

**Washagamis Bay First Nation
Consolidated Financial Statements**

March 31, 2020

Washagamis Bay First Nation Contents

For the year ended March 31, 2020

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Management's Responsibility for Financial Reporting

To the Chief and Council and Members of Washagamis Bay First Nation,

The accompanying consolidated financial statements of Washagamis Bay 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.

Prairie Point Chartered Professional Accountants LLP, 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 Washagamis Bay First Nation

Homulai

Chief

Dolores Finbarr

Councillor

December 18, 2020

Independent Auditors' Report

To the members of Washagamis Bay First Nation

Opinion

We have audited the accompanying consolidated financial statements of Washagamis Bay First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Washagamis Bay First Nation as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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 Financial Statements section of our report. We are independent of Washagamis Bay 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 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 opinion.

Responsibilities 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 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.

In preparing the financial statements, management is responsible for assessing Washagamis Bay 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 Washagamis Bay First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 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 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 my 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 Washagamis Bay 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 Washagamis Bay 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 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 Washagamis Bay 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.

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.

Other Matter

The financial statements of Washagamis Bay First Nation (formerly known as Obashkaandagaang First Nation) for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on these financial statements on August 23, 2019.

The qualified opinion was issued as the previous auditor was unable to obtain sufficient appropriate audit evidence about the carrying amount of assets, liabilities and accumulated surplus of Washagamis Bay Investment Corporation, a wholly owned unit. The qualification was solved for the year ended March 31, 2020.

A handwritten signature in blue ink that reads "Prairie Point CPAs".

CHARTERED PROFESSIONAL ACCOUNTANTS

Winnipeg, Manitoba
December 18, 2020

Washagamis Bay First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

As at March 31, 2020

2020

2019

Financial assets

Current

CURRENT		
Cash (Note 3)	7,792,852	2,095,495
Accounts receivable (Note 4)	553,509	1,825,594
 	 	
Portfolio Investments (Note 5)	8,346,361	3,921,089
Restricted Cash (Note 6)	60,104	35,104
Due from Indigenous Services Canada (Note 7)	138,656	135,025
 	 	
Total financial assets	9,439,121	4,939,618

Liabilities

Current

Current		
Accounts payable and accruals <i>(Note 8)</i>	1,301,259	357,304
Deferred revenue <i>(Note 9)</i>	4,555,969	1,622,048
Repayable to Funders <i>(Note 10)</i>	-	408,337
Current portion of long-term debt <i>(Note 12)</i>	1,757,355	1,790,094
Provision for landfill closure <i>(Note 11)</i>	7,614,583	4,177,783
Long-term debt <i>(Note 12)</i>	72,461	68,450
Due to Indigenous Services Canada <i>(Note 7)</i>	894,000	848,400
Total liabilities	8,581,044	5,097,245
Net financial assets (net debt)	858,077	(157,627)

Contingent liabilities (Note 15)

Non-financial assets

NON-financial assets		
Tangible capital assets (Note 14)	8,800,046	7,357,180
Prepaid expenses	-	33,158
Total non-financial assets	8,800,046	7,390,338
Accumulated surplus	9,658,123	7,232,711

Approved on behalf of the Council

Ksin Lai

Chief

Councillor

Ruth Payson

Councillor

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Councillor

The accompanying notes are an integral part of these financial statements

Washagamis Bay First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(unaudited)</i>	2020	2019
			<i>Note 19</i>
Revenue			
Indigenous Services Canada (Note 13)	2,273,289	7,309,584	3,858,385
Ontario First Nations Limited Partnership	-	576,570	665,094
Ministry of Community and Social Services (Note 13)	-	629,938	512,950
First Nations and Inuit Health (Note 13)	765,689	762,898	414,261
Ministry of Education (Note 13)		227,593	381,861
Kenora Chief's Advisory	326,427	326,518	336,386
Miscellaneous	82,000	282,918	173,869
Cottage Lot Fees	-	272,270	266,766
Ministry of Indigenous Affairs (Note 13)	257,000	256,262	265,717
Ministry of Health and Long-Term Care (Note 13)	-	92,081	127,965
Administration	-	75,145	65,240
Grand Council Treaty #3	-	409,338	80,275
Rental income	-	165,815	41,942
Shooniyaa Wa-Biitong	12,650	13,112	37,690
Canada Mortgage and Housing Corporation (Note 13)	-	4,920	5,904
Hydro One	-	-	-
Bimose Tribal Council	-	-	-
Aboriginal Economic Development Fund	-	-	-
Kakina Economic Development Group LP	-	-	-
Deferred revenue - prior year (Note 9)	-	1,622,048	5,500
Deferred revenue - current year (Note 9)	-	(4,555,969)	(1,622,048)
Repayment of funding	-	(70,782)	(431,302)
Allocated Administration	-	-	(65,240)
	3,717,055	8,400,259	5,121,215
Expenses			
Administration	762,961	1,039,260	937,167
Education	1,058,905	1,089,365	988,862
Operations and Maintenance	247,571	730,924	348,745
Social Assistance	524,749	1,374,818	969,797
Health	752,179	713,151	481,146
Minor Capital	173,390	2,157,598	416,666
Ontario First Nations Limited Partnership	-	23,316	69,537
Land Management	172,000	289,299	262,936
Washagamis Bay Investment Corporation	-	256,247	268,274
Allocated Administration	-	-	(65,240)
Total expenses (Schedule 1)	3,691,755	7,673,978	4,677,890
(Loss) Surplus	25,300	726,281	443,325
Accumulated surplus, beginning of year	7,232,711	7,232,711	6,789,386
Capital assets contribution received	-	1,699,131	-
Accumulated surplus, end of year	7,258,011	9,658,123	7,232,711

Washagamis Bay First Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(unaudited)</i>	2020	2019
Annual (loss) surplus	25,300	726,281	443,325
Capital assets contribution received	-	1,699,131	-
Acquisition of tangible capital assets	-	(1,755,430)	-
Amortization of tangible capital assets	-	312,564	365,963
Change in prepaid expenses	-	33,158	(33,158)
(Increase) decrease in net financial assets (net debt)	25,300	1,015,704	776,130
Net debt, beginning of year	(157,627)	(157,627)	(933,757)
Net financial assets (net debt), end of year	(132,327)	858,077	(157,627)

Washagamis Bay First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

2020

2019

Cash provided by (used for) the following activities

Operating activities

Surplus	726,281	443,325
Adjustments for non-cash items		
Amortization	312,564	365,963
Provision for landfill closure accretion	4,011	3,132
Changes in working capital accounts		
Accounts receivable	1,272,085	(1,353,818)
Prepaid expenses	33,158	(33,158)
Accounts payable and accruals	943,955	(143,419)
Deferred revenue	2,933,921	1,616,548
Repayable to funders	(408,337)	347,768
	5,817,638	1,246,341

Financing activities

Advances of long-term debt	-	424,822
Repayment of long-term debt	(35,351)	(58,862)
	(35,351)	365,960

Capital activities

Purchases of tangible capital assets	(1,755,430)	-
Capital asset contributions received	1,699,131	-
	(56,299)	-

Investing activities

Investment in Treaty 3 Investment Group	-	(35,000)
Investment in Niiwin Partnership	(25,000)	-
	(25,000)	(35,000)

Increase (decrease) in cash resources

5,700,988	1,577,301
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Cash, beginning of year

2,230,520	653,219
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Cash, end of year

7,931,508	2,230,520
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Supplementary cash flow information

Interest paid	14,769	1,826
Interest received	20,083	2,176
Cash consists of:		
Cash	7,792,852	2,095,495
Restricted cash	138,656	131,025
	7,931,508	2,230,520

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

1. Operations

The Washagamis Bay First Nation (the "First Nation") is located in the province of Ontario and provides various services to its members. Washagamis Bay 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.

During the year, the First Nation change its previous name Obashkaandagaang First Nation to Washagamis Bay 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 Washagamis Bay 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:

- Washagamis Bay 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
Equipment	10 years
Docks	15 years

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

2. Significant accounting policies (Cont.)

Tangible capital assets (Cont.)

Assets under construction are not amortized until the asset is available for use. At completion, the construction costs are closed out to the appropriate asset classification and amortized over its useful life.

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.

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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. Cash

	2020	2019
Royal Bank of Canada	7,815,117	2,050,200
Unrestricted Trust Accounts	18,625	84,436
Less: CMHC Replacement Reserve	(40,890)	(39,141)
	7,792,852	2,095,495

4. Accounts receivable

	2020	2019
Indigenous Services Canada	152,428	1,647,209
Shooniyaa Wa-Biitong	-	13,112
Ministry of Education	117,119	15,531
Ministry of Indigenous Affairs	179,717	94,717
Harmonized Sales Tax Recievable	19,979	25,373
Other accounts receivable	44,559	27,193
Payroll Advances	-	2,459
Kenora Chief's Advisory	39,707	-
	553,509	1,825,594

5. Portfolio Investments

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

	2020	2019
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

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

Sovereign Wealth LP		
Limited Partner Units – 1 (0.3918% interest)	1	1
Treaty 3 Investment Group		
Limited Partner Units	35,000	35,000
Niiwin Partnership		
Limited Partner Units	25,000	-
	60,104	35,104

Sovereign Wealth LP primarily hold Hydro One Shares. In 2019, Sovereign Wealth LP reported net earnings of \$76.2 million (the First Nations interest at 0.3918% was a net gain of \$299K).

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 2019, Kakina Economic Development Group LP reported a net loss of \$7,156 (the First Nations interest at 10% was a net loss of \$716). The partnership units are not traded on an active market.

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. 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.

	2020	2019
Capital Trust		
Balance, beginning of year	26,109	26,109
Balance, end of year	26,109	26,109
Revenue Trust		
Balance, beginning of year	69,775	67,599
Additions	1,881	2,176
Balance, end of year	71,656	69,775
CMHC Replacement Reserve		
Balance, beginning of year	39,141	38,091
Additions	1,750	1,050
Balance, end of year	40,891	39,141
	138,656	135,025

7. Washagamis Bay Investment Corporation

At March 31, 2020 the Washagamis Bay Investment Corporation had a balance owing to Indigenous Services Canada in trust of Washagamis Bay First Nation (the "First Nation") in the amount of \$894,000 (March 31, 2019 - \$848,000) that related to arrears in land lease payments for the years from 2004 - 2020.

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 ISC	(894,000)
Washagamis Bay First Nation receivable from the Ottawa	894,000

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. Accounts payable and accruals

	2020	2019
Trade payables and accruals	1,301,259	357,304

9. Deferred revenue

Segment	Balance, March 31, 2019	INAC Funding	Other Funding including repayments	Revenue Recognized	Balance March 31, 2020
Administration	105,886	561,984	871,401	1,539,271	-
Education	109,097	1,155,903	205,929	1,470,929	-
Operations & Maintenance (Note 19)	-	247,637	3,570	251,207	-
Social Assistance	-	235,070	971,237	1,206,307	-
Health	-	-	895,533	895,533	-
Minor Capital – Water Treatment Project and Immediate Needs Housing (Note 19)	1,245,750	5,068,731	28,506	1,787,018	4,555,969
Ontario First Nations Limited Partnership	161,315	-	576,570	737,885	-
Land Management	-	40,259	228,595	268,854	-
Washagamis Bay Investment Corp	-	-	243,255	243,255	-
	1,622,048	7,309,584	4,024,596	8,400,259	4,555,969

10. Repayable to funders

	2020	2019
Indigenous Services Canada	-	111,500
First Nations and Inuit Health	-	-
Ministry of Education	-	296,837
	-	408,337

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. 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.

	2020	2019
Estimated closure and post closure costs	75,000	75,000
Discount rate	0.46%	1.55%
 Discounted costs	74,657	72,728
 Expected year capacity will be reached	 2021	 2021
Capacity (years)		
Used to date	33	32
Remaining	1	2
 Total	 34	 34
 Percent utilized	 97%	 94%
 Liability based on percentage	 72,461	 68,450

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

12. Long-term debt

	2020	2019
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	971,179
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	786,176
CMHC loan, repaid during the year.	-	22,131
<u>RBC School Bus non-revolving term facility, repaid during the year.</u>	<u>-</u>	<u>13,220</u>
	1,757,355	1,792,706

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
2021	-
2022	-
2023	1,757,355
2024	-
2025	-

Interest on long-term debt amounted to \$nil (2019 - \$1,826).

13. Government transfers

	Operating	Capital	2020	2019
Federal government transfers				
Indigenous Services Canada	7,309,584	-	7,309,583	3,858,385
First Nations and Inuit Health	762,898	-	762,898	414,261
Canada Mortgage and Housing Corporation	4,920	-	4,920	5,904
<u>Total Federal</u>	<u>8,077,402</u>	<u>-</u>	<u>8,077,402</u>	<u>4,278,550</u>
Provincial government transfers				
Ministry of Community and Social Services	629,938	-	629,938	512,950
Ministry of Indigenous Affairs	171,262	-	256,262	265,717
Ministry of Education	227,593	-	227,593	381,861
Ministry of Health and Long-Term Care	92,081	-	92,081	127,965
<u>Total Provincial</u>	<u>1,019,286</u>	<u>-</u>	<u>1,205,874</u>	<u>1,288,493</u>
	9,096,688	-	9,283,276	5,567,043

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Tangible Capital Assets

	Docks	Buildings	Water	Roads	Vehicles	Houses	Equipment	Water Treatment Plant	Total
Cost									
Balance, Beginning of Year	-	2,235,448	255,751	2,185,084	298,282	6,955,965	-	-	11,930,530
Additions	47,500	-	-	-	209,350	1,989	8,799	1,487,792	1,755,430
Disposals	-	-	-	-	-	-	-	-	-
Balance, End of Year	47,500	2,235,448	255,751	2,185,084	507,632	6,955,965	8,799	1,487,792	13,685,960
Accumulated Amortization									
Balance, Beginning of Year	-	859,312	68,737	1,197,595	194,867	2,252,839	-	-	4,573,350
Annual Amortization	3,167	48,251	4,567	34,869	47,130	173,700	880	-	312,564
Balance, End of Year	3,167	907,563	73,304	1,232,464	241,997	2,426,539	880	-	4,885,914
Net Book Value of Tangible Capital Assets	44,333	1,327,885	182,447	952,620	265,635	4,529,426	7,919	869,619	8,800,046
March 31, 2019 Net Book Value of Tangible Capital Assets	-	1,376,136	187,014	987,489	103,415	4,703,126	-	-	7,357,180

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

15. 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 the previous year 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.

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19, has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.

16. Economic dependence

The First Nation receives 50% (2019 - 65%) 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.

17. Financial instrument risk management

The First Nation is susceptible to credit risk due to the 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.

18. Budget information

The disclosed budget information has been approved by the Chief and Council of Washagamis Bay First Nation.

The budget process followed by management only includes activities managed directly by the First Nation. Management does not prepare budget for capital projects. As such, no amounts have been included in the annual budget of the First Nation for capital projects.

Management does not budget for amortization expenses and as such, no amounts have been included in the annual budget of the First Nation for amortization.

Management does not budget for revenues deposited into the Ottawa Trust Fund account of funds withdrawn from the Ottawa Trust Fund account. As such, no amounts have been included in the annual budget of the First Nation for the deposit made or the withdrawal of Ottawa Trust funds.

Management does not budget for Ontario First Nations Limited Partnership and Washagamis Bay Investment Corporation. And no amounts have been included in the annual budget of the First Nation.

Washagamis Bay First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

19. Comparative figures

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

Washagamis Bay First Nation
Schedule 1 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

	2020 <i>Budget (unaudited)</i>	2020	2019 <i>Note 19</i>
Consolidated expenses by object			
Administration	16,067	82,560	65,540
Amortization	-	312,564	365,963
Bank charges and interest	-	15,279	4,916
Band member – Christmas payout	-	43,850	58,000
Band member – Red River Exhibition	-	33,572	39,300
Bottled water expense	-	-	42,616
Child care	-	-	70,553
Community events	1,760	83,280	44,820
Contracted services	58,480	2,052,715	329,546
Covid-19	-	97,946	-
Employee benefits	-	-	17,609
Equipment purchase	-	209,350	-
Financial assistance	-	18,896	-
Fuel and oil	-	29,975	13,878
Furniture and equipment	45,000	10,917	1,956
Honoraria	-	115,381	54,587
Income support	7,200	-	2,000
Insurance	-	40,372	27,618
Interest on long-term debt	-	-	1,826
Meeting	-	42,839	13,385
Miscellaneous	-	8,351	21,355
Pow-wow	-	24,000	51,594
Professional fees	246,933	678,485	630,624
Program expense	3,084,136	644,022	304,894
Rent	-	12,000	1,500
Repairs and maintenance	-	162,001	159,610
Salaries and benefits	73,273	1,298,565	1,152,339
Social assistance	-	649,212	361,806
Supplies	1,000	182,849	89,901
Telephone and internet	-	34,938	33,880
Training	109,486	-	300
Travel	48,420	177,480	177,505
Tuition	-	573,479	546,042
Utilities	-	39,100	57,667
Allocated Administration	-	-	(65,240)
	3,691,755	7,673,978	4,677,890

Washagamis Bay First Nation
Schedule 2 – Summary of Consolidated Schedule of Revenue and Expenses by Segment
For the year ended March 31, 2020

	Schedule #	ISC Revenue	Other Revenue Including repayments	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)
Administration		561,984	871,401	105,886	1,539,271	1,039,260	-	500,011
Education		1,155,903	205,929	109,097	1,470,929	1,089,365	-	381,564
Operations and Maintenance		247,637	3,570	-	251,207	730,924	-	(460,394)
Social Assistance		235,070	971,237	-	1,206,307	1,374,818	-	(168,511)
Health		-	895,533	-	895,533	713,151	-	182,382
Minor Capital		5,068,731	28,506	(3,310,219)	1,787,018	2,157,598	-	(370,580)
Ontario First Nations Limited Partnership	3	-	576,570	161,315	737,885	23,316	-	714,569
Land Management		40,259	228,595	-	268,854	289,299	-	(20,445)
Washagamis Bay Investment Corporation	4	-	243,255	-	243,255	256,247	-	(12,992)
		7,309,584	4,024,596	(2,933,921)	8,400,259	7,673,978	-	726,281

Washagamis Bay First Nation
Ontario First Nations Limited Partnership
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2020	2019
	<i>Budget</i> <i>(unaudited)</i>		
Revenue			
Ontario First Nations Limited Partnership	-	576,570	662,645
Deferred revenue – prior year	-	161,315	42,616
Deferred revenue – current year	-	-	(161,315)
	-	737,885	501,330
Expenses			
Bank charges and interest	-	-	11
Bottled water expense	-	-	2,478
Community events	-	432	-
Financial Assistance	-	12,600	-
Honoraria	-	5,050	400
Program expenses	-	2,170	-
Repairs and maintenance	-	-	1,789
Salaries and benefits	-	-	1,293
Supplies	-	2,400	19,626
Travel	-	664	1,324
	-	23,316	69,537
Surplus (deficit) before transfers	-	714,569	431,793
Transfers between segments			
Transfer to Elders Centre - 6 Plex	-	-	-
Transfer to Pow-Wow	-	-	(41,368)
Transfer to Health	-	-	(33,943)
Transfer to Minor Capital	-	-	(214,684)
Transfer to Land Management	-	-	(82,936)
Surplus (deficit)	-	714,569	58,862

Washagamis Bay First Nation
Washagamis Bay Investment Corporation
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 <i>Budget</i> (unaudited)	2020	2019
Revenue			
Cottage Lot Fees	-	243,255	236,823
Expenses			
Administration	-	281	300
Amortization	-	4,047	-
Bank charges and interest	-	510	486
Band member – Christmas payout	-	65,094	58,000
Bank member – Red River Exhibition	-	33,572	39,300
Community events	-	3,900	-
Miscellaneous	-	1,929	5,628
Pow-wow	-	24,000	10,226
Professional fees	-	37,245	33,330
Repairs and maintenance	-	45,410	73,429
Salaries and benefits	-	1,020	-
Supplies	-	5,600	1,756
Travel	-	33,639	45,819
	256,247	268,274	
Surplus (deficit) before transfers			
Transfers between segments	-	-	-
Transfer from Ontario First Nations Limited Partnership	-	-	-
Surplus (deficit)	-	(12,992)	(31,451)