

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2019

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

## **Consolidated Financial Statement Index**

Year ended March 31, 2019

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	Page
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2 - 4
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 – 26

## 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.

  
Deputy Chief  
Councillor



KPMG LLP  
Claridge Executive Centre  
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## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the consolidated financial statements of Wahgoshig First Nation Abitibi Reserve #70 (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the consolidated notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB).

### *Basis for Opinion*

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

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

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



### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 29, 2019

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Financial Position

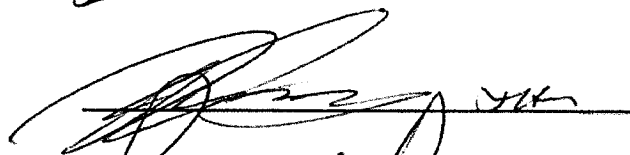
March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Restricted cash (note 3)	\$ 404,725	\$ 520,531
Cash	4,938,332	5,915,921
Accounts receivable	1,874,982	2,644,073
Consolidated revenue trust funds	391,024	382,149
Investments (note 2)	3,076,937	1,058,924
Due from Indigenous Services Canada	796,469	796,200
Advance to Wahgoshig Resources Limited Partnership	144,000	144,000
Investment in government business enterprises (note 4)	4,310,186	5,805,854
	<u>15,936,655</u>	<u>17,267,652</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,349,146	1,276,934
Deferred revenue (note 8)	679,720	313,543
Capital lease obligations (note 7)	126,282	201,222
Long-term debt (note 6)	8,467,243	7,983,107
	<u>10,622,391</u>	<u>9,774,806</u>
<b>Net financial assets</b>	<u>5,314,264</u>	<u>7,492,846</u>
<b>Non-financial assets</b>		
Financial:		
Tangible capital assets (note 5)	18,609,276	16,789,045
Prepaid expenses	143,388	106,591
	<u>18,752,664</u>	<u>16,895,636</u>
Contingencies (note 11)		
<b>Accumulated surplus (note 10)</b>	<u>\$ 24,066,928</u>	<u>\$ 24,388,482</u>

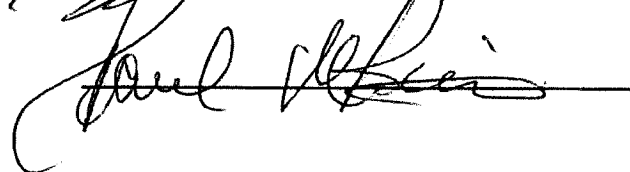
See accompanying notes to consolidated financial statements.



Deputy Chief



Councillor



Councillor

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Government transfers - Federal	\$ 3,534,536	\$ 4,100,980
- Provincial	680,105	443,588
Investment income	9,022	4,596,622
Rental income	324,389	384,211
Government business enterprises	46,037	(581,049)
Other	4,593,745	5,552,247
	9,187,834	14,496,599
Expenses:		
Band Administration	2,052,750	2,103,139
Health Services	1,354,746	780,109
Infrastructure	1,800,685	1,407,463
Education	1,266,153	1,239,237
Economic Development	2,190,433	2,326,331
Social Services	311,974	270,981
Social Housing	279,279	275,869
Community Property	253,368	716,508
	9,509,388	9,119,637
Annual surplus (deficit)	(321,554)	5,376,962
Accumulated surplus, beginning of year	24,388,482	19,011,520
Accumulated surplus, end of year	\$ 24,066,928	\$ 24,388,482

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Changes in Net Assets

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus (deficit)	\$ (321,554)	\$ 5,376,962
Acquisition of tangible capital assets	(3,186,811)	(3,137,999)
Write-off of capital asset	-	412,186
Loss on disposal of tangible capital assets	(32,378)	-
Proceeds on sale of tangible capital assets	511,714	-
Amortization of tangible capital assets	887,244	723,968
	(2,141,785)	3,375,117
Acquisition of prepaid expenses	(143,388)	(106,591)
Use of prepaid expenses	106,591	42,022
Change in net financial assets	(2,178,582)	3,310,548
Net assets, beginning of year	7,492,846	4,182,298
Net assets, end of year	\$ 5,314,264	\$ 7,492,846

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash flows from operating activities:		
Annual surplus (deficit)	\$ (321,554)	\$ 5,376,962
Adjustments for:		
Amortization of tangible capital assets	887,244	723,968
Loss on disposal of tangible capital assets	(32,378)	-
Share of loss (gain) in business enterprises (note 4)	(46,037)	581,049
Write-off of capital asset	-	412,186
	487,275	7,094,165
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	769,091	(1,309,742)
Increase in prepaid expenses	(36,797)	(64,569)
Increase in due from Indigenous Services Canada	(269)	(1,220,793)
Increase in accounts payable and accrued liabilities	72,212	100,836
Increase (decrease) in deferred revenue	366,177	(422,210)
	1,657,689	4,177,687
Cash flows from financing activities:		
Repayment of capital lease obligations	(74,940)	(164,958)
Principal repayment on long-term debt	(302,071)	(298,235)
New financing obtained	786,207	152,000
	409,196	(311,193)
Cash flows from investing activities:		
Consolidated revenue trust funds	(8,875)	(7,942)
Investment in Wahgoshig Resources Limited Partnership	-	(1,731,235)
Advance to Wahgoshig Resources Limited Partnership	-	(144,000)
Contribution to government business enterprises	(506,308)	(361,847)
Distribution from Mashkiki Investment LP	2,048,013	-
Purchase of tangible capital assets	(3,186,811)	(3,137,999)
Decrease (increase) in investments	(2,018,013)	7,267,500
Proceeds on sale of tangible capital assets	511,714	-
	(3,160,280)	1,884,477
Net increase (decrease) in cash	(1,093,395)	5,750,971
Cash, beginning of year	6,436,452	685,481
Cash, end of year	\$ 5,343,057	\$ 6,436,452
Represented by:		
Restricted cash	\$ 404,725	\$ 520,531
Cash	4,938,332	5,915,921
	\$ 5,343,057	\$ 6,436,452

See accompanying notes to consolidated financial statements.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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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, 2019

## 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, 2019

## 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):

	2019		2018	
	Cost	Market	Cost	Market
Marketable Securities				
Constantine Metal Resources Ltd.	\$ 11,050	9,350	11,050	15,300
Primero Mining Inc.	41,099	2,813	41,099	2,358
Oban Mining Corp	4,340	8,048	4,340	7,028
Fortune Bay Corp	1,153	578	1,153	963
Kneat.Com Inc.	1,282	2,328	1,282	1,686
Other				
48North Cannabis Corp.	3,018,013	7,056,922	1,000,000	—
	\$ 3,076,937	7,080,039	1,058,924	27,335

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 3. Restricted cash:

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

	2019	2018
First Nation Finance Authority	\$ 294,077	282,930
Canada Mortgage and Housing Corporation	110,648	237,601
	\$ 404,725	520,531

## 4. Investment in government business enterprises:

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

	Ownership	2019	2018
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 1,824,155	2,769,555
Wahgoshig Resources Inc. – 10 common shares	100%	1	1
Little Fox Lodge Limited Partnership – 9,999 units	99.99%	1,297,413	1
Little Fox Lodge Corporation – 10 common shares	100%	1	1
Niiwin Limited Partnership – 250 units	24.75%	671,768	471,536
Niwin General Partner Inc. – 100 common shares	25%	671	570
Mashkiki Investment LP – 2,000,000 units	49.995%	1	2,048,014
Mashkiki Investment Inc. – 100 common shares	50%	1	1
Wahgoshig Energy LP – 100 units	99%	516,173	516,173
Wahgoshig Energy Inc. – 100 common shares	100%	1	1
Kisis Aki Energy Inc. – 100 common shares	50%	1	1
		\$ 4,310,186	5,805,854

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 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, 2019:

	WRLP	WRI	2019	2018
Financial position:				
Total assets	\$ 3,197,130	19,379	3,216,509	4,688,636
Total liabilities	(1,372,975)	(19,378)	(1,392,353)	(1,977,944)
Net assets	\$ 1,824,155	1	1,824,156	2,710,692
Results of operations:				
Revenues	\$ 4,992,834	–	4,992,834	5,106,486
Expenses	5,938,234	–	5,938,234	5,473,257
Income (loss) for the year	\$ (945,400)	–	(945,400)	(366,771)

(ii) The investments at March 31, 2019 consists of the following:

	WRLP	WRI	2019	2018
Balance, beginning of year	\$ 2,769,555	1	2,769,556	1,402,397
Share of earnings (loss) for the year	(945,400)	–	(945,400)	(364,076)
Investment	–	–	–	1,731,235
Balance, end of year	\$ 1,824,155	1	1,824,156	2,769,556

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 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, 2019:

	LFLLP	LFLC	2019	2018
Financial position:				
Total assets	\$ 1,302,413	1	1,302,414	929,464
Total liabilities	(5,000)	–	(5,000)	(17,523)
Net assets	\$ 1,297,413	1	1,297,414	911,941
Results of operations:				
Revenues	\$ 49,893	–	49,893	26,048
Expenses	(170,727)	–	(170,727)	(278,702)
Loss for the year	\$ (120,834)	–	(120,834)	(250,654)

(ii) The investments at March 31, 2019 consists of the following:

	LFLLP	LFLC	2019	2018
Balance, beginning of year	\$ 1	1	2	2
Share (loss) for the year	(120,834)	–	(120,834)	(252,654)
Share of gain from sale of LFLLP assets	911,938	–	911,938	–
Contribution	506,308	–	506,308	361,847
Impairment	–	–	–	(109,193)
Balance, end of year	\$ 1,297,413	1	1,297,414	2

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 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, 2019:

	NLP	NGP	2019	2018
Financial position:				
Total assets	\$ 6,009,226	2,279	6,011,505	4,175,822
Total liabilities	3,319,465	—	3,319,465	2,300,408
Net assets	\$ 2,689,761	2,279	2,692,040	1,845,414
Results of operations:				
Revenues	\$ 11,576,530	775	11,577,305	8,067,315
Expenses	10,659,942	—	10,659,942	7,304,145
Income for the year	\$ 916,588	775	917,363	763,170

(ii) The investments at March 31, 2019 consists of the following:

	NLP	NGP	2019	2018
Balance, beginning of year	\$ 471,536	570	472,106	277,663
Share of income for the year	200,233	101	200,334	194,443
Balance, end of year	\$ 671,769	671	672,440	472,106

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 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, 2019:

	MILP	MII	2019	2018
Financial position:				
Total assets	\$ 1	1	2	4,095,403
Total liabilities	—	—	—	(6,235)
Net assets	1	1	2	4,089,168
Results of operations:				
Revenues	—	—	—	1
Expenses	—	—	—	16,797
Loss for the year	\$ —	—	—	(16,796)

#### (ii) The investments at March 31, 2019 consists of the following:

	MILP	MII	2019	2018
Balance, beginning of year	\$ 2,048,002	1	2,048,003	2,060,372
Partner distribution	(2,048,001)	—	(2,048,001)	—
Share of income (loss) for the year	—	—	—	(12,369)
Balance, end of year	\$ 1	1	2	2,048,003

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

## 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, 2019:

	WELP	WEI	2019	2018
Financial position:				
Total assets	\$ 516,173	1	516,174	516,174
Net assets	\$ 516,173	1	516,174	516,174
Results of operations:				
Revenues	\$ —	—	—	—
Expenses	—	—	—	37,212
Loss for the year	\$ —	—	—	37,212

### (ii) The investments at March 31, 2019 consists of the following:

	WELP	WEI	2019	2018
Balance, beginning of year	\$ 516,173	1	516,174	553,386
Contribution	—	—	—	—
Share of loss for the year	—	—	—	(37,212)
Balance, end of year	\$ 516,173	1	516,174	516,174

### (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, 2019

## 5. Tangible capital assets (continued):

Cost	Balance at March 31, 2018	Additions	Transfers	Disposals	Balance at March 31, 2019
Land	\$ 791,389	-	-	(100,000)	691,389
Buildings	4,728,172	76,320	-	(307,764)	4,496,728
Computers	220,077	19,521	-	-	239,598
Vehicles	2,592,048	177,527	-	-	2,769,575
Roads	2,467,313	40,015	-	-	2,507,328
Equipment and furniture	915,552	253,445	-	-	1,168,997
Water and sewer	2,374,229	-	-	-	2,374,229
Band Housing	3,910,920	1,541,279	1,977,950	(97,461)	7,332,688
CMHC Housing	4,691,242	1,078,704	619,237	(30,045)	6,359,138
Assets under construction	2,642,462	-	(2,597,187)	-	45,275
<b>Total</b>	<b>\$ 25,333,404</b>	<b>3,186,811</b>	<b>-</b>	<b>(535,270)</b>	<b>27,984,945</b>

Accumulated Amortization	Balance at March 31, 2018	Disposals	Transfers	Amortization	Balance at March 31, 2019
Land	\$ -	-	-	-	-
Buildings	1,148,667	(24,670)	-	114,002	1,237,999
Computers	127,655	-	-	22,088	149,743
Vehicles	1,310,141	-	-	261,481	1,571,622
Roads	1,604,768	-	-	77,008	1,681,776
Equipment and furniture	456,440	-	-	68,837	525,277
Water and sewer	1,026,987	-	-	69,290	1,096,277
Band Housing	1,953,359	(1,219)	-	137,274	2,089,414
CMHC Housing	916,342	(30,045)	-	137,264	1,023,561
Assets under construction	-	-	-	-	-
<b>Total</b>	<b>\$ 8,544,359</b>	<b>(55,934)</b>	<b>-</b>	<b>887,244</b>	<b>9,375,669</b>

	Net book value, March 31, 2018	Net book value, March 31, 2019
Land	\$ 791,389	691,389
Buildings	3,579,505	3,258,729
Computers	92,422	89,855
Vehicles	1,281,907	1,197,953
Roads	862,545	825,552
Equipment and furniture	459,112	643,720
Water and sewer	1,347,242	1,277,952
Band Housing	1,957,561	5,243,274
CMHC Housing	3,774,900	5,335,577
Assets under construction	2,642,462	45,275
<b>Total</b>	<b>\$ 16,789,045</b>	<b>18,609,276</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, 2017	Additions	Transfers	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	(97,461)	(412,186)	2,642,462
<b>Total</b>	<b>\$ 22,607,591</b>	<b>3,137,999</b>	<b>-</b>	<b>(412,186)</b>	<b>25,333,404</b>

Accumulated Amortization	Balance at March 31, 2017	Disposals	Transfers	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>-</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, 2019

## 6. Long-term debt:

	2019	2018
Canada Mortgage and Housing Corporation mortgage payable \$1,754 monthly including principal and interest, bearing interest at 1.39% per annum, renewable June 2020, maturing June 2035.	\$ 306,135	322,817
Canada Mortgage and Housing Corporation mortgage payable \$1,809 monthly including principal and interest, bearing interest at 1.14% per annum, renewable June 2021, maturing June, 2036.	339,828	357,559
Canada Mortgage and Housing Corporation mortgage payable \$1,690 monthly including principal and interest, bearing interest at 2.41% per annum, renewable April 2023 maturing January 2038.	307,073	319,919
Canada Mortgage and Housing Corporation mortgage payable \$2,161 monthly including principal and interest, bearing interest at 1.05% per annum, renewable April 2020 maturing April 2040.	490,249	510,921
Canada Mortgage and Housing Corporation mortgage payable \$3,814 monthly including principal and interest, bearing interest at 1.01% per annum, renewable February 2021 maturing February 2041.	899,570	936,068
Canada Mortgage and Housing Corporation mortgage payable \$3,383 monthly including principal and interest, bearing interest at 2.14% per annum, renewable March 2024 maturing March 2044.	786,207	—
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019	48,088	50,095
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019.	104,742	109,120
Royal Bank of Canada loan payable \$1405 monthly including principal and interest, bearing interest at 5.99% per annum, due August 2019	—	6,928
Royal Bank of Canada loan payable \$828 monthly including principal and interest, bearing interest at 3.17% per annum, due August 2021	24,836	34,770
Royal Bank of Canada loan payable \$1,529 monthly including principal and interest, bearing interest at 2.99% per annum, due December 2019	13,595	31,246
First Nation Finance Authority loan payable \$8,457 monthly plus interest, bearing interest at 2.90% per annum, due June 2024.	3,413,242	3,520,121
First Nation Finance Authority loan payable \$4,227 monthly plus interest, bearing interest at 3.17% per annum, due December 2027.	1,733,678	1,783,543
	<b>\$ 8,467,243</b>	<b>7,983,107</b>

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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

The Royal Bank of Canada mortgages and loans are secured by specified property having a carrying value of \$ 336,519 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:

2020	\$ 313,156
2021	303,876
2022	304,439
2023	302,666
2024	307,006
2025 and thereafter	6,936,101

## 7. Capital lease obligations:

	2019	2018
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, due October 2020	\$ 126,282	201,222

The capital leases are secured by specified property having a carrying value of \$239,879.

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

Year ending March 31:	
2020	\$ 78,455
2021	47,827
Total minimum lease payments	126,282
Less amount representing interest, interest of 4.62%	(4,901)
	\$ 121,381

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

### 8. Deferred revenue:

	2019	2018
Indigenous Services Canada	\$ 513,122	304,146
Cree Quest	60,000	–
Independent Electricity System Operator	12,848	9,397
McEwen Mining	93,750	–
	\$ 679,720	313,543

### 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:

	2019	2018
Invested in tangible capital assets	\$ 15,162,671	13,915,118
Operating	(10,642,489)	(8,697,493)
Social Housing	(151,612)	(147,756)
Committed reserve	794,077	872,290
Restricted	15,106,719	15,056,103
Business Enterprises	3,797,562	3,390,220
	\$ 24,066,928	24,388,482

### 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 2018 comparative information has been reclassified to conform with the presentation adopted in 2019.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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## 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:

### **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.

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

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## 14. Segmented information (continued):

### **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.

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, 2019

	Band		Health	Economic	Social	Community	Social	2019
	Administration	Education	Services	Development	Housing	Property	Services	Total
Revenue	\$ 473,980	1,225,018	1,432,131	4,792,218	284,183	129,409	258,356	9,187,834
Expenses:								
Salaries wages and benefits	1,003,146	59,955	734,806	817,419	-	-	78,854	3,221,581
Materials, supplies and rentals	190,570	714,204	317,171	290,838	37,762	25,555	48,011	1,804,357
Contractual and professional services	449,607	128,137	88,963	461,370	18,713	220,358	16,788	1,841,290
Travel	262,838	267,125	72,792	128,748	-	455	14,808	783,894
Interest on long-term debt	167,437	-	-	12,746	20,916	7,000	-	213,190
Other	153,337	19,875	266	266,571	62,124	-	153,513	800,596
Administration (recovery)	(205,325)	46,072	113,434	30,973	2,500	-	-	(10,486)
Amortization of tangible capital assets	31,140	30,785	27,314	214,146	137,264	-	-	887,244
Disposal of tangible capital assets	-	-	-	(32,378)	-	-	-	(32,378)
	2,052,750	1,266,153	1,354,746	2,190,433	279,279	253,368	311,974	9,509,388
Excess (deficiency) of revenue over expenses	\$ (1,578,770)	(41,135)	77,385	2,601,785	4,904	(123,959)	(53,618)	(321,554)

# WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 14 - Segmented Information (continued)

Year ended March 31, 2019

	Band	Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2018 Total
Revenue	\$	465,214	1,380,401	838,942	493,981	9,345,180	252,037	1,454,347	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
		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