

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2020

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Financial Statement Index

Year ended March 31, 2020

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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.


Deputy Chief
Councillor



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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, 2020
- 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, 2020, 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
December 2, 2020

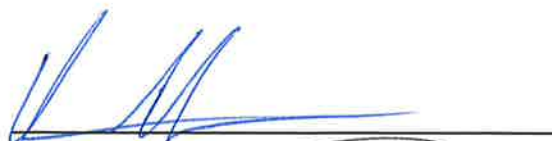
WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70


Consolidated Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Restricted cash (note 3)	\$ 413,246	\$ 404,725
Cash	10,467,796	4,938,332
Accounts receivable	2,419,302	1,874,982
Consolidated revenue trust funds	398,699	391,024
Investments (note 2)	1,093,190	3,076,937
Due from Indigenous Services Canada	264,140	796,469
Advance to Wahgoshig Resources Limited Partnership (note 5)	144,000	144,000
Investment in government business enterprises (note 4)	2,604,828	4,310,186
	17,805,201	15,936,655
Financial liabilities		
Accounts payable and accrued liabilities	1,668,321	1,349,146
Deferred revenue (note 9)	1,568,768	679,720
Capital lease obligations (note 8)	47,827	126,282
Long-term debt (note 7)	8,145,232	8,467,243
	11,430,148	10,622,391
Net financial assets	6,375,053	5,314,264
Non-financial assets		
Financial:		
Tangible capital assets (note 6)	20,052,743	18,609,276
Prepaid expenses	98,886	143,388
	20,151,629	18,752,664
Effects of COVID-19 (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	\$ 26,526,682	\$ 24,066,928

See accompanying notes to consolidated financial statements.

 Deputy Chief

 Councillor

 Councillor

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Changes in Net Financial Assets

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

	2020	2019
Annual surplus (deficit)	\$ 2,459,754	\$ (321,554)
Acquisition of tangible capital assets	(2,653,019)	(3,186,811)
Gain (loss) on disposal of tangible capital assets	28,612	(32,378)
Proceeds on sale of tangible capital assets	236,794	511,714
Amortization of tangible capital assets	944,146	887,244
	1,016,287	(2,141,785)
Acquisition of prepaid expenses	(98,886)	(143,388)
Use of prepaid expenses	143,388	106,591
Change in net financial assets	1,060,789	(2,178,582)
Net financial assets, beginning of year	5,314,264	7,492,846
Net financial assets, end of year	\$ 6,375,053	\$ 5,314,264

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Operations and Accumulated Surplus

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

	2020	2019
Revenue:		
Government transfers - Federal	\$ 3,970,777	\$ 3,534,536
- Provincial	566,807	680,105
Investment income	7,853	9,022
Rental income	353,766	324,389
Share of gain (loss) in government business enterprises	(307,944)	46,037
Other	11,346,009	4,593,745
	<u>15,937,268</u>	<u>9,187,834</u>
Expenses:		
Band Administration	1,485,237	2,052,750
Health Services	1,712,584	1,354,746
Infrastructure	1,829,691	1,800,685
Education	1,308,572	1,266,153
Economic Development	2,641,170	2,190,433
Social Services	612,813	311,974
Social Housing	350,332	279,279
Community Property	189,731	253,368
Write-down of investments (note 4)	3,347,384	-
	<u>13,477,514</u>	<u>9,509,388</u>
Annual surplus (deficit)	2,459,754	(321,554)
Accumulated surplus, beginning of year	24,066,928	24,388,482
Accumulated surplus, end of year	<u>\$ 26,526,682</u>	<u>\$ 24,066,928</u>

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Cash Flows

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

	2020	2019
Cash flows from operating activities:		
Annual surplus (deficit)	\$ 2,459,754	\$ (321,554)
Adjustments for:		
Amortization of tangible capital assets	944,146	887,244
Gain (loss) on disposal of tangible capital assets	28,612	(32,378)
Share of loss (gain) in government business enterprises (note 4)	307,944	(46,037)
Write-down of investments	3,347,384	-
	7,087,840	487,275
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	(544,320)	769,091
Increase (decrease) in prepaid expenses	44,502	(36,797)
Increase (decrease) in due from Indigenous Services Canada	532,329	(269)
Increase in accounts payable and accrued liabilities	319,178	72,212
Increase in deferred revenue	889,048	366,177
	8,328,577	1,657,689
Cash flows from financing activities:		
Repayment of capital lease obligations	(78,455)	(74,940)
Principal repayment on long-term debt	(322,011)	(302,071)
New financing obtained	-	786,207
	(400,466)	409,196
Cash flows from investing activities:		
Consolidated revenue trust funds	(7,675)	(8,875)
Contribution to government business enterprises	-	(506,308)
Distribution from Mashkiki Investment LP	-	2,048,013
Distribution from Little Fox Lodge Limited Partnership	1,297,411	-
Distribution from Niiwin Limited Partnership	100,000	-
Purchase of tangible capital assets	(2,653,019)	(3,186,811)
Decrease in investments	(1,363,637)	(2,018,013)
Proceeds on sale of tangible capital assets	236,794	511,714
	(2,390,126)	(3,160,280)
Net increase (decrease) in cash	5,537,985	(1,093,395)
Cash, beginning of year	5,343,057	6,436,452
Cash, end of year	\$ 10,881,042	\$ 5,343,057
Represented by:		
Restricted cash	\$ 413,246	\$ 404,725
Cash	10,467,796	4,938,332
	\$ 10,881,042	\$ 5,343,057

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

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")
- 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.

(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, 2020

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

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, 2020

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):

	2020		2019	
	Cost	Market	Cost	Market
Constantine Metal Resources Ltd.	\$ 5,313	2,975	\$ 11,050	9,350
First Majestic Silver Corp	41,099	2,790	41,099	2,813
Osisko Mining Corp	4,340	6,146	4,340	8,048
Fortune Bay Corp	1,153	935	1,153	578
Kneat.Com Inc.	1,282	3,409	1,282	2,328
Highgold Mining Inc.	5,737	5,666	—	—
48North Cannabis Corp.	4,381,650	1,034,266	3,018,013	7,056,922
	4,440,574	1,056,187	3,076,937	7,080,039
Write-down of investments	(3,347,384)	—	—	—
	\$ 1,093,190	1,056,187	\$ 3,076,937	7,080,039

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

3. Restricted cash:

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

	2020	2019
First Nation Finance Authority	\$ 306,296	\$ 294,077
Canada Mortgage and Housing Corporation	106,950	110,648
	\$ 413,246	\$ 404,725

4. Investment in government business enterprises:

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

	Ownership	2020	2019
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 1,427,024	\$ 1,824,155
Wahgoshig Resources Inc. – 10 common shares	100%	1	1
Little Fox Lodge Limited Partnership – 9,999 units	99.99%	1	1,297,413
Little Fox Lodge Corporation – 10 common shares	100%	1	1
Niiwin Limited Partnership – 250 units	24.75%	680,802	671,768
Niwin General Partner Inc. – 100 common shares	25%	780	671
Mashkiki Investment LP – 2,000,000 units	49.995%	–	1
Mashkiki Investment Inc. – 100 common shares	50%	–	1
Wahgoshig Energy LP – 100 units	99%	496,217	516,173
Wahgoshig Energy Inc. – 100 common shares	100%	1	1
Kisis Aki Energy Inc. – 100 common shares	50%	1	1
		\$ 2,604,828	\$ 4,310,186

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

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, 2020:

	WRLP	WRI	2020	2019
Financial position:				
Total assets	\$ 2,626,046	11,879	\$ 2,637,925	\$ 3,216,509
Total liabilities	(1,199,022)	(11,878)	(1,210,900)	(1,392,353)
Net assets	\$ 1,427,024	1	\$ 1,427,025	\$ 1,824,156
Results of operations:				
Revenues	\$ 4,398,959	—	\$ 4,398,959	\$ 4,992,834
Expenses	4,796,086	—	4,796,086	5,938,234
Loss for the year	\$ (397,127)	—	\$ (397,127)	\$ (945,400)

- (ii) The investments at March 31, 2020 consists of the following:

	WRLP	WRI	2020	2019
Balance, beginning of year	\$ 1,824,155	1	\$ 1,824,156	\$ 2,769,556
Share of earnings (loss) for the year	(397,131)	—	(397,131)	(945,400)
Balance, end of year	\$ 1,427,024	1	\$ 1,427,025	\$ 1,824,156

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

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, 2020:

	LFLLP	LFLC	2020	2019
Financial position:				
Total assets	\$ 1	1	\$ 2	\$ 1,302,414
Total liabilities	—	—	—	(5,000)
Net assets	\$ 1	1	\$ 2	\$ 1,297,414
Results of operations:				
Revenues	\$ —	—	\$ —	\$ 49,893
Expenses	—	—	—	(170,727)
Loss for the year	\$ —	—	\$ —	\$ (120,834)

(ii) The investments at March 31, 2020 consists of the following:

	LFLLP	LFLC	2020	2019
Balance, beginning of year	\$ 1,297,413	1	\$ 1,297,414	\$ 2
Share (loss) for the year	—	—	—	(120,834)
Share of gain from sale of				
LFLLP assets	—	—	—	911,938
Contribution	—	—	—	506,308
Distribution	(1,297,412)	—	(1,297,412)	—
Balance, end of year	\$ 1	1	\$ 2	\$ 1,297,414

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

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, 2020:

	NLP	NGP	2020	2019
Financial position:				
Total assets	\$ 4,418,743	3,120	\$ 4,421,863	\$ 6,011,505
Total liabilities	1,692,414	—	1,692,414	3,319,465
Net assets	\$ 2,726,329	3,120	\$ 2,729,449	\$ 2,692,040
Results of operations:				
Revenues	\$ 7,746,367	436	\$ 7,746,803	\$ 11,577,305
Expenses	7,309,800	—	7,309,800	10,659,942
Income for the year	\$ 436,567	436	\$ 437,003	\$ 917,363

- (ii) The investments at March 31, 2020 consists of the following:

	NLP	NGP	2020	2019
Balance, beginning of year	\$ 671,769	671	\$ 672,440	\$ 472,106
Share of income for the year	109,033	109	109,142	200,334
Distribution	(100,000)	—	(100,000)	—
Balance, end of year	\$ 680,802	780	\$ 681,582	\$ 672,440

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Notes to Consolidated Financial Statements

Year ended March 31, 2020

4. Investment in government business enterprises (continued):

(e) 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, 2020:

	WELP	WEI	2020	2019
Financial position:				
Total assets	\$ 1,132,411	1	\$ 1,132,412	\$ 516,174
Total liabilities	636,194	—	636,194	—
Net assets	\$ 496,217	1	\$ 496,218	\$ 516,174
Results of operations:				
Revenues	\$ 33,901	—	\$ 33,901	\$ —
Expenses	50,857	—	50,857	—
Net assets for the year	\$ 16,956	—	\$ 16,956	\$ —

- (ii) The investments at March 31, 2020 consists of the following:

	WELP	WEI	2020	2019
Balance, beginning of year \$	516,173	1	\$ 516,174	\$ 516,174
Share of loss for the year	(16,956)	—	(16,956)	—
Balance, end of year	\$ 499,217	1	\$ 499,218	\$ 516,174

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

4. Investment in government business enterprises (continued):

(f) Kisis Aki Energy Inc:

The First Nation has a direct 50% interest in Kisis Aki Energy Inc ("KAE").

(j) The following table presents condensed supplementary financial information for the year ended March 31, 2020:

	2020	2019
Financial position:		
Total assets	\$ 25,497,912	\$ 33,858,200
Total Liabilities	38,910,523	40,456,550
Net debt	\$ (13,412,611)	\$ (6,598,350)
Results of operations:		
Share of loss on partnerships	\$ 3,845,000	\$ 1,368,000
Expenses	2,969,261	916,593
Loss for the year	\$ (6,814,261)	\$ (2,284,593)

(ii) The investments at March 31, 2020 consists of the following:

	2020	2019
Balance, beginning of year	\$ 1	\$ 1
Contribution	—	—
Share of loss for the year	—	—
Balance, end of year	\$ 1	\$ 1

(g) Mashkiki Investment LP and Mashkiki Investment Inc were dissolved on April 4, 2019.

5. Advances to Wahgoshig Resources Limited Partnership:

The advances to Wahgoshig Resources Limited Partnership are unsecured, non-interest bearing and have no specified terms of repayment

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

6. Tangible capital assets (continued):

Cost	Balance at March 31, 2019	Additions	Transfers	Disposals	Balance at March 31, 2020
Land	\$ 691,389	215,500	-	-	\$ 906,889
Buildings	4,496,728	-	-	-	4,496,728
Computers	239,598	31,515	-	-	271,113
Vehicles	2,769,575	78,930	-	(315,310)	2,533,195
Roads	2,507,328	-	-	-	2,507,328
Equipment and furniture	1,168,997	146,631	-	(160,395)	1,155,233
Water and sewer	2,374,229	13,599	-	-	2,387,828
Band Housing	7,332,688	438,025	-	-	7,770,713
CMHC Housing	6,359,138	1,378,869	-	-	7,738,007
Assets under construction	45,275	349,950	-	-	395,225
Total	\$ 27,984,945	2,653,019	-	(475,705)	\$ 30,162,259

Accumulated Amortization	Balance at March 31, 2019	Disposals	Transfers	Amortization	Balance at March 31, 2020
Land	\$ -	-	-	-	\$ -
Buildings	1,237,999	-	-	114,956	1,352,955
Computers	149,743	-	-	22,094	171,837
Vehicles	1,571,622	(204,951)	-	221,995	1,588,666
Roads	1,681,776	-	-	78,008	1,759,784
Equipment and furniture	525,277	(5,346)	-	71,480	591,411
Water and sewer	1,096,277	-	-	69,460	1,165,737
Band Housing	2,089,414	-	-	189,937	2,279,351
CMHC Housing	1,023,561	-	-	176,214	1,199,775
Assets under construction	-	-	-	-	-
Total	\$ 9,375,669	(210,297)	-	944,144	\$ 10,109,516

	Net book value, March 31, 2019	Net book value, March 31, 2020
Land	\$ 691,389	\$ 906,889
Buildings	3,258,729	3,143,773
Computers	89,855	99,276
Vehicles	1,197,953	944,529
Roads	825,552	747,544
Equipment and furniture	643,720	563,822
Water and sewer	1,277,952	1,222,091
Band Housing	5,243,274	5,491,362
CMHC Housing	5,335,577	6,538,232
Assets under construction	45,275	395,225
Total	\$ 18,609,276	\$ 20,052,743

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. 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
Total	\$ 25,333,404	3,186,811	-	(535,270)	\$ 27,984,945

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
Total	\$ 8,544,359	(55,934)	-	887,244	\$ 9,375,669

	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
Total	\$ 16,789,045	\$ 18,609,276

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. Long-term debt:

	2020	2019
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.	\$ 289,229	\$ 306,135
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.	321,902	339,828
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.	294,032	307,073
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.	469,371	490,249
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.	862,723	899,570
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.	762,172	786,207
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019	45,759	48,088
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2019.	99,667	104,742
Royal Bank of Canada loan payable \$828 monthly including principal and interest, bearing interest at 3.17% per annum, due August 2021	14,901	24,836
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
First Nation Finance Authority loan payable \$8,457 monthly plus interest, bearing interest at 2.90% per annum, due June 2024.	3,303,156	3,413,242
First Nation Finance Authority loan payable \$4,227 monthly plus interest, bearing interest at 3.17% per annum, due December 2027.	1,682,320	1,733,678
	\$ 8,145,232	\$ 8,467,243

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

7. 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:

2021	\$ 303,891
2022	303,762
2023	302,662
2024	307,003
2025	3,107,216
2026 and thereafter	3,820,698

8. Capital lease obligations:

	2020	2019
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, due October 2020	\$ 47,827	\$ 126,282

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:	
2021	\$ 47,827
Total minimum lease payments	47,827
Less amount representing interest, interest of 4.62%	(739)
	\$ 47,088

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

9. Deferred revenue:

	2020	2019
Indigenous Services Canada	\$ 659,128	\$ 513,122
Cree Quest	—	60,000
McEwen Mining	93,750	93,750
Detour Gold	762,500	—
Other	53,390	12,848
	<u>\$ 1,568,768</u>	<u>\$ 679,720</u>

10. Bank indebtedness:

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

11. Accumulated surplus:

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

	2020	2019
Invested in tangible capital assets	\$ 16,845,158	\$ 15,162,671
Operating	(8,192,597)	(10,642,489)
Social Housing	(159,462)	(151,612)
Committed reserve	779,745	794,077
Restricted	15,143,192	15,106,719
Business Enterprises	2,110,646	3,797,562
	<u>\$ 26,526,682</u>	<u>\$ 24,066,928</u>

12. Effects of COVID-19:

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

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

13. 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.

14. Budget information:

Budget information was unavailable and has not been presented.

15. Comparative information:

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

16. 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.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2020

16. Segmented information (continued):

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.

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 16 - Segmented Information (continued)

Year ended March 31, 2020

	Band Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2020 Total
Revenue	\$ 361,311	1,280,620	1,511,769	781,380	10,932,260	324,299	335,978	409,651	\$ 15,937,268
Expenses:									
Salaries wages and benefits	920,218	120,351	986,154	558,195	852,071	-	-	177,800	3,614,789
Materials, supplies and rentals	212,842	648,856	355,936	205,099	272,433	39,273	5,356	108,406	1,848,201
Contractual and professional services	340,303	169,218	146,139	433,345	643,007	4,469	184,375	9,741	1,930,597
Travel	112,677	184,726	45,241	61,166	168,822	-	-	68,165	640,797
Interest on long-term debt	173,311	-	-	4,876	6,701	36,769	-	-	221,657
Other	65,828	22,265	10,248	145,173	325,925	90,386	-	246,751	906,576
Administration (recovery)	(373,494)	54,362	136,878	13,500	160,509	3,000	-	-	(5,245)
Amortization of tangible capital assets	33,552	108,794	31,988	408,337	183,090	176,435	-	1,950	944,146
Disposal of tangible capital assets	-	-	-	-	28,612	-	-	-	28,612
	1,485,237	1,308,572	1,712,584	1,829,691	5,988,554	350,332	189,731	612,813	13,477,514
Excess (deficiency) of revenue over expenses	\$ (1,123,926)	(27,952)	(200,815)	(1,048,311)	4,943,706	(26,033)	146,247	(203,162)	\$ 2,459,754

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 16 - Segmented Information (continued)

Year ended March 31, 2019

	Band Administration	Education	Health Services	Infrastructure	Economic Development	Social Housing	Community Property	Social Services	2019 Total
Revenue	\$ 473,980	1,225,018	1,432,131	592,539	4,792,218	284,183	129,409	258,356	\$ 9,187,834
Expenses:									
Salaries wages and benefits	1,003,146	59,955	734,806	527,401	817,419	-	-	78,854	3,221,581
Materials, supplies and rentals	190,370	714,204	317,171	180,246	290,838	37,762	25,555	48,011	1,804,357
Contractual and professional services	449,607	128,137	88,963	457,354	461,370	18,713	220,358	16,788	1,841,290
Travel	262,838	267,125	72,792	37,128	128,748	-	455	14,808	783,894
Interest on long-term debt	167,437	-	-	5,091	12,746	20,916	7,000	-	213,190
Other	153,337	19,875	266	145,010	266,571	62,124	-	153,513	800,696
Administration (recovery)	(205,325)	46,072	113,434	1,860	30,973	2,500	-	-	(10,486)
Amortization of tangible capital assets	31,140	30,785	27,314	446,595	214,146	137,264	-	-	887,244
Disposal of tangible capital assets	-	-	-	-	(32,378)	-	-	-	(32,378)
	2,052,750	1,266,153	1,354,746	1,800,685	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	(1,208,146)	2,601,785	4,904	(123,959)	(53,618)	\$ (321,554)