

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

WAWAKAPEWIN FIRST NATION  
INDEX  
FOR THE YEAR ENDED MARCH 31, 2016

|  |                |
|--|----------------|
| MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS  | <u>EXHIBIT</u> |
| INDEPENDENT AUDITORS' REPORT                                       | "A"            |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION                       | "B"            |
| CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS                      | "C"            |
| CONSOLIDATED STATEMENT OF OPERATIONS                               | "D"            |
| CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT/NET FINANCIAL ASSETS | "E"            |
| CONSOLIDATED STATEMENT OF CASH FLOWS                               | "F"            |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS                         | "G"            |

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2016

**MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of Wawakapewin First Nation are the responsibility of management and have been approved by Chief and Council.

Management is responsible for the integrity and objectivity of the consolidated financial statements. Estimates are necessary in the preparation of these consolidated financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella has full and free access to the Chief and Council.

  
CHIEF

  
COUNCILLOR

# **Holukoff Chiarella**

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
Ralph Orr, B.Comm. (Hons), C.A.  
(Practising as Ralph Orr Chartered Accountant Ltd.)

101 - 1180 Pembina Highway  
Winnipeg, Manitoba R3T 2A4  
Telephone (204) 452-6449  
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## **INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Members of  
Wawakapewin First Nation

We have audited the accompanying financial statements of Wawakapewin First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of accumulated surplus, operations, changes in net debt/net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

# *Holukoff Chiarella*

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
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## INDEPENDENT AUDITORS' REPORT - continued

### **Basis for Qualified Opinion**

Inventory consists of fuel and gas purchased for the community of Wawakapewin First Nation. We did not observe the inventory counts at the beginning or end of the year and alternative means did not provide us with the necessary assurance concerning the existence and valuation of the inventory. As a result, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus (deficit) and accumulated surplus.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Wawakapewin First Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Holukoff Chiarella*

WINNIPEG, MANITOBA  
July 25, 2016


CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2016

EXHIBIT "B"

|                                      | <u>2016</u>                | <u>2015</u>             |
|--------------------------------------|----------------------------|-------------------------|
| <b>FINANCIAL ASSETS</b>              |                            |                         |
| Cash                                 | \$ 196,489                 | 385,937                 |
| Accounts receivable, Note 2          | 243,101                    | 205,521                 |
| Investments, Note 3                  | 4                          | 4                       |
| Ottawa Trust Funds, Note 4           | <u>18,951</u>              | <u>15,323</u>           |
|                                      | <u>458,545</u>             | <u>606,785</u>          |
| <b>LIABILITIES</b>                   |                            |                         |
| Obligation under capital lease       |                            | 221,907                 |
| Accounts payable, Note 5             | 303,524                    | 163,591                 |
| Deferred revenue, Note 6             |                            | <u>411,393</u>          |
|                                      | <u>303,524</u>             | <u>796,891</u>          |
| <b>NET DEBT/NET FINANCIAL ASSETS</b> | <u>155,021</u>             | <u>(190,106)</u>        |
| <b>NON FINANCIAL ASSETS</b>          |                            |                         |
| Inventory, Note 7                    | 77,603                     | 254,535                 |
| Prepaid expenses                     | 19,159                     |                         |
| Tangible capital assets, Note 8      | <u>1,626,355</u>           | <u>1,692,964</u>        |
|                                      | <u>1,723,117</u>           | <u>1,947,499</u>        |
| <b>ACCUMULATED SURPLUS, Note 9</b>   | <b>\$ <u>1,878,138</u></b> | <b><u>1,757,393</u></b> |

APPROVED BY:

 CHIEF

 COUNCILLOR

EXHIBIT "C"

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2016

|                                       | <u>2016</u>         | <u>2015</u>      |
|---------------------------------------|---------------------|------------------|
| BALANCE AT BEGINNING OF YEAR          | \$ 1,757,393        | 1,622,065        |
| ANNUAL SURPLUS (DEFICIT), Exhibit "D" | <u>120,745</u>      | <u>135,328</u>   |
| BALANCE AT END OF YEAR                | \$ <u>1,878,138</u> | <u>1,757,393</u> |

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2016

|  | 2016                |                  | 2015             |
|--|---------------------|------------------|------------------|
|  | <u>Budget</u>       | <u>Actual</u>    | <u>Actual</u>    |
| REVENUE  |                     |                  |                  |
| AANDC  | \$ 804,400          | 1,079,834        | 1,069,292        |
| Health Canada                                  | 228,493             | 270,696          | 236,397          |
| OFNLP  | 687,456             | 726,918          | 723,363          |
| Ministry of Natural Resources                  |                     |                  | 71,447           |
| Ministry of Northern Development and Mines     | 186,432             | 186,432          | 186,432          |
| Ministry of Aboriginal Affairs                 | 90,000              | 90,000           | 90,000           |
| Other  | 83,407              | 761,418          | 355,844          |
|  | <u>2,080,188</u>    | <u>3,115,298</u> | <u>2,732,775</u> |
| EXPENSES                                       |                     |                  |                  |
| First Nation Management                        | 550,365             | 650,850          | 535,622          |
| Economic Development                           | 30,000              | 196,857          | 93,694           |
| Education                                      |                     |                  | 3,888            |
| Health Services                                | 239,968             | 330,215          | 293,603          |
| Municipal Services                             | 516,404             | 702,062          | 523,369          |
| Capital Programs                               | 154,650             | 539,934          | 359,664          |
| Other Programs                                 | 552,908             | 511,653          | 451,533          |
|  | <u>2,044,295</u>    | <u>2,931,571</u> | <u>2,261,373</u> |
| ANNUAL SURPLUS (DEFICIT)<br>BEFORE OTHER ITEMS | 35,893              | 183,727          | 471,402          |
| OTHER ITEMS                                    |                     |                  |                  |
| Ottawa Trust Funds                             |                     | 3,627            | 15,254           |
| Transfer to tangible capital assets, net       | 22,603              | 218,296          |                  |
| Amortization                                   | <u>(413,912)</u>    | <u>(284,905)</u> | <u>(351,328)</u> |
| ANNUAL SURPLUS (DEFICIT)                       | \$ <u>(355,416)</u> | <u>120,745</u>   | <u>135,328</u>   |



WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2016

|  | 2016                |                  |                  | 2015             |
|--|---------------------|------------------|------------------|------------------|
|  | Revenue             |                  |                  | Annual           |
|  | AANDC               | Other            | Total            | Surplus          |
|  |                     |                  |                  | (Deficit)        |
| First Nation Management                  | \$ 153,494          | 136,619          | 290,113          | 46,644           |
| Economic Development                     | 180,725             | 15,482           | 196,207          | 31,905           |
| Health                                   |                     | 339,574          | 339,574          | (2,010)          |
| Municipal Services                       | 421,122             | 186,432          | 607,554          | (650)            |
| Capital Programs                         | 230,667             | 371,766          | 602,433          | 9,359            |
| Other Programs                           | 93,826              | 985,591          | 1,079,417        | (2,735)          |
|  | <u>\$ 1,079,834</u> | <u>2,035,464</u> | <u>3,115,298</u> | 158,433          |
|  |                     |                  |                  | 23,530           |
|  |                     |                  |                  | <u>262,279</u>   |
|  |                     |                  |                  | 471,402          |
|  |                     |                  |                  |                  |
| OTHER ITEMS                              |                     |                  |                  |                  |
| Ottawa Trust Fund                        |                     |                  |                  | 3,627            |
| Transfer to tangible capital assets, net |                     |                  |                  | 218,296          |
| Amortization                             |                     |                  |                  | <u>(284,905)</u> |
| ANNUAL SURPLUS (DEFICIT)                 |                     |                  | \$               | <u>120,745</u>   |
|  |                     |                  |                  | <u>135,328</u>   |

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGES IN  
NET DEBT/NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2016

EXHIBIT "E"

|  | <u>2016</u>       | <u>2015</u>      |
|--|-------------------|------------------|
| ANNUAL SURPLUS (DEFICIT), Exhibit "D"                | \$ 120,745        | 135,328          |
| Acquisition of tangible capital assets, net          | (218,296)         | (232,200)        |
| Amortization of tangible capital assets              | 284,905           | 351,328          |
| Change in prepaid expenses                           | (19,159)          |                  |
| Change in inventory of supplies                      | <u>176,932</u>    | <u>(45,330)</u>  |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS          | 345,127           | 209,126          |
| NET FINANCIAL ASSETS (NET DEBT) AT BEGINNING OF YEAR | <u>(190,106)</u>  | <u>(399,232)</u> |
| NET FINANCIAL ASSETS (NET DEBT) AT END OF YEAR       | \$ <u>155,021</u> | <u>(190,106)</u> |

WAWAKAPEWIN FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2016

|   | <u>2016</u>       | <u>2015</u>      |
|---|-------------------|------------------|
| OPERATING TRANSACTIONS                      |                   |                  |
| Annual surplus (deficit), Exhibit "D"       | \$ 120,745        | 135,328          |
| Add non-cash items                          |                   |                  |
| Amortization                                | 284,905           | 351,328          |
| Net change in financial assets/liabilities  |                   |                  |
| Accounts receivable                         | (37,580)          | 199,425          |
| Prepaid expenses                            | (19,159)          |                  |
| Ottawa Trust Funds                          | (3,628)           | (15,253)         |
| Accounts payable                            | 139,933           | (357,819)        |
| Deferred revenue                            | (411,393)         | 407,893          |
| Inventory of supplies                       | <u>176,932</u>    | <u>(45,330)</u>  |
|   | <u>250,755</u>    | <u>675,572</u>   |
| CAPITAL TRANSACTIONS                        |                   |                  |
| Acquisition of tangible capital assets, net | <u>(218,296)</u>  | <u>(232,200)</u> |
| FINANCING TRANSACTIONS                      |                   |                  |
| Proceeds from capital lease                 |                   | 232,200          |
| Repayment of capital lease                  | (221,907)         | (10,293)         |
| Repayment of bank loan                      |                   | <u>(285,148)</u> |
|   | <u>(221,907)</u>  | <u>(63,241)</u>  |
| NET CHANGE IN CASH POSITION                 | (189,448)         | 380,131          |
| CASH POSITION AT BEGINNING OF YEAR          | <u>385,937</u>    | <u>5,806</u>     |
| CASH POSITION AT END OF YEAR                | \$ <u>196,489</u> | <u>385,937</u>   |

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

b) Nature and Purpose of Organization

The First Nation manages and administers all aspects of the Wawakapewin First Nation. The First Nation operates with a Chief and Council, who are ultimately responsible for the establishment and administration of all programs of the First Nation.

c) Revenue Recognition

The First Nation follows the deferral method of accounting for revenue. Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and can be reasonably estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the balance sheet.

Other income, primarily fees for service, is recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

d) Tangible Capital Assets

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

e) Amortization

Assets are amortized over their expected useful life using the straight line method at the following rates:

|  |                |
|--|----------------|
| Water and Sewer Infrastructure<br>and Generating Station | 6 2/3%         |
| General Buildings  | 6 2/3% and 10% |
| General Equipment and Vehicles                           | 33 1/3%        |
| Heavy Equipment  | 20%            |
| Band Housing   | 6 2/3%         |
| Roads  | 6 2/3%         |

Amortization is recorded in the year following the acquisition.

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the weighted average cost method.

g) Net Debt/Net Financial Assets

The First Nation's financial statements are presented so as to highlight net debt/net financial assets as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

h) Financial Instruments

*Initial and subsequent measurement*

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable, investments and Ottawa Trust Funds.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable.

*Transaction costs*

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

i) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

## 2. ACCOUNTS RECEIVABLE

|                                      | <u>2016</u>       | <u>2015</u>     |
|--------------------------------------|-------------------|-----------------|
| Federal Government                   |                   |                 |
| - AANDC                              | \$ 64,356         | 32,099          |
| - Health Canada                      | 14,245            |                 |
| Other government agencies            | 4,076             | 4,732           |
| Shibogama First Nation Council       | 26,237            | 17,572          |
| Ministry of Natural Resources        |                   | 16,447          |
| Ministry of Aboriginal Affairs       |                   | 45,000          |
| MNDM                                 | 46,608            | 46,608          |
| HST receivable                       | 46,941            | 42,898          |
| Due from members                     | 54,827            | 51,913          |
| Nishnawbe Aski Nation                | 33,362            |                 |
| Other                                | <u>10,935</u>     | <u>11,583</u>   |
|                                      | 301,587           | 268,852         |
| Less allowance for doubtful accounts | <u>(58,486)</u>   | <u>(63,331)</u> |
|                                      | \$ <u>243,101</u> | <u>205,521</u>  |

## 3. INVESTMENTS

The First Nation has the following investments:

|  | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Kenawun Community Development Corporation              |             |             |
| Loan with no specified interest or terms of repayment. | \$ 1        | 1           |
| First Nations LP                                       |             |             |
| Equity investment                                      | 1           | 1           |
| 145005 Ontario Inc.                                    |             |             |
| Loan with no specified interest or terms of repayment  | 1           | 1           |
| Kenawun Properties Ltd.                                |             |             |
| Loan with no specified interest or terms of repayment  | <u>1</u>    | <u>1</u>    |
|  | \$ <u>4</u> | <u>4</u>    |

The above investments have been written down to a nominal value of \$1, which is their approximate expected net realizable value.

## 4. OTTAWA TRUST FUNDS

The Ottawa Trust Accounts 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.

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

## 5. ACCOUNTS PAYABLE

|                                | <u>2016</u>              | <u>2015</u>           |
|--------------------------------|--------------------------|-----------------------|
| AANDC                          | \$ 31,624                |                       |
| Shibogama First Nation Council | 121                      | 4,077                 |
| Aboriginal Strategies LLP      | 3,056                    | 6,057                 |
| Beta Fluid Power               | 85,611                   | 12,793                |
| Loch Lomond Equipment Sales    | 77,908                   | 14,167                |
| Osnaburgh Airways Limited      |                          | 14,536                |
| Slate Falls Airways            | 15,600                   | 18,794                |
| MMM Group Limited              |                          | 10,575                |
| 1827862 Ontario Inc.           | 23,600                   |                       |
| 2080061 Ontario Inc.           | 3,381                    |                       |
| Other trade accounts payable   | 28,203                   | 43,992                |
| Accrued liabilities            | <u>34,420</u>            | <u>38,600</u>         |
|                                | <b>\$ <u>303,524</u></b> | <b><u>163,591</u></b> |

## 6. DEFERRED REVENUE

Funding in the current period to be applied against subsequent period programs are recorded as deferred revenue in the financial statements.

Deferred revenue consists of the following:

|                                | <u>Opening<br/>Balance</u> | <u>Funding<br/>Received</u> | <u>Revenue<br/>Recognized</u> | <u>Closing<br/>Balance</u> |
|--------------------------------|----------------------------|-----------------------------|-------------------------------|----------------------------|
| Land Use Planning              | \$ 41,447                  |                             | (41,447)                      |                            |
| OFNLP                          | 21,898                     |                             | (21,898)                      |                            |
| Equipment - Capital lease      | 221,907                    |                             | (221,907)                     |                            |
| Special Service Infrastructure | <u>126,141</u>             |                             | <u>(126,141)</u>              |                            |
|                                | <b>\$ <u>411,393</u></b>   |                             | <b><u>(411,393)</u></b>       |                            |

## 7. INVENTORY

Inventory balance is comprised of the following, based on invoice price at the time of purchase.

|      | <u>2016</u>             | <u>2015</u>           |
|------|-------------------------|-----------------------|
| Gas  | \$ 17,010               | 20,380                |
| Fuel | <u>60,593</u>           | <u>234,155</u>        |
|      | <b>\$ <u>77,603</u></b> | <b><u>254,535</u></b> |

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

## 8. TANGIBLE CAPITAL ASSETS

|                                   |    | 2016             |                |                  |                  |
|-----------------------------------|----|------------------|----------------|------------------|------------------|
|                                   |    | Cost             | Additions      | Cost             | Accumulated      |
|                                   |    | Mar. 31/15       | (Disposals)    | Mar. 31/16       | Amortization     |
|                                   |    |                  |                |                  | Net Book Value   |
| Tangible capital assets           |    |                  |                |                  |                  |
| Land improvement                  | \$ | 28,000           |                | 28,000           | 16,803           |
| General buildings                 |    | 2,643,948        |                | 2,643,948        | 2,562,640        |
| Vehicles and equipment            |    | 470,868          | 101,298        | 572,166          | 470,868          |
| Heavy vehicles                    |    | 1,180,165        | 29,781         | 1,209,946        | 854,258          |
| Water and sewer infrastructure    |    | 648,433          |                | 648,433          | 620,472          |
| Generating station infrastructure |    | 1,234,819        |                | 1,234,819        | 586,014          |
| Road                              |    | 72,000           |                | 72,000           | 72,000           |
| Band housing                      |    | 671,572          |                | 671,572          | 592,388          |
| Assets under construction         |    | <u>233,697</u>   | <u>87,217</u>  | <u>320,914</u>   | <u>320,914</u>   |
|                                   | \$ | <u>7,183,502</u> | <u>218,296</u> | <u>7,401,798</u> | <u>5,775,443</u> |
|                                   |    |                  |                |                  | <u>1,626,355</u> |

|                                   |    | 2015             |                |                  |                  |
|-----------------------------------|----|------------------|----------------|------------------|------------------|
|                                   |    | Cost             | Additions      | Cost             | Accumulated      |
|                                   |    | Mar. 31/14       | (Disposals)    | Mar. 31/15       | Amortization     |
|                                   |    |                  |                |                  | Net Book Value   |
| Tangible capital assets           |    |                  |                |                  |                  |
| Land improvement                  | \$ | 28,000           |                | 28,000           | 14,936           |
| General buildings                 |    | 2,643,948        |                | 2,643,948        | 2,501,310        |
| Vehicles and equipment            |    | 470,868          |                | 470,868          | 461,768          |
| Heavy vehicles                    |    | 947,965          | 232,200        | 1,180,165        | 723,239          |
| Water and sewer infrastructure    |    | 648,433          |                | 648,433          | 616,976          |
| Generating station infrastructure |    | 1,234,819        |                | 1,234,819        | 530,092          |
| Road                              |    | 72,000           |                | 72,000           | 67,200           |
| Band housing                      |    | 671,572          |                | 671,572          | 575,017          |
| Assets under construction         |    | <u>233,697</u>   | <u>_____</u>   | <u>233,697</u>   | <u>_____</u>     |
|                                   | \$ | <u>6,951,302</u> | <u>232,200</u> | <u>7,183,502</u> | <u>5,490,538</u> |
|                                   |    |                  |                |                  | <u>1,692,964</u> |



WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

9. ACCUMULATED SURPLUS

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant contribution arrangements. Any repayment or recovery of previous surpluses is recorded in the period of repayment or recovery as an adjustment to revenue.

10. FINANCIAL RISKS AND CONCENTRATION OF RISK

a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are mainly due from funders. There has been no change to the risk exposures from 2015.

b) Liquidity risk

Liquidity risk is the risk that First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation's exposure to liquidity risk is dependent on the collection of funding, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the First Nation's cash requirements. Management is of the opinion that liquidity risk is not a significant risk and there has been no change to the risk exposures from 2015.

c) Currency risk

The First Nation is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the First Nation does not normally have revenues and expenses denominated in U.S. dollars. There has been no change to the risk exposure from 2015.

d) Interest Rate risk

The First Nation does not have any interest rate risk as it does not have any interest bearing liabilities.

11. ECONOMIC DEPENDENCE

The Wawakapewin First Nation receives a major portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada and Health Canada.

12. BUDGET FIGURES

Budget data were included when available and have been approved by Chief and Council.

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

## 13. SEGMENT DISCLOSURE

|  | First Nation Management |           | Economic Development |         | Education |         |
|--|-------------------------|-----------|----------------------|---------|-----------|---------|
|  | Budget                  | 2016      | 2015                 | Budget  | 2016      | 2015    |
| REVENUE  |                         |           |                      |         |           |         |
| Federal government   | \$ 151,080              | 153,494   | 151,080              | 36,000  | 180,725   | 71,000  |
| Provincial government  |                         |           |                      |         |           |         |
| Economic activities  |                         |           |                      |         |           |         |
| Net income from investments in government business enterprises |                         |           |                      |         |           |         |
| Other revenue  | 13,284                  | 136,619   | 170,049              |         | 15,482    | 20,684  |
|  |                         |           |                      |         | 3,888     | 3,888   |
| TOTAL REVENUE  | 164,364                 | 290,113   | 321,129              | 36,000  | 196,207   | 91,684  |
|  |                         |           |                      |         | 3,888     | 3,888   |
| EXPENSES   |                         |           |                      |         |           |         |
| Honoraria  |                         |           |                      |         |           |         |
| Chief and Councillors  | 125,792                 | 108,050   | 106,999              |         |           |         |
| Wages and benefits   | 125,640                 | 116,612   | 110,804              |         | 83,132    | 33,126  |
| Amortization   | 413,912                 | 284,905   | 351,328              |         |           |         |
| Tangible capital assets  | (22,603)                | (218,296) |                      |         |           |         |
| Interest   | 4,200                   | 2,199     | 14,675               | 30,000  | 113,725   | 60,568  |
| Other expenses   | 294,733                 | 420,361   | 303,144              |         |           | 3,888   |
|  |                         |           |                      |         |           | 3,888   |
| TOTAL EXPENSES   | 941,674                 | 713,831   | 886,950              | 6,000   | 196,857   | 93,694  |
|  |                         |           |                      |         |           | 3,888   |
| SURPLUS (DEFICIT) BEFORE TRANSFERS                             | (777,310)               | (423,718) | (565,821)            | (6,000) | (650)     | (2,010) |
|  |                         |           |                      |         | 3,888     |         |
| TRANSFERS  | 366,012                 | 407,381   | 261,652              | (6,000) |           |         |
|  |                         |           |                      |         | 3,888     |         |
| ANNUAL SURPLUS (DEFICIT)                                       | \$ (411,298)            | (16,337)  | (304,169)            |         | (650)     | (2,010) |

|  | Health          |                | Municipal Services |                | Capital Programs |                |
|--|-----------------|----------------|--------------------|----------------|------------------|----------------|
|  | <u>Budget</u>   | <u>2016</u>    | <u>Budget</u>      | <u>2016</u>    | <u>Budget</u>    | <u>2016</u>    |
| REVENUE  |                 |                |                    |                |                  |                |
| Federal government   | \$ 228,493      | 270,696        | 432,253            | 421,121        | 151,567          | 230,667        |
| Provincial government  |                 | 236,397        | 186,432            | 186,432        |                  | 150,994        |
| Economic activities  |                 |                |                    |                |                  |                |
| Net income from investments in government business enterprises |                 |                |                    |                |                  |                |
| Other revenue  | <u>44,479</u>   | <u>68,878</u>  |                    |                |                  | <u>371,766</u> |
| TOTAL REVENUE  | <u>272,972</u>  | <u>290,868</u> | <u>618,685</u>     | <u>607,553</u> | <u>151,567</u>   | <u>150,994</u> |
| EXPENSES   |                 |                |                    |                |                  |                |
| Honoraria  |                 |                |                    |                |                  |                |
| Chief and Councillors  |                 |                |                    |                |                  |                |
| Wages and benefits   | 125,572         | 143,209        | 188,748            | 136,738        |                  | 88,616         |
| Amortization   |                 |                |                    |                |                  |                |
| Tangible capital assets  |                 |                |                    |                |                  |                |
| Interest   |                 |                |                    |                |                  |                |
| Other expenses   | <u>114,396</u>  | <u>187,006</u> | <u>327,656</u>     | <u>565,324</u> | <u>154,650</u>   | <u>539,934</u> |
| TOTAL EXPENSES   | <u>239,968</u>  | <u>330,215</u> | <u>516,404</u>     | <u>702,062</u> | <u>154,650</u>   | <u>359,664</u> |
| SURPLUS (DEFICIT) BEFORE TRANSFERS                             | 33,044          | 9,359          | 102,281            | (94,509)       | (3,083)          | (208,670)      |
| TRANSFERS  | <u>(33,044)</u> |                | <u>(47,924)</u>    | <u>89,705</u>  |                  | <u>62,514</u>  |
| ANNUAL SURPLUS (DEFICIT)                                       | \$              | <u>9,359</u>   | <u>(54,357)</u>    | <u>(4,804)</u> | <u>(3,083)</u>   | <u>125,013</u> |
|  |                 |                |                    |                |                  | <u>23,530</u>  |

WAWAKAPEWIN FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

## 14. SEGMENT DISCLOSURE, continued

|  | Other Programs |           | Total     |           |
|--|----------------|-----------|-----------|-----------|
|  | Budget         | 2016      | 2015      |           |
| REVENUE  |                |           |           |           |
| Federal government   | \$ 33,500      | 93,826    | 264,000   | 1,032,893 |
| Provincial government  | 90,000         | 90,000    | 161,447   | 276,432   |
| Economic activities  |                |           |           |           |
| Net income from investments in government business enterprises |                |           |           |           |
| Other revenue  | 709,212        | 895,591   | 782,217   | 770,863   |
| TOTAL REVENUE  | 832,712        | 1,079,417 | 1,207,664 | 2,080,188 |
| EXPENSES   |                |           |           |           |
| Honoraria  |                |           |           |           |
| Chief and Councillors  | 13,200         | 13,200    |           | 138,992   |
| Wages and benefits   | 53,400         | 57,223    | 72,248    | 493,360   |
| Amortization   |                |           |           | 413,912   |
| Tangible capital assets  |                |           |           | (22,603)  |
| Interest   |                |           |           | 4,200     |
| Other expenses   | 486,308        | 441,230   | 371,582   | 1,407,743 |
| TOTAL EXPENSES   | 552,908        | 511,653   | 451,533   | 2,435,604 |
| SURPLUS (DEFICIT) BEFORE TRANSFERS                             | 279,804        | 567,764   | 756,131   | (355,416) |
| TRANSFERS  | (275,196)      | (559,600) | (493,852) |           |
| ANNUAL SURPLUS (DEFICIT)                                       | \$ 4,608       | 8,164     | 262,279   | (355,416) |
|  |                |           |           | 120,745   |
|  |                |           |           | 135,328   |
|  |                |           |           | 135,328   |