	(109,193)	—	(109,193)	(815,269)
Balance, end of year	\$ 1	1	2	2

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 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").

(i) The following table presents condensed supplementary financial information for the year ended March 31, 2018:

	NLP	NGP	2018	2017
Financial position:				
Total assets	\$ 4,173,543	2,279	4,175,822	2,835,680
Total liabilities	2,300,408	–	2,300,408	(1,723,172)
Net assets	\$ 1,873,135	2,279	1,845,414	1,112,508
Results of operations:				
Revenues	\$ 8,066,540	775	8,067,315	2,647,446
Expenses	7,304,145	–	7,304,145	(2,506,970)
Income for the year	\$ 762,395	775	763,170	140,476

(ii) The investments at March 31, 2018 consists of the following:

	NLP	NGP	2018	2017
Balance, beginning of year	\$ 277,198	465	277,663	242,486
Share of income for the year	194,338	105	194,443	35,177
Balance, end of year	\$ 471,536	570	472,106	277,663



# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 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, 2018:

	MILP	MII	2018	2017
Financial position:				
Total assets	\$ 4,095,302	101	4,095,403	4,105,965
Total liabilities	(6,235)	–	(6,235)	–
Net assets	4,089,067	101	4,089,168	4,105,965
Results of operations:				
Revenues	–	1	1	134,356
Expenses	16,797	1	16,797	–
Income (loss) for the year	\$ (16,797)	–	(16,797)	134,356

(ii) The investments at March 31, 2018 consists of the following:

	MILP	MII	2018	2017
Balance, beginning of year	\$ 2,060,360	12	2,060,372	2,038,970
Partner distribution	–	–	–	(48,527)
Share of income (loss) for the year	(12,358)	(11)	(12,369)	69,929
Balance, end of year	\$ 2,048,002	1	2,048,003	2,060,372

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

### 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, 2018:

	WELP	WEI	2018	2017
Financial position:				
Total assets	\$ 516,173	1	516,174	553,386
Net assets	\$ 516,173	1	516,174	553,386
Results of operations:				
Revenues	\$ –	–	–	–
Expenses	37,212	–	37,212	12,216
Loss for the year	\$ 37,212	–	37,212	(12,216)

#### (ii) The investments at March 31, 2018 consists of the following:

	WELP	WEI	2018	2017
Balance, beginning of year	\$ 553,385	1	553,386	2
Contribution	–	–	–	565,600
Share of loss for the year	(37,212)	–	(37,212)	(12,216)
Balance, end of year	\$ 516,173	1	516,174	553,386

#### (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, 2018

## 5. Tangible capital assets (continued):

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 542,518	248,871	-	791,389
Buildings	4,718,672	9,500	-	4,728,172
Computers	205,503	14,574	-	220,077
Vehicles	2,436,137	155,911	-	2,592,048
Roads	2,467,313	-	-	2,467,313
Equipment and furniture	769,800	145,752	-	915,552
Water and sewer	2,374,229	-	-	2,374,229
Band Housing	3,813,459	97,461	-	3,910,920
CMHC Housing	4,691,242	-	-	4,691,242
Assets under construction	588,718	2,563,391	(509,647)	2,642,462
<b>Total</b>	<b>\$ 22,607,591</b>	<b>3,235,460</b>	<b>(509,647)</b>	<b>25,333,404</b>

Accumulated Amortization	Balance at March 31, 2017	Disposals	Amortization	Balance at March 31, 2018
Land	\$ -	-	-	-
Buildings	1,028,043	-	120,624	1,148,667
Computers	107,462	-	20,193	127,655
Vehicles	1,138,845	-	171,296	1,310,141
Roads	1,528,761	-	76,007	1,604,768
Equipment and furniture	400,423	-	56,017	456,440
Water and sewer	957,697	-	69,290	1,026,987
Band Housing	1,858,858	-	94,501	1,953,359
CMHC Housing	800,302	-	116,040	916,342
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 7,820,391</b>	<b>-</b>	<b>723,968</b>	<b>8,544,359</b>

	Net book value, March 31, 2017	Net book value, March 31, 2018
Land	\$ 542,518	791,389
Buildings	3,690,629	3,579,505
Computers	98,041	92,422
Vehicles	1,297,292	1,281,907
Roads	938,552	862,545
Equipment and furniture	369,377	459,112
Water and sewer	1,416,532	1,347,242
Band Housing	1,954,601	1,957,561
CMHC Housing	3,890,940	3,774,900
Assets under construction	588,718	2,642,462
<b>Total</b>	<b>\$ 14,787,200</b>	<b>16,789,045</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 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, 2018

## 6. Long-term debt:

	2018	2017
Canada Mortgage and Housing Corporation mortgage payable \$1,754 monthly including principal and interest, bearing interest at 1.39% per annum, due June, 2035	\$ 322,817	339,270
Canada Mortgage and Housing Corporation mortgage payable \$2,080 monthly including principal and interest, bearing interest at 2.63% per annum, due June, 2036	357,559	375,089
Canada Mortgage and Housing Corporation mortgage payable \$1,569 monthly including principal and interest, bearing interest at 1.6% per annum, due January, 2038	319,919	333,528
Canada Mortgage and Housing Corporation mortgage payable \$2,161 monthly including principal and interest, bearing interest at 1.05% per annum, due April, 2040	510,921	531,377
Canada Mortgage and Housing Corporation mortgage payable \$3,814 monthly including principal and interest, bearing interest at 1.01% per annum, due April, 2041	936,068	972,201
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
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019	50,095	52,009
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019.	109,120	113,294
Royal Bank of Canada loan payable \$1405 monthly including principal and interest, bearing interest at 5.99% per annum, due August 2018	6,928	22,848
Royal Bank of Canada loan payable \$828 monthly including principal and interest, bearing interest at 3.17% per annum, due August 2021	34,770	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	31,246	48,380
First Nation Finance Authority loan payable \$8,457 monthly plus interest, bearing interest at 2.90% per annum, due June 2024.	3,520,121	3,623,887
First Nation Finance Authority loan payable \$4,227 monthly plus interest, bearing interest at 3.17% per annum, due December 2027.	1,783,543	1,648,000
	<b>\$ 7,983,107</b>	<b>8,129,343</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

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.

The First Nation Finance Authority loans are secured by an assignment of distributions from Ontario First Nations Limited Partnership.

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

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2019	\$ 297,788
2020	290,088
2021	280,200
2022	281,157
2023	277,748
2024 and thereafter	6,556,126

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# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 7. Capital lease obligations:

	2018	2017
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
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
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, due October 2020	201,222	272,791
	<b>\$ 201,222</b>	<b>366,180</b>

The capital leases are secured by specified property having a carrying value of \$276,783.

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

Year ending March 31:	
2019	\$ 74,940
2020	78,455
2021	47,827
Total minimum lease payments	201,222
Less amount representing interest, interest of 4.62%	12,577
	<b>\$ 188,645</b>

## 8. Deferred revenue:

	2018	2017
Indigenous and Northern Affairs Canada	\$ 304,146	735,753
Independent Energy Solutions	9,397	—
	<b>\$ 313,543</b>	<b>735,753</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2018

## 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:

	2018	2017
Invested in tangible capital assets	\$ 13,915,118	11,563,237
Operating	(8,697,493)	(4,834,322)
Social Housing	) (147,756)	(113,779)
Committed reserve	872,290	335,496
Restricted	15,056,103	10,437,476
Business Enterprises	3,390,220	1,623,412
	\$ 24,388,482	19,011,520

## 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 2017 comparative information has been reclassified to conform with the presentation adopted in 2018.

## 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, 2018

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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, 2018

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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, 2018

	Band Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2018 Total
Revenue	\$ 465,213	1,380,402	838,941	493,980	9,345,180	252,037	1,454,348	266,498	14,496,599
Expenses:									
Salaries wages and benefits	1,091,531	136,572	442,156	179,474	838,887	-	7,259	48,342	2,744,221
Materials, supplies and rentals	275,658	705,685	152,666	374,892	454,790	67,670	77,426	21,525	2,130,312
Contractual and professional services	336,187	37,224	30,996	330,787	344,174	16,143	214,617	10,692	1,320,820
Travel	159,785	256,781	60,091	11,062	143,828	-	4,852	3,103	639,502
Interest on long-term debt	187,633	-	-	5,738	15,690	21,296	168	-	230,525
Other	240,452	9,978	779	79,548	362,474	52,220	-	187,319	932,770
Administration (recovery)	(213,211)	62,881	77,086	32,488	23,589	2,500	-	-	(14,667)
Amortization of tangible capital assets	25,104	30,116	16,335	393,474	142,899	116,040	-	-	723,968
Disposal of tangible capital assets	-	-	-	-	-	-	412,186	-	412,186
Impairment of Little Fox Lodge Limited Partnership	-	-	-	-	-	-	-	-	-
	2,103,139	1,239,237	780,109	1,407,463	2,326,331	275,869	716,508	270,981	9,119,637
Excess (deficiency) of revenue over expenses	\$ (1,637,926)	141,165	58,832	(913,483)	7,018,849	(23,832)	737,840	(4,483)	5,376,962

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

Notes to Consolidated Financial Statements

Note 14 - Segmented Information (continued)

Year ended March 31, 2018

	Band Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2017 Total
Revenue	\$ 420,651	1,055,863	447,320	345,499	11,547,298	272,958	1,136,922	288,743	15,515,254
Expenses:									
Salaries wages and benefits	1,099,796	111,564	311,846	203,678	576,924	-	137,977	25,628	2,467,413
Materials, supplies and rentals	356,950	672,001	58,353	442,902	219,899	88,104	1,421	24,308	1,863,938
Contractual and professional services	422,065	69,436	31,363	339,105	430,229	15,174	367,358	22,144	1,696,874
Travel	127,864	159,674	42,686	39,677	315,957	383	3,927	1,860	692,028
Interest on long-term debt	138,175	-	-	13,772	23,446	23,411	-	-	198,804
Other	124,484	14,924	20,990	87,551	297,174	67,855	-	272,254	885,232
Administration (recovery)	(328,997)	38,067	39,924	70,428	100,789	3,000	71,978	-	(4,811)
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
	1,958,857	1,080,926	512,432	1,606,491	3,068,952	315,208	582,661	346,194	9,471,721
Excess (deficiency) of revenue over expenses	\$ (1,538,206)	(25,063)	(65,112)	(1,260,992)	8,478,346	(42,250)	554,261	(57,451)	6,043,533