

Obashkaandagaang First Nation
Consolidated Financial Statements
March 31, 2019

Obashkaandagaang First Nation

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For the year ended March 31, 2019

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Management's Responsibility for Financial Reporting

To the Chief and Council and Members of Obashkaandagaang First Nation,

The accompanying consolidated financial statements of Obashkaandagaang First Nation (the "First Nation") are the responsibility of and approved by Chief and Council.



Chief and Council is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The First Nation's Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

Exchange Group Chartered Professional Accountants, an independent firm, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically with, both Chief and Council and management to discuss their audit findings.

Chief and Council of Obashkaandagaang First Nation

 _____	Chief	 _____	Councillor
_____	Councillor	_____	Councillor

August 23, 2019

INDEPENDENT AUDITORS' REPORT

To the Chief and Council and Members of Obashkaandagaang First Nation

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Obashkaandagaang First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

The First Nation's investment in Washagamis Bay Investment Corporation (WBIC), is a wholly owned unit recorded using the consolidation method. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of WBIC's assets, liabilities and accumulated surplus as at March 31, 2019 and WBIC's surplus for the year then ended. The First Nation consolidated WBIC in its financial statements including assets of \$78,000, accumulated surplus of \$88,000, revenue of \$237,000 and expenses of \$247,000.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical 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 qualified opinion.

Other Matter — Restated Comparative Information

The financial statements for the year ended March 31, 2018 excluding the adjustments that were applied to restate certain comparative information were audited by another auditor who expressed a denial of opinion on those financial statements on February 7, 2019 because tangible capital assets had not been recorded, which constituted a departure from PSAS.

As part of our audit of the financial statements for the year ended March 31, 2019, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information as described in (Note 3), we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended March 31, 2018. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these consolidated 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 risks of material misstatement of the consolidated 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, intentional 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 purpose 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 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Exchange

Chartered Professional Accountants LLP

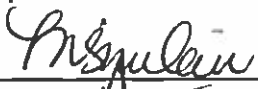

Winnipeg, Manitoba

August 23, 2019

Obashkaandagaang First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018 (Note 3)
Financial assets		
Current		
Cash (Note 4)	2,095,495	521,420
Accounts receivable (Note 5)	1,825,594	471,776
	3,921,089	993,196
Portfolio Investments (Note 6)	35,104	104
Due from Indigenous Services Canada (Note 8)	848,400	780,000
Restricted Cash (Note 7)	135,025	131,799
Total financial assets	4,939,618	1,905,099
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	357,304	500,723
Deferred revenue (Note 10)	1,622,048	5,500
Repayable to Funders (Note 11)	408,337	60,569
Current portion of long-term debt (Note 13)	1,790,094	1,391,294
	4,177,783	1,958,086
Provision for landfill closure (Note 12)	68,450	65,318
Long-term debt (Note 13)	2,612	35,452
Due to Indigenous Services Canada (Note 8)	848,400	780,000
Total liabilities	5,097,245	2,838,856
Net financial assets (net debt)	(157,627)	(933,757)
Contingent liabilities (Note 16)		
Non-financial assets		
Tangible capital assets (Note 15)	7,357,180	7,723,143
Prepaid expenses	33,158	-
Total non-financial assets	7,390,338	7,723,143
Accumulated surplus	7,232,711	6,789,386

Approved on behalf of the Council

Chief



Councillor

Councillor

Councillor

The accompanying notes are an integral part of these financial statements

Obashkaandagaang First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget (unaudited)</i>	<i>2019</i>	<i>2018 (Note 3)</i>
Revenue				
Indigenous Services Canada (Note 14)		1,621,984	3,858,385	2,487,186
Ontario First Nations Limited Partnership		504,000	665,094	524,266
Ministry of Community and Social Services (Note 14)		520,813	512,950	570,527
First Nations and Inuit Health (Note 14)		337,245	414,261	619,420
Ministry of Education (Note 14)		302,868	381,861	41,471
Kenora Chief's Advisory		88,505	336,386	377,020
Miscellaneous		12,000	173,869	259,250
Cottage Lot Fees		40,000	266,766	272,966
Ministry of Indigenous Affairs (Note 14)		-	265,717	162,000
Ministry of Health and Long-Term Care (Note 14)		-	127,965	-
Administration		33,725	65,240	53,900
Grand Council Treaty #3		-	80,275	25,691
Rental income		38,800	41,942	74,425
Shooniyaa Wa-Biitong		-	37,690	89,085
Canada Mortgage and Housing Corporation (Note 14)		-	5,904	36,903
Hydro One		-	-	60,637
Bimose Tribal Council		-	-	6,000
Aboriginal Economic Development Fund		-	-	10,000
Kakina Economic Development Group LP		-	-	(3,998)
Deferred revenue - prior year (Note 10)		-	5,500	458,531
Deferred revenue - current year (Note 10)		-	(1,622,048)	(5,500)
Repayment of funding		-	(431,302)	(85,242)
Allocated Administration		-	(65,240)	(53,900)
		3,499,940	5,121,215	5,980,638
Expenses				
Administration	3	485,126	1,205,441	999,795
Education	4	1,274,386	988,862	1,058,794
Operations and Maintenance	5	240,249	348,745	634,693
Social Assistance	6	787,507	969,797	1,083,781
Health	7	337,245	481,146	731,556
Minor Capital	8	174,737	416,666	535,363
Ontario First Nations Limited Partnership	9	261,951	69,537	16,915
Land Management	10	-	262,936	529,249
Allocated Administration		-	(65,240)	(53,900)
Total expenses (Schedule 1)		3,561,201	4,677,890	5,536,246
Surplus		(61,261)	443,325	444,392
Accumulated surplus, beginning of year, as restated (Note 3)		6,789,386	6,789,386	6,344,994
Accumulated surplus, end of year		6,728,125	7,232,711	6,789,386

The accompanying notes are an integral part of these financial statements

Obashkaandagaang First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2019

	2019 Budget (unaudited)	2019	2018 (Note 3)
Annual surplus	(61,261)	443,325	444,392
Purchases of tangible capital assets	-	-	(146,004)
Amortization of tangible capital assets	-	365,963	365,963
Change in prepaid expenses	-	(33,158)	-
(Increase) decrease in net financial assets (net debt)	(61,261)	776,130	664,351
Net debt, beginning of year	(933,757)	(933,757)	(1,598,108)
Net financial assets (net debt), end of year	(995,018)	(157,627)	(933,757)

Obashkaandagaang First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018 (Note 3)
Cash provided by (used for) the following activities		
Operating activities		
Surplus	443,325	444,392
Adjustments for non-cash items		
Amortization	365,963	365,963
Provision for landfill closure accretion	3,132	3,041
Changes in working capital accounts		
Accounts receivable	(1,353,818)	(601,258)
Prepaid expenses	(33,158)	-
Accounts payable and accruals	(143,419)	53,079
Deferred revenue	1,616,548	(453,031)
Repayable to funders	347,768	(69,234)
	1,246,341	(257,048)
Financing activities		
Advances of long-term debt	424,822	158,573
Repayment of long-term debt	(58,862)	(172,128)
	365,960	(13,555)
Capital activities		
Purchases of tangible capital assets	-	(146,004)
Investing activities		
Investment in Treaty 3 Investment Group	(35,000)	-
Disposal of Investments in Kakina economic Development Group LP	-	3,997
	(35,000)	3,997
Increase (decrease) in cash resources	1,577,301	(412,610)
Cash, beginning of year	653,219	1,065,829
Cash, end of year	2,230,520	653,219
Supplementary cash flow information		
Interest paid	1,826	2,822
Interest received	2,176	1,948
Cash consists of:		
Cash	2,095,495	521,420
Restricted cash	131,025	131,799
	2,230,520	653,219

The accompanying notes are an integral part of these financial statements

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

The Obashkaandagaang First Nation (the "First Nation") is located in the province of Ontario and provides various services to its members. Obashkaandagaang First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards (PSAS) and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Obashkaandagaang First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Obashkaandagaang First Nation
- Washagamis Bay Investment Corporation

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in each schedule. Allocated administration has been presented as a decrease in overall revenue and expenses in the Consolidated Statement Operations and Accumulated Surplus.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Financial Instruments

The First Nation recognizes financial instruments when it becomes party to the contractual provisions of the instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are measured at their carrying or exchange amounts.

At initial recognition, the First Nation may irrevocably elect to subsequently measure a financial instrument at fair value. The First Nation has not made any such elections during the year. All financial assets and liabilities are subsequently measured at amortized cost.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Tangible capital assets are amortized annually using the straight-line method at the following rates which are intended to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	25 to 55 years
Roads	50 to 100 years
Water	56 years
Vehicles	5 years
Houses	40 years

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

Long-lived assets

Long-lived assets consist of tangible capital assets. The First Nation performs impairment testing on long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus (deficit) for the year.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the First Nation is directly responsible; or accepts responsibility; and
- a reasonable estimate of the amount can be made.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenses during the reporting period. These estimates and assumptions are reviewed periodically and as adjustments become necessary, they are reported in the records in the periods in which they become known.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

Segments

The First Nation conducts its business through eight reportable segments: Administration, Education, Operations and Maintenance, Social Assistance, Health, Minor Capital, Ontario First Nations Limited Partnership and Land Management. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Portfolio Investments

First Nation Business Partnerships that are neither controlled by the First Nation nor dependent on the First Nation for their continued operations, are included in the consolidated financial statements at cost.

3. Prior Period Adjustments

Tangible Capital Assets – The prior year amounts have been restated as historically tangible capital assets were expensed which is not in accordance with PSAS. In the current year, tangible capital assets were appropriately recorded therefore the prior year's financial statements were restated.

In addition, certain errors in the prior financial statements were discovered and as a result the amounts were restated. The items restated related to:

Accrued Receivables and Payables – Certain Receivable and Payable balances were recorded incorrectly. These balances were not collectable or payable but rather carried forward in error.

Cash Accounts – Cash balances held in a trust accounts had been fully expended and invalid cheques were not reversed in 2018. These trust account balances and reversals were carried forward in error.

Deferred Revenue – Deferred revenue relating to Kenora Chief's Advisory and Ontario First Nations LP were deferred when the First Nation met the criteria for revenue recognition.

The impact of these prior period adjustments are as follows:

	2018 Previously Stated	Tangible Capital Assets	Accrued Receivables and Payables	Cash Accounts	Deferred Revenue	2018 Restated
Cash & restricted cash	672,321	-	-	(19,102)	-	653,219
Accounts receivable	964,005	-	(492,229)	-	-	471,776
Accounts payable and accrued liabilities	311,037	-	189,686	-	-	500,723
Deferred revenue	1,075,910	-	-	-	(1,070,410)	5,500
Repayable to funders	190,373	-	(129,714)	-	-	60,659
Provision for landfill closure	-	65,318	-	-	-	65,318
Long term debt	1,208,306	-	218,440	-	-	1,426,746
Tangible capital assets	904,903	6,818,240	-	-	-	7,723,143
Revenue	5,253,431	-	161,512	(2,095)	567,790	5,980,638
Expenses	5,146,945	369,006	5,387	14,908	-	5,536,246
Accumulated surplus, beginning of year	(350,781)	7,121,926	(926,672)	(2,099)	502,620	6,344,994
Accumulated surplus, end of year	(244,295)	6,752,920	(770,547)	(19,102)	1,070,410	6,789,386

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Cash

	2019	2018 (Note 3)
Royal Bank of Canada	2,050,200	461,567
Unrestricted Trust Accounts	84,436	97,944
Less: CMHC Replacement Reserve	(39,141)	(38,091)
	2,095,495	521,420

5. Accounts receivable

	2019	2018 (Note 3)
Indigenous Services Canada	1,647,209	334,078
Shooniyaa Wa-Biitong	13,112	-
Ministry of Education	15,531	-
Ministry of Indigenous Affairs	94,717	-
Harmonized Sales Tax Recievable	25,373	25,399
Other accounts receivable	27,193	55,056
Payroll Advances	2,459	-
CMHC Subsidy Assistance Receivable	-	31,491
Ministry of Community and Social Services	-	25,752
	1,825,594	471,776

6. Portfolio Investments

The First Nation has investments held at cost in the following partnerships:

	2019	2018
Kakina Economic Development Group		
Limited Partner Units - 99,999 (10% interest)	1	1
General Partner Shares - 100	100	100
Ontario First Nations Limited Partnership		
Limited Partner Units	1	1
General Partner Shares	1	1
Sovereign Wealth LP		
Limited Partner Units – 1 (0.3918% interest)	1	1
Treaty 3 Investment Group		
Limited Partner Units	35,000	-
	35,104	104

Sovereign Wealth LP primarily hold Hydro One Shares. In 2018, Sovereign Wealth LP reported net loss of \$25.6 million (the First Nations interest at 0.3918% was a net loss of \$100,300).

Commencing with the 2012 fiscal year end and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and the Ontario First Nations Limited Partnership (OFNLP), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of the 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

In 2018, Kakina Economic Development Group LP reported a net loss of \$2,111 (the First Nations interest at 10% was a net loss of \$211). The partnership units are not traded on an active market.

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Restricted Cash

Capital and Revenue Trust

The funds held in trust in the consolidated revenue fund of the Government of Canada are subject to audit by the office of the Auditor General of Canada. Revenue from the funds held in trust are recognized in the year in which it is earned when it is measurable, and collection is reasonably assured. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

CMHC Replacement Reserve

The First Nation is required by CMHC to set aside funds each year in a replacement reserve to fund the replacement of buildings financed by CMHC.

	2019	2018 <i>(Note 3)</i>
Capital Trust		
Balance, beginning of year	26,109	26,109
Balance, end of year	26,109	26,109
Revenue Trust		
Balance, beginning of year	67,599	65,651
Additions	2,176	1,948
Balance, end of year	69,775	67,599
CMHC Replacement Reserve		
Balance, beginning of year	38,091	37,041
Additions	1,050	1,050
Balance, end of year	39,141	38,091
	135,025	131,799

8. Washagamis Bay Investment Corporation

At March 31, 2019 the Washagamis Bay Investment Corporation had a balance owing to Indigenous Services Canada in trust of Obashkaandagaang First Nation (the "First Nation") in the amount of \$848,800 (March 31, 2018 - \$780,000) that related to arrears in land lease payments for the years from 2004 - 2019.

Those funds, once flowed to ISC, will be deposited into the Ottawa Trust Fund in trust of the First Nation.

The balances owed have been reflected as follows:

Wasagamis Bay Investment Corporation payable to INAC	(848,400)
Obashkaandagaang First Nation receivable from the Ottawa	848,400

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Accounts payable and accruals

	2019	2018 <i>(Note 3)</i>
Trade payables and accruals	357,304	500,723
	357,304	500,723

10. Deferred revenue

Segment	Balance, March 31, 2018 <i>(Note 3)</i>	INAC Funding	Other Funding including repayments	Revenue Recognized	Balance March 31, 2019
Administration	-	751,842	610,936	1,256,892	105,886
Education	-	1,127,264	(22,345)	995,822	109,097
Operations & Maintenance	-	1,640,332	(5,003)	389,579	1,245,750
Social Assistance	-	164,210	984,197	1,148,407	-
Health	5,500	-	441,703	447,203	-
Minor Capital	-	174,737	27,245	201,982	-
Ontario First Nations Limited Partnership	-	-	662,645	501,330	161,315
Land Management	-	-	180,000	180,000	-
	5,500	3,858,385	2,879,378	5,121,215	1,622,048

11. Repayable to funders

	2019	2018 <i>(Note 3)</i>
Indigenous Services Canada	111,500	57,377
First Nations and Inuit Health	-	3,192
Ministry of Education	296,837	-
	408,337	60,569

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Landfill closure and post closure liabilities

The First Nation is currently operating a landfill site. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2019	2018 <i>(Note 3)</i>
Estimated closure and post closure costs	75,000	75,000
Discount rate	1.55%	1.54%
Discounted costs	72,728	71,369
 Expected year capacity will be reached	 2021	 2021
Capacity (years)		
Used to date	32	31
Remaining	2	3
Total	34	34
 Percent utilized	 94%	 91%
Liability based on percentage	68,450	65,318

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

13. Long-term debt

	2019	2018
Indigenous Services Canada Flooding Claim loan, unsecured, repayable when flood claim is settled, interest free, maturing in March 2023 unless the claim is still in negotiations at which time the term will be extended for up to another five years.	971,179	727,676
Indigenous Services Canada Garden Island Land Claim loan, unsecured, repayable when land claim is settled, interest free, maturing in March 2023 unless the claim is still in negotiations at which time the term will be extended for up to another five years.	786,176	626,988
CMHC loan, repayable in blended monthly payments of principal and interest in the amount of \$2,308, bearing interest at 4.5%. Secured by a Ministerial guarantee. Maturing 2020.	-	48,254
CMHC loan, repayable in blended monthly payments of principal and interest in the amount of \$2,228, bearing interest at 1.82%. Secured by a Ministerial guarantee. Maturing 2020.	22,131	-
RBC School Bus non-revolving term facility, repayable in monthly payments of \$884 plus interest at RBC prime + 2.65%, secured by the 2010 Blue Bird Vision School Bus with a net book value of \$NIL (2018 - \$NIL).	13,220	23,828
	1,792,706	1,426,746

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2020	1,790,094
2021	2,612
2022	-
2023	-
2024	-

Interest on long-term debt amounted to \$1,826 (2018 - \$3,908).

14. Government transfers

	Operating	Capital	2019	2018
Federal government transfers				
Indigenous Services Canada	3,858,385	-	3,858,385	2,487,186
First Nations and Inuit Health	414,261	-	414,261	619,420
Canada Mortgage and Housing Corporation	5,904	-	5,904	36,903
Total Federal	4,278,550	-	4,278,550	3,143,509
Provincial government transfers				
Ministry of Community and Social Services	512,950	-	512,950	570,527
Ministry of Indigenous Affairs	265,717	-	265,717	162,000
Ministry of Education	381,861	-	381,861	41,471
Ministry of Health and Long-Term Care	127,965	-	127,965	
Total Provincial	1,288,493	-	1,288,493	773,998
	5,567,043	-	5,567,043	3,917,507

Obashkaandagaang First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

15. Tangible Capital Assets

	Buildings	Water	Roads	Vehicles	Houses	Total
Cost						
Balance, Beginning of Year	2,235,448	255,751	2,185,084	298,282	6,955,965	11,930,530
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance, End of Year	2,235,448	255,751	2,185,084	298,282	6,955,965	11,930,530
Accumulated Amortization						
Balance, Beginning of Year	785,841	64,170	1,162,725	157,761	2,036,890	4,207,387
Annual Amortization	73,471	4,567	34,870	37,106	215,949	365,963
Balance, End of Year	859,312	68,737	1,197,595	194,867	2,252,839	4,573,350
Net Book Value of Tangible Capital Assets	1,376,136	187,014	987,489	103,415	4,703,126	7,357,180
March 31, 2018 Net Book Value of Tangible Capital Assets	1,449,607	191,581	1,022,359	140,521	4,919,075	7,723,143

16. Contingent liabilities

The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. The First Nation has not received any notice of repayment requirements.

In August 2019 two lawsuits related to employment affairs were filed against the First Nation. At this time the outcome and estimated liability are unknown. No amounts have been recorded in the consolidated financial statements for these lawsuits.

17. Economic dependence

The First Nation receives 65% (2018 - 45%) of its revenue from Indigenous Services Canada as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

18. Financial instrument risk management

The First Nation is susceptible to credit risk due to the large balances of accounts receivable. Credit risk is the risk of financial loss if a debtor fails to make payments of interest and principal when due. Accounts receivable from federal and provincial governments pose minimal credit risk. Other receivables are monitored on a regular basis. The First Nation measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the First Nation's historical experience regarding collections.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and price risk. Unless otherwise noted, it's management's opinion that the First Nation is not exposed to significant currency, interest and price risk.

Liquidity risk is the risk that the First Nation will not be able to meet all cash outflow obligations as they become due. The First Nation mitigates this risk by monitoring cash activities.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

19. Comparative figures

Certain comparative figures have been reclassified to conform to the current year presentation.

Obashkaandagaang First Nation
Schedule 1 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Consolidated expenses by object			
Administration	33,384	65,240	54,219
Amortization		365,963	365,963
Bank charges and interest	6,100	4,430	9,129
Bottled water expense	-	42,616	-
Child care	114,689	70,553	64,134
Community donations	-	-	6,793
Community events	17,692	44,820	308
Contracted services	588,616	329,546	1,206,964
Employee benefits	-	17,609	8,100
Employee related expenses	-	-	8,050
Fuel and oil	14,400	13,878	5,256
Furniture and equipment	-	1,956	12,814
Honoraria	69,858	54,587	52,100
Income support	-	2,000	2,000
Insurance	6,800	27,618	23,981
Interest on long-term debt	2,334	1,826	3,908
Meeting	-	13,385	35,965
Miscellaneous	5,000	47,726	51,864
Office rent	2,400	1,500	3,015
Cottage Lot Fee Expenses	-	236,275	284,742
Pow-wow	-	41,368	23,310
Professional fees	211,947	597,294	529,477
Program expense	191,908	304,894	406,843
Rent	18,535	-	21,972
Repairs and maintenance	37,815	86,181	49,779
Salaries and benefits	1,078,098	1,152,339	1,059,353
Social assistance	438,813	361,806	437,897
Supplies	49,201	88,145	99,329
Telephone and internet	8,460	33,880	28,966
Training	22,952	300	1,870
Travel	67,766	131,686	133,851
Tuition	561,800	546,042	552,837
Utilities	12,633	57,667	45,357
Allocated Administration	-	(65,240)	(53,900)
	3,561,201	4,677,890	5,536,246

Obashkaandagaang First Nation
Schedule 2 - Summary of Consolidated Schedules of Revenue and Expenses by Segment
For the year ended March 31, 2019

	Schedule #	ISC Revenue	Other Revenue Including repayments	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)
Administration	3	751,842	676,176	(105,886)	1,322,132	1,205,441	41,368	158,059
Education	4	1,127,264	(22,345)	(109,097)	995,822	988,862	-	6,960
Operations and Maintenance	5	1,640,332	(5,003)	(1,245,750)	389,579	348,745	-	40,834
Social Assistance	6	164,210	984,197	-	1,148,407	969,797	-	178,610
Health	7	-	441,703	5,500	447,203	481,146	33,943	-
Minor Capital	8	174,737	27,245	-	201,982	416,666	214,684	-
Ontario First Nations Limited Partnership	9	-	662,645	(161,315)	501,330	69,537	(372,931)	58,862
Land Management	10	-	180,000	-	180,000	262,936	82,936	-
		3,858,385	2,944,618	(1,616,548)	5,186,455	4,743,130	-	443,325

Obashkaandagaang First Nation
Administration
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget (unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Indigenous Services Canada	223,593	751,842	346,861
Ontario First Nations Limited Partnership	-	2,449	-
First Nations and Inuit Health	-	-	180
Miscellaneous	12,000	155,104	259,250
Cottage Lot Fees	40,000	266,766	272,966
Ministry of Indigenous Affairs	-	85,717	-
Administration	33,725	65,240	53,900
Grand Council Treaty #3	-	64,900	-
Rental income	10,800	36,000	64,000
Aboriginal Economic Development Fund	-	-	10,000
Kakina Economic Development Group LP	-	-	(3,998)
Deferred revenue - prior year	-	-	10,000
Deferred revenue - current year	-	(105,886)	-
Repayment of funding	-	-	(24,672)
	320,118	1,322,132	988,487
Expenses			
Administration	-	9,000	-
Bank charges and interest	4,000	3,493	7,597
Community donations	-	-	6,793
Community events	-	41,300	-
Contracted services	-	12,937	75,770
Cottage Lot Fee Expenses	-	236,275	284,742
Employee benefits	-	17,609	8,100
Honoraria	69,858	42,000	47,900
Insurance	3,000	18,118	14,481
Interest on long-term debt	2,334	1,207	2,822
Meeting	-	3,485	-
Miscellaneous	5,000	35,189	47,324
Pow-wow	-	41,368	23,310
Professional fees	199,000	449,955	311,101
Program expense	-	74,127	8,648
Repairs and maintenance	-	872	-
Salaries and benefits	145,034	122,504	86,558
Supplies	12,500	17,181	11,471
Telephone and internet	7,000	24,010	24,784
Travel	32,400	52,737	31,974
Utilities	5,000	2,074	6,420
	485,126	1,205,441	999,795
Surplus (deficit) before other items	(165,008)	116,691	(11,308)
Transfers between segments			
Transfer from OFNLP	-	41,368	23,310
Surplus (deficit)	(165,008)	158,059	12,002

Obashkaandagaang First Nation
Education

Schedule 4 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Indigenous Services Canada	978,320	1,127,264	1,099,722
Ministry of Education	203,379	349,091	-
Kenora Chief's Advisory	-	6,506	-
Miscellaneous	-	18,765	-
Grand Council Treaty #3	-	3,864	-
Bimose Tribal Council	-	-	-
Deferred revenue - prior year	-	-	53,731
Deferred revenue - current year	-	(109,097)	-
Repayment of funding	-	(400,571)	(49,322)
	1,181,699	995,822	1,104,131
Expenses			
Administration	-	23,500	23,800
Amortization	-	29,200	29,200
Bank charges and interest	1,000	-	-
Community events	2,000	-	-
Contracted services	98,199	27,258	-
Fuel and oil	12,000	8,913	1,575
Honoraria	-	2,337	-
Income support	-	2,000	2,000
Professional fees	3,000	-	-
Program expense	123,650	29,588	110,406
Repairs and maintenance	6,000	12,699	5,741
Salaries and benefits	437,387	274,183	269,872
Supplies	9,350	8,610	20,892
Training	12,000	-	-
Travel	8,000	24,532	42,471
Tuition	561,800	546,042	552,837
	1,274,386	988,862	1,058,794
Surplus (deficit)	(92,687)	6,960	45,337

Obashkaandagaang First Nation
Operations and Maintenance
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Indigenous Services Canada	166,634	1,640,332	591,254
Hydro One	-	-	60,637
Deferred revenue - prior year	-	-	278,845
Deferred revenue - current year	-	(1,245,750)	-
Repayment of funding	-	(5,003)	-
	166,634	389,579	930,736
Expenses			
Amortization	-	95,958	95,958
Bank charges and interest	-	54	-
Contracted services	29,500	50,095	401,012
Furniture and equipment	-	-	-
Insurance	1,400	-	-
Program expense	20,000	18,236	5,336
Rent	8,535	-	10,472
Repairs and maintenance	17,500	25,068	14,449
Salaries and benefits	159,614	107,612	77,010
Supplies	2,500	24,139	7,350
Telephone and internet	1,200	1,083	2,110
Training	-	-	1,429
Travel	-	8,833	3,655
Utilities	-	17,667	15,912
	240,249	348,745	634,693
Surplus (deficit)	(73,615)	40,834	296,043

Obashkaandagaang First Nation
Social Assistance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget (unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Indigenous Services Canada	78,700	164,210	139,969
Ministry of Community and Social Services	520,813	512,950	570,527
Ministry of Education	99,489	32,770	41,471
Kenora Chief's Advisory	88,505	288,221	332,438
Shooniyaa Wa-Biitong	-	22,291	-
Ministry of Health and Long-Term Care	-	127,965	-
Grand Council Treaty #3	-	-	5,000
	787,507	1,148,407	1,089,405
Expenses			
Bank charges and interest	1,100	863	1,436
Child care	114,689	70,553	64,134
Contracted services	-	-	3,466
Employee related expenses	-	-	8,050
Fuel and oil	-	-	50
Furniture and equipment	-	1,956	12,814
Miscellaneous	-	12,537	-
Professional fees	9,947	-	1,000
Program expense	35,955	121,723	187,347
Rent	10,000	-	11,500
Repairs and maintenance	-	8,996	714
Salaries and benefits	147,033	377,437	323,451
Social assistance	438,813	361,806	437,897
Supplies	4,665	4,800	11,891
Telephone and internet	-	3,015	2,048
Training	10,952	300	441
Travel	14,353	5,811	13,192
Utilities	-	-	4,350
	787,507	969,797	1,083,781
Surplus (deficit)	-	178,610	5,624

Obashkaandagaang First Nation
Health

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
First Nations and Inuit Health	337,245	414,261	619,240
Kenora Chief's Advisory	-	41,659	44,582
Grand Council Treaty #3	-	11,511	20,691
Shooniyaa Wa-Biitong	-	-	17,046
Bimose Tribal Council	-	-	6,000
Deferred revenue - prior year	-	5,500	30,382
Deferred revenue - current year	-	-	(5,500)
Repayment of funding	-	(25,728)	(11,248)
	337,245	447,203	721,193
Expenses			
Administration	33,384	32,740	30,419
Amortization	-	7,905	7,905
Bank charges and interest	-	9	6
Community events	15,692	1,042	-
Contracted services	24,229	109,977	381,899
Fuel and oil	2,400	4,965	3,631
Insurance	2,400	2,500	2,500
Office rent	2,400	1,500	3,015
Program expense	12,303	44,877	84,855
Repairs and maintenance	14,315	4,516	3,451
Salaries and benefits	189,030	198,353	163,987
Supplies	20,186	13,758	36,549
Telephone and internet	260	5,772	24
Travel	13,013	23,059	5,772
Utilities	7,633	30,173	7,543
	337,245	481,146	731,556
Surplus (deficit) before transfers	-	(33,943)	(10,363)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	33,943	69,844
Surplus (deficit)	-	-	59,481

Obashkaandagaang First Nation
Minor Capital
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Indigenous Services Canada	174,737	174,737	309,380
Rental income	28,000	5,942	10,425
Shooniyaa Wa-Biitong	-	15,399	72,039
Canada Mortgage and Housing Corporation	-	5,904	36,903
Deferred revenue - prior year	-	-	85,573
	202,737	201,982	514,320
Expenses			
Amortization	-	232,900	232,900
Contracted services	174,737	47,354	105,261
Insurance	-	7,000	7,000
Interest on long-term debt	-	619	1,086
Program expense	-	16,343	10,251
Repairs and maintenance	-	32,241	25,424
Salaries and benefits	-	70,957	130,311
Supplies	-	31	11,176
Travel	-	1,468	822
Utilities	-	7,753	11,132
	174,737	416,666	535,363
Surplus (deficit) before transfers	28,000	(214,684)	(21,043)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	214,684	3,382
Transfer to Health Renovations	-	-	(69,844)
Surplus (deficit)	28,000	-	(87,505)

Obashkaandagaang First Nation
Ontario First Nations Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 <i>Budget</i> <i>(unaudited)</i>	2019	2018 <i>(Note 3)</i>
Revenue			
Ontario First Nations Limited Partnership	504,000	662,645	524,266
Deferred revenue - current year	-	(161,315)	-
	504,000	501,330	524,266
Expenses			
Bank charges and interest	-	11	22
Bottled water expense	-	42,616	-
Community events	-	2,478	308
Contracted services	261,951	-	-
Honoraria	-	400	-
Miscellaneous	-	-	4,540
Repairs and maintenance	-	1,789	-
Salaries and benefits	-	1,293	8,164
Supplies	-	19,626	-
Travel	-	1,324	3,881
	261,951	69,537	16,915
Surplus (deficit) before transfers	242,049	431,793	507,351
Transfers between segments			
Transfer to Elders Centre - 6 Plex	-	-	(3,382)
Transfer to Pow-Wow	-	(41,368)	(23,310)
Transfer to Health	-	(33,943)	
Transfer to Minor Capital	-	(214,684)	
Transfer to Land Management	-	(82,936)	
Surplus (deficit)	242,049	58,862	480,659

Obashkaandagaang First Nation
Land Management
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (unaudited)	2019	2018 (Note 3)
Revenue			
Ministry of Indigenous Affairs	-	180,000	162,000
Expenses			
Bank charges and interest		-	68
Contracted services	-	81,925	239,556
Honoraria	-	9,850	4,200
Meeting	-	9,900	35,965
Professional fees	-	147,339	217,376
Travel	-	13,922	32,084
Surplus (deficit) before transfers	-	262,936	529,249
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	82,936	-
Surplus (deficit)	-	-	(367,249)