

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended March 31, 2021

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.

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, 2021
- 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, 2021, 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 and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
February 2, 2022

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

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Year ended March 31, 2021

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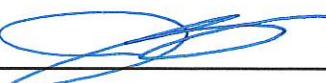
WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Restricted cash (note 3)	\$ 448,018	\$ 413,246
Cash	13,073,056	10,467,796
Accounts receivable	2,458,125	2,419,302
Consolidated revenue trust funds	403,709	398,699
Investments (note 2)	1,093,190	1,093,190
Due from Indigenous Services Canada	32,699	264,140
Advance to Wahgoshig Resources Limited Partnership (note 5)	144,000	144,000
Investment in government business enterprises (note 4)	2,490,537	2,604,828
	<u>20,143,334</u>	<u>17,805,201</u>
Financial liabilities		
Accounts payable and accrued liabilities	2,251,431	1,668,321
Deferred revenue (note 9)	1,297,947	1,568,768
Capital lease obligations (note 8)	-	47,827
Long-term debt (note 7)	8,535,316	8,145,232
	<u>12,084,694</u>	<u>11,430,148</u>
Net financial assets	8,058,640	6,375,053
Non-financial assets		
Tangible capital assets (note 6)	24,670,370	20,052,743
Prepaid expenses	146,981	98,886
	<u>24,817,351</u>	<u>20,151,629</u>
Contingencies (note 13)		
Accumulated surplus (note 11)	\$ 32,875,991	\$ 26,526,682

See accompanying notes to consolidated financial statements.



Chief



Councillor



Councillor

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Federal government transfers	\$ 5,686,359	\$ 3,970,777
Provincial government transfers	502,646	566,807
Investment income	5,010	7,853
Rental income	267,514	353,766
Share of loss in government business enterprises	(581,056)	(307,944)
Other	10,413,847	11,346,009
	<u>16,294,320</u>	<u>15,937,268</u>
Expenses:		
Band Administration	1,843,453	1,485,237
Health Services	1,525,525	1,712,584
Infrastructure	1,775,114	1,829,691
Education	1,321,693	1,308,572
Economic Development	2,275,981	5,988,554
Social Assistance	508,443	612,813
Social Housing	439,926	350,332
Community Property	254,876	189,731
	<u>9,945,011</u>	<u>13,477,514</u>
Annual surplus	6,349,309	2,459,754
Accumulated surplus, beginning of year	26,526,682	24,066,928
Accumulated surplus, end of year	\$ 32,875,991	\$ 26,526,682

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	\$ 6,349,309	\$ 2,459,754
Acquisition of tangible capital assets	(5,654,223)	(2,653,019)
Gain on disposal of tangible capital assets	-	28,612
Proceeds on sale of tangible capital assets	-	236,794
Amortization of tangible capital assets	1,036,596	944,146
	1,731,682	1,016,287
Acquisition of prepaid expenses	(146,981)	(98,886)
Use of prepaid expenses	98,886	143,388
Change in net financial assets	1,683,587	1,060,789
Net financial assets, beginning of year	6,375,053	5,314,264
Net financial assets, end of year	\$ 8,058,640	\$ 6,375,053

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Annual surplus	\$ 6,349,309	\$ 2,459,754
Adjustments for:		
Amortization of tangible capital assets	1,036,596	944,146
Gain on disposal of tangible capital assets	-	28,612
Share of loss in government business enterprises (note 4)	581,056	307,944
Write-down of investments	-	3,347,384
	<u>7,966,961</u>	<u>7,087,840</u>
Change in non-cash working capital:		
Increase in accounts receivable	(38,823)	(544,320)
Decrease in due from Indigenous Services Canada	231,441	532,329
Increase (decrease) in prepaid expenses	(48,095)	44,502
Increase in accounts payable and accrued liabilities	583,110	319,178
Increase (decrease) in deferred revenue	(270,821)	889,048
	<u>8,423,773</u>	<u>8,328,577</u>
Cash flows from financing activities:		
Repayment of capital lease obligations	(47,827)	(78,455)
Issuance of long-term debt	706,384	-
Principal repayment on long-term debt	(316,300)	(322,011)
	<u>342,257</u>	<u>(400,466)</u>
Cash flows from investing activities:		
Consolidated revenue trust funds	(5,010)	(7,675)
Investment in Wahgoshig Energy Limited Partnership	(466,765)	-
Distribution from Little Fox Lodge Limited Partnership	-	1,297,411
Distribution from Niiwin Limited Partnership	-	100,000
Purchase of tangible capital assets	(5,654,223)	(2,653,019)
Decrease in investments	-	(1,363,637)
Proceeds on sale of tangible capital assets	-	236,794
	<u>(6,125,998)</u>	<u>(2,390,126)</u>
Net increase in cash	2,640,032	5,537,985
Cash, beginning of year	10,881,042	5,343,057
Cash, end of year	\$ 13,521,074	\$ 10,881,042
Represented by:		
Restricted cash	\$ 448,018	\$ 413,246
Cash	13,073,056	10,467,796
	<u>\$ 13,521,074</u>	<u>\$ 10,881,042</u>

See accompanying notes to consolidated financial statements.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Year ended March 31, 2021

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 (continued)

Year ended March 31, 2021

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 (continued)

Year ended March 31, 2021

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):

	2021		2020	
	Cost	Market	Cost	Market
Constantine Metal Resources Ltd.	\$ 5,313	5,206	\$ 5,313	2,975
First Majestic Silver Corp	41,099	6,272	41,099	2,790
Osisko Mining Corp	4,340	8,103	4,340	6,146
Fortune Bay Corp	1,153	2,475	1,153	935
Kneat.Com Inc.	1,282	5,774	1,282	3,409
Highgold Mining Inc.	5,737	8,358	5,737	5,666
48North Cannabis Corp.	4,381,650	1,275,594	4,381,650	1,034,266
	4,440,574	1,311,782	4,440,574	1,056,187
Write-down of investments	(3,347,384)	—	(3,347,384)	—
	\$ 1,093,190	1,311,782	\$ 1,093,190	1,056,187

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Restricted cash:

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

	2021	2020
First Nation Finance Authority	\$ 308,962	\$ 306,296
Canada Mortgage and Housing Corporation	139,056	106,950
	\$ 448,018	\$ 413,246

4. Investment in government business enterprises:

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

	Ownership	2021	2020
Wahgoshig Resources Limited Partnership – 990 units	99%	\$ 1,127,983	\$ 1,427,024
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
Niwin Limited Partnership – 250 units	24.75%	711,576	680,802
Niwin General Partner Inc. – 100 common shares	25%	911	780
Wahgoshig Energy LP – 100 units	99%	650,062	496,217
Wahgoshig Energy Inc. – 100 common shares	100%	1	1
Kisis Aki Energy Inc. – 100 common shares	50%	1	1
		\$ 2,490,537	\$ 2,604,828

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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, 2021:

	WRLP	WRI	2021	2020
Financial position:				
Total assets	\$ 2,597,519	6,039	\$ 2,603,558	\$ 2,637,925
Total liabilities	(1,469,536)	(6,038)	(1,475,574)	(1,210,900)
Net assets	\$ 1,127,983	1	\$ 1,127,984	\$ 1,427,025
Results of operations:				
Revenues	\$ 2,833,629	–	\$ 2,833,629	\$ 4,398,959
Expenses	3,132,670	–	3,132,670	4,796,086
Loss for the year	\$ (299,041)	–	\$ (299,041)	\$ (397,127)

(ii) The investments at March 31, 2021 consists of the following:

	WRLP	WRI	2021	2020
Balance, beginning of year	\$ 1,427,024	1	\$ 1,427,025	\$ 1,824,156
Share of loss for the year	(299,041)	–	(299,041)	(397,131)
Balance, end of year	\$ 1,127,983	1	\$ 1,127,984	\$ 1,427,025

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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, 2021:

	LFLLP	LFLC	2021	2020
Financial position:				
Total assets	\$ 1	1	\$ 2	\$ 2
Total liabilities	—	—	—	—
Net assets	\$ 1	1	\$ 2	\$ 2
Results of operations:				
Revenues	\$ —	—	\$ —	\$ —
Expenses	—	—	—	—
Income for the year	\$ —	—	\$ —	\$ —

(ii) The investments at March 31, 2021 consists of the following:

	LFLLP	LFLC	2021	2020
Balance, beginning of year \$	1	1	\$ 2	\$ 1,297,414
Share income for the year	—	—	—	—
Distribution	—	—	—	(1,297,412)
Balance, end of year	\$ 1	1	\$ 2	\$ 2

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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, 2021:

	NLP (unaudited)	NGP (unaudited)	2021 (unaudited)	2020 (audited)
Financial position:				
Total assets	\$ 6,240,736	3,644	\$ 6,244,380	\$ 4,421,863
Total liabilities	(3,391,188)	—	(3,391,188)	(1,692,414)
Net assets	\$ 2,849,548	3,644	\$ 2,853,192	\$ 2,729,449
Results of operations:				
Revenues	\$ 17,961,522	(1)	\$ 17,961,521	\$ 7,746,803
Expenses	17,962,887	—	17,962,887	7,309,800
Income (loss) for the year	\$ (1,365)	(1)	\$ (1,366)	\$ 437,003

(ii) The investments at March 31, 2021 consists of the following:

	NLP (unaudited)	NGP (unaudited)	2021 (unaudited)	2020 (audited)
Balance, beginning of year	\$ 680,802	780	\$ 681,582	\$ 672,440
Adjustment to interest in partnerships	31,115	131	31,246	—
Share of income (loss) for the year	(341)	—	(341)	109,142
Distribution	—	—	—	(100,000)
Balance, end of year	\$ 711,576	911	\$ 712,487	\$ 681,582

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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").

(j) The following table presents condensed supplementary financial information for the year ended March 31, 2021:

	WELP (unaudited)	WEI (unaudited)	2021 (unaudited)	2020 (audited)
Financial position:				
Total assets	\$ 7,539,314	1	\$ 7,539,315	\$ 1,132,412
Total liabilities	(6,990,807)	–	(6,990,807)	(636,194)
Net assets	\$ 548,508	1	\$ 548,509	\$ 496,218
Results of operations:				
Revenues	\$ 999,401	–	\$ 999,401	\$ 33,901
Expenses	1,314,073	–	1,314,073	50,857
Loss for the year	\$ (314,672)	–	\$ (314,672)	\$ (16,956)

(ii) The investments at March 31, 2021 consists of the following:

	WELP (unaudited)	WEI (unaudited)	2021 (unaudited)	2020 (audited)
Balance, beginning of year	\$ 496,217	1	\$ 496,218	\$ 513,174
Contributions	466,765	–	466,765	–
Share of loss for the year	(312,920)	–	(312,920)	(16,956)
Balance, end of year	\$ 650,062	1	\$ 650,063	\$ 496,218

(f) Kisis Aki Energy Inc:

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

(i) No financial information is available for KAE and as such, any adjustment to the First Nation's investment is not determinable

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 (continued)

Year ended March 31, 2021

6. Tangible capital assets (continued):

Cost	Balance at March 31, 2020	Additions	Transfers	Disposals	Balance at March 31, 2021
Land	\$ 906,889	\$ -	\$ -	\$ -	\$ 906,889
Buildings	4,496,728	1,725,000	-	-	6,221,728
Computers	271,113	51,220	-	-	322,333
Vehicles	2,533,195	326,503	-	-	2,859,698
Roads	2,507,328	1,200,000	-	-	3,707,328
Equipment and furniture	1,155,233	47,357	-	-	1,202,590
Water and sewer	2,387,828	55,283	-	-	2,443,111
Band Housing	7,770,713	129,967	-	-	7,900,680
CMHC Housing	7,738,007	1,083,143	-	-	8,821,150
Assets under construction	395,225	1,035,750	-	-	1,430,975
Total	\$ 30,162,259	\$ 5,654,223	\$ -	\$ -	\$ 35,816,482

Accumulated Amortization	Balance at March 31, 2020	Disposals	Transfers	Amortization	Balance at March 31, 2021
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	1,352,955	-	-	136,519	1,489,474
Computers	171,837	-	-	27,694	199,531
Vehicles	1,588,666	-	-	210,888	1,799,554
Roads	1,759,784	-	-	108,008	1,867,792
Equipment and furniture	591,411	-	-	78,725	670,136
Water and sewer	1,165,737	-	-	70,735	1,236,472
Band Housing	2,279,351	-	-	197,037	2,476,388
CMHC Housing	1,199,775	-	-	206,990	1,406,765
Total	\$ 10,109,516	\$ -	\$ -	\$ 1,036,596	\$ 11,146,112

	Net book value, March 31, 2020	Net book value, March 31, 2021
Land	\$ 906,889	\$ 906,889
Buildings	3,143,773	4,732,254
Computers	99,276	122,802
Vehicles	944,529	1,060,144
Roads	747,544	1,839,536
Equipment and furniture	563,822	532,454
Water and sewer	1,222,091	1,206,639
Band Housing	5,491,362	5,424,292
CMHC Housing	6,538,232	7,414,385
Assets under construction	395,225	1,430,975
Total	\$ 20,052,743	\$ 24,670,370

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

6. Tangible capital assets (continued):

Cost	Balance at March 31, 2019				Balance at March 31, 2020			
	Additions	Transfers	Disposals					
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 (continued)

Year ended March 31, 2021

7. Long-term debt:

	2021	2020
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,675 including principal and interest at 0.76% per annum, renewable December 2025, maturing June 2035.	\$ 271,540	\$ 289,229
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,809 including principal and interest at 1.14% per annum, renewable June 2021, maturing June 2036.	304,049	321,902
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$1,690 including principal and interest at 2.41% per annum, renewable April 2023, maturing January 2038.	281,214	294,032
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$2,161 including principal and interest at 1.05% per annum, renewable October 2025, maturing April 2040.	447,995	469,371
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,565 including principal and interest at 0.32% per annum, renewable August 2021, maturing February 2041.	825,498	862,723
Mortgage payable to Canada Mortgage and Housing Corporation in monthly payments of \$3,383 including principal and interest at 2.14% per annum, renewable March 2024 maturing March 2044.	738,880	762,172
Royal Bank of Canada loan payable \$362 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2021	42,669	45,759
Royal Bank of Canada loan payable \$789 monthly including principal and interest, bearing interest at 4.75% per annum, due December, 2021.	92,934	99,667
Royal Bank of Canada loan payable \$828 monthly including principal and interest, bearing interest at 3.17% per annum, due September 2021	4,967	14,901
Loan payable to First Nation Finance Authority in annual payments of \$101,483 plus interest at 2.90%, due June 2024.	3,189,767	3,303,156
Loan payable to First Nation Finance Authority in annual payments of \$49,370 plus interest at 3.41% per annum, due June 2028.	1,629,419	1,682,320
Mortgage payable to Canada Mortgage and Housing Corporation, terms to be settled upon completion of related construction project.	706,384	–
	\$ 8,535,316	\$ 8,145,232

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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:

2022	\$ 1,135,273
2023	289,818
2024	291,341
2025	3,076,723
2026	193,217
2027 and thereafter	3,548,944

8. Capital lease obligations:

	2021	2020
Caterpillar Financial Services Limited lease payable \$6,885 monthly including principal and interest, bearing interest at 4.69% per annum, matured in October 2020	\$ —	\$ 47,827

9. Deferred revenue:

	2021	2020
Indigenous Services Canada	\$ 1,115,059	\$ 659,128
Natural Resources Canada	59,900	—
McEwen Mining	93,750	93,750
Detour Gold	—	762,500
Other	29,238	53,390
	\$ 1,297,947	\$ 1,568,768

10. Demand line of credit:

The First Nation has a line of credit with RBC Financial for up to \$300,000 (2020 - \$300,000). The line of credit bears interest at prime plus 2.55% and is secured by a general security agreement. As at March 31, 2021 there were no amounts drawn on this facility (2020 - \$Nil).

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Accumulated surplus:

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

	2021	2020
Invested in tangible capital assets	\$ 20,954,240	\$ 16,845,160
Operating	(5,840,640)	(8,192,598)
Social Housing	(181,516)	(159,463)
Committed reserve	831,320	779,745
Restricted	15,116,232	15,143,192
Business Enterprises	1,996,355	2,110,646
	<hr/>	<hr/>
	\$ 32,875,991	\$ 26,526,682

12. Concentration of risk:

The First Nation's main sources of revenue include government operating grants, other agency grants, subsidies and rental. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The First Nation halted all in-person activity and closed its facilities to staff for a period of time and moved to delivery of essential services in a virtual environment based on recommendations from Public Health Ontario.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, include the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the First Nation is not able to fully estimate the effects of the pandemic on its results of operations, financial condition or liquidity at this time.

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 2020 comparative information has been reclassified to conform with the presentation adopted in 2021.

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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.

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.

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.

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 Assistance

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

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

16. 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 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.

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, 2021

		Band Administration	Health Services	Infrastructure	Education	Economic Development	Social Assistance	Social Housing	Community Property	Restricted Funds	2021 Total
Revenue	\$	584,898	1,472,891	1,055,525	1,496,438	9,736,759	309,434	322,485	738,281	577,609	\$ 16,294,320
Expenses:											
Salaries, wages and benefits		968,330	797,021	424,426	318,194	919,771	147,196	—	9,169	—	3,584,107
Materials, supplies and rentals		202,332	155,289	186,419	794,428	743,425	135,473	42,571	90,248	—	2,350,185
Contractual and professional services		562,749	324,491	424,367	3,077	392,192	2,305	27,763	131,047	—	1,867,991
Travel		29,396	42,400	5,740	5,501	25,867	14,922	—	—	—	123,846
Interest on long-term debt		164,034	—	3,604	—	1,655	—	—	43,358	—	212,651
Other		144,029	10,161	279,429	424	16,222	190,171	128,563	1,912	—	771,911
Administration (recovery)		(265,810)	158,636	—	88,463	13,435	—	3,000	—	—	(2,276)
Amortization of tangible capital assets		38,393	37,527	451,129	111,606	163,394	18,376	193,671	22,500	—	1,036,596
		1,843,453	1,525,525	1,775,114	1,321,693	2,275,981	508,443	439,926	254,876	—	9,945,011
Excess (deficiency) of revenue over expenses	\$	(1,258,555)	(52,634)	(719,589)	174,745	7,480,778	(199,009)	(117,441)	433,406	577,609	\$ 6,349,309

WAHGOSHIG FIRST NATION - ABITIBI RESERVE #70

Notes to Consolidated Financial Statements

Note 16 - Segmented Information (continued)

Year ended March 31, 2020

		Band Administration	Health Services	Infrastructure	Education	Economic Development	Social Assistance	Social Housing	Community Property	Restricted Funds	2020 Total
Revenue	\$	361,311	1,511,769	781,381	1,280,622	10,338,930	409,651	324,289	335,977	593,328	\$ 15,937,268
Expenses:											
Salaries, wages and benefits		920,218	986,154	568,195	120,351	852,071	177,800	—	—	—	3,614,789
Materials, supplies and rentals		212,842	355,936	205,099	648,856	272,453	108,406	39,273	5,356	—	1,848,201
Contractual and professional services		340,303	146,139	453,345	169,218	643,007	9,741	4,469	184,375	—	1,930,597
Travel		112,677	45,241	61,166	184,726	168,822	68,165	—	—	—	640,797
Interest on long-term debt		173,311	—	4,876	—	6,701	—	36,769	—	—	221,657
Other		65,828	10,248	145,173	22,265	325,925	246,751	90,386	—	—	906,576
Administration (recovery)		(373,494)	136,873	13,500	54,362	160,509	—	3,000	—	—	(5,245)
Amortization of tangible capital assets		33,552	31,988	408,337	108,794	183,090	1,950	176,435	—	—	944,146
Disposal of tangible capital assets		—	—	—	—	28,612	—	—	—	—	28,612
Impairment of investments		—	—	—	—	3,347,384	—	—	—	—	3,347,384
Excess (deficiency) of revenue over expenses	\$	1,485,237	1,712,584	1,829,691	1,308,572	5,988,554	612,813	350,332	189,731	—	13,477,514
		\$ (1,123,926)	(200,815)	(1,048,310)	(27,950)	4,350,376	(203,162)	(26,033)	146,246	—	\$ 2,459,754