

WASAGAMACK FIRST NATION
YEAR END FINANCIAL REPORTING PACKAGE
MARCH 31, 2014

DEC 5'14 AM 9:35

WASAGAMACK FIRST NATION

MARCH 31, 2014

INDEX

	Page
CONSOLIDATED FINANCIAL STATEMENTS	
Management's Responsibility for Financial Reporting	1
Independent Auditors' Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flow	7
Notes to Consolidated Financial Statements	8 - 21
CONSOLIDATED SCHEDULES OF SALARIES, HONORARIA, TRAVEL EXPENSES AND OTHER REMUNERATION	
Review Engagement Report	22
Consolidated Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration for Elected or Appointed Officials	23
Review Engagement Report	24
Consolidated Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration for Unelected Senior Officials	25
SUPPLEMENTARY INFORMATION	
Schedules of Individual Program Operations	26 - 106
AANDC Funding Reconciliation	107
Schedule of Movable Assets Reserve	108

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Wasagamack First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates or judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the First Nation's financial statements and recommends their approval to the membership. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council also consider and submit for approval by the Members, the engagement of the external auditors.

The financial statements have been audited by PKBW GROUP Chartered Accountants & Business Advisors Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. PKBW GROUP Chartered Accountants & Business Advisors Inc. have full and free access to Chief and Council.



Chief

INDEPENDENT AUDITORS' REPORT



GROUP

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

To the Members of Wasagamack First Nation and Chief and Council:

We were engaged to audit the accompanying consolidated financial statements of Wasagamack First Nation which comprise the statement of financial position as at March 31, 2014, and the statements of operations and changes in accumulated surplus, statement of changes in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and the fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on conducting the 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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The records of Wasagamack First Nation were incomplete and not in accordance with public sector accounting standards. Material items noted were as follows;

- We were unable to determine if all debts and accounts payable of Wasagamack First Nation were recorded in the consolidated financial statements;
- We were unable to determine the existence of all debts and accounts payable of Wasagamack First Nation that were recorded in the consolidated financial statements;
- We were unable to determine the occurrence and completeness of revenue and expense transactions between the entities of the Wasagamack First Nation to be eliminated upon consolidation;
- We were unable to determine the effects on the financial statement due to a potential fraud occurring in the social program;
- The following entities controlled by Wasagamack First Nation recorded in the consolidated financial statements have not been audited. We were unable to determine the effects on the financial statements of possible undetected misstatements.
 - Wasagamack Bulk Fuel
 - Wasagamack Wassmart
 - Wasagamack First Nation Winter Road
 - Atchitamo Developments Inc.
 - Wasagamack Teepee Radio Station
- Wasagamack First Nation has not recorded all tangible capital assets controlled by the first nation on the statement of financial position, and the related amortization expense on the statement of operations.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary to the statement of financial position, revenue, expenses or accumulated surplus for the year ended March 31, 2014.



G R O U P

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

Other Matters

Supplementary information contained in schedules on pages 26 - 106 are unaudited.

**Winnipeg, Manitoba
December 4, 2014**

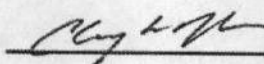
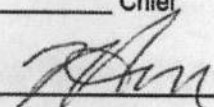
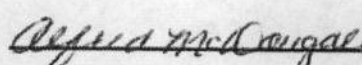

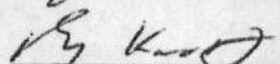
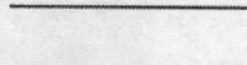

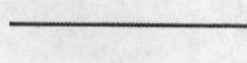
PKBW Group

**CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.**

**WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 3,083,582	859,451
Trust funds held by the Federal Government (Note 3)	20,017	18,897
Accounts receivable (Note 5)	1,079,494	549,336
Due from Government (Note 6)	649,150	6,872,309
Investment in Island Lake Tribal Council	<u>175,000</u>	<u>175,000</u>
	<u>5,007,243</u>	<u>8,474,993</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	13,236,792	20,129,428
Due to Government (Note 8)	483,492	46,996
Deferred revenue (Note 9)	339,421	106,782
Long-term debt (Note 10)	<u>7,320,549</u>	<u>7,372,249</u>
	<u>21,380,254</u>	<u>27,655,455</u>
NET DEBT	<u>(16,373,011)</u>	<u>(19,180,462)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	35,524,208	36,233,597
Construction in progress (Note 13)	2,504,400	562,182
Inventory of supplies	996,976	1,084,197
Prepaid expenses	<u>134,891</u>	<u>1,883</u>
	<u>39,160,475</u>	<u>37,881,859</u>
ACCUMULATED SURPLUS	<u>\$ 22,787,464</u>	<u>18,701,397</u>

APPROVED BY THE FIRST NATION:

 _____ Chief		 _____ Councillor
 _____ Councillor		 _____ Councillor
 _____ Councillor		 _____ Councillor
 _____ Councillor		 _____ Councillor

**WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2014**

	2014		2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUE			
Federal funding			
Operating	\$ 16,115,116	18,532,869	17,525,502
Capital	1,022,230	1,527,955	1,683,238
Provincial funding			
Operating	-	81,056	166,866
Capital	-	4,077,679	7,295,548
Business Enterprises	-	2,493,398	2,764,427
Other revenue	<u>400,012</u>	<u>429,541</u>	<u>613,879</u>
	<u>17,537,358</u>	<u>27,142,498</u>	<u>30,049,460</u>
EXPENSES			
Health	2,312,840	2,406,054	2,467,637
Education	4,957,754	4,592,027	3,887,812
Social	6,179,199	5,137,522	6,190,311
Economic development	541,909	548,672	657,015
Public works	649,240	221,094	2,645,325
Housing	397,592	183,130	473,300
Band government	1,305,309	2,186,667	2,129,628
Private enterprises	-	6,210,370	9,616,258
Other	53,238	43,382	94,565
Amortization	<u>-</u>	<u>1,527,513</u>	<u>1,409,655</u>
	<u>16,397,081</u>	<u>23,056,431</u>	<u>29,571,506</u>
ANNUAL SURPLUS	<u>\$ 1,140,277</u>	<u>4,086,067</u>	<u>477,954</u>
 ACCUMULATED SURPLUS, BEGINNING OF YEAR	 \$ 18,701,397	 18,701,397	 18,223,443
 ANNUAL SURPLUS	 <u>1,140,277</u>	 <u>4,086,067</u>	 <u>477,954</u>
 ACCUMULATED SURPLUS, END OF YEAR	 <u>\$ 19,841,674</u>	 <u>22,787,464</u>	 <u>18,701,397</u>

**WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2014**

	2014	2013
	<u>Budget</u>	<u>Actual</u>
ANNUAL SURPLUS	\$ <u>1,140,277</u>	<u>4,086,067</u>
Tangible capital assets		
Acquisition of tangible capital assets	-	(818,124)
Amortization of tangible capital assets	<u>-</u>	<u>1,527,513</u>
	<u>-</u>	<u>(2,489,748)</u>
Other non-financial assets		
Conversion (acquisition) of construction in progress	-	(1,942,218)
Consumption (acquisition) of inventories of supplies	-	87,221
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>(133,008)</u>
	<u>-</u>	<u>278,945</u>
DECREASE (INCREASE) IN NET DEBT	\$ <u>1,140,277</u>	<u>2,807,451</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR	\$ (19,180,462)	(19,180,462)
INCREASE (DECREASE) IN NET DEBT	<u>1,140,277</u>	<u>2,807,451</u>
NET DEBT, END OF YEAR	\$ <u>(18,040,185)</u>	<u>(19,180,462)</u>

**WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2014**

	<u>2014</u>	<u>2013</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 4,086,067	477,954
Add back non-cash item(s):		
Amortization of tangible capital assets	1,527,513	1,409,655
Prior period adjustment	<u>-</u>	<u>(210,872)</u>
	5,613,580	1,676,737
Changes in non-cash working capital:		
Accounts receivable	(530,158)	(3,245,630)
Due from Government	6,223,159	(188,743)
Accounts payable and accrued liabilities	(6,892,636)	5,635,701
Due to Government	436,496	-
Deferred revenue	232,639	(703,300)
Inventory of supplies	87,221	(1,084,197)
Prepaid expenses	<u>(133,008)</u>	<u>16,013</u>
	<u>5,037,293</u>	<u>2,106,581</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(51,700)</u>	<u>(162,276)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(818,124)	(3,899,403)
Conversion (acquisition) of construction in progress	<u>(1,942,218)</u>	<u>1,347,129</u>
	<u>(2,760,342)</u>	<u>(2,552,274)</u>
INCREASE (DECREASE) IN CASH	2,225,251	(607,969)
CASH, BEGINNING OF YEAR	<u>878,348</u>	<u>1,486,317</u>
CASH, END OF YEAR	\$ <u>3,103,599</u>	<u>878,348</u>
CASH CONSISTS OF:		
Cash	\$ 3,083,582	859,451
Trust funds held by the Federal Government	<u>20,017</u>	<u>18,897</u>
	\$ <u>3,103,599</u>	<u>878,348</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The First Nation follows the AANDC accounting guidelines as set out in the "Year End Reporting Handbook for First Nation Audited Financial Statements" - February 2013 which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Handbook.

(b) Reporting Entity

Wasagamack First Nation is a non-profit Indian Band as defined by the Indian Act (Canada). The objective of the First Nation is to operate as the governing entity in providing services on the reserve in all areas. Wasagamack First Nation reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

(c) Basis of Consolidation

All controlled entities are fully consolidated on a line-by-line basis. This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization. These financial statements include the financial assets, liabilities, net debt, non-financial assets, accumulated surplus, revenue and expenditures for the following entities controlled or owned by the First Nation:

Wasagamack First Nation

Wasagamack Health Authority

Wasagamack Employment & Training

Mehkana Development Corporation

Wasagamack Wess Mart

Wasagamack Bulk Fuel

Wasagamack Winter Road

Atchitamo Development Inc.

Teepee Radio Station

(d) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, construction in progress, prepaid expenses and inventories of supplies.

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 or delivering services. Tangible capital assets are reported at gross cost.

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

In previous years, certain tangible capital assets acquired subsequent to April 1, 1996 by Wasagamack First Nation have been recorded on the Statement of Financial Position at acquisition cost less amortization. Commencing April 1, 2009, all tangible capital assets in use that could be identified have been included in the Statement of Financial Position. This includes infrastructure assets which have not previously been recognized. Where historical cost records did not exist and historical cost estimates could not reliably be made, such tangible capital assets have been recorded at a nominal value of \$1. Such accounting treatment does violate CICA Public Sector Accounting Handbook PS 3150 which requires that alternative means be used to value such assets where historical cost accounting records do not exist. Amortization of tangible capital assets is recognized as an expense in the Statement of Operations.

Amortization is provided for on a straight-line basis at the rates in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Infrastructure	50 years
Roads	50 years
Buildings	40 - 50 years
Housing	40 years
Heavy equipment and vehicles	5 - 20 years
Equipment and furniture	5 years
Computers	5 years

(f) Net Debt

Wasagamack First Nation's financial statements are presented so as to highlight net debt 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.

(g) Deferred Revenue

Deferred revenue represents unspent Government transfers for programs, where the eligibility criteria has not been met at year end. The unspent revenue is carried forward to be recognized as eligibility criteria is met or until the funder deems the surpluses to be repayable at which time an amount payable is recognized.

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue Recognition

Government transfers

Transfers from the Government of Canada are recognized as revenue in the year the entitlement has been authorized, when any eligibility criteria have been met and when the amount can be reasonably estimated.

Other revenue

Restricted other revenue is recognized as revenue in the year in which the related expenses are incurred and when the amount can be reasonably estimated and collection is reasonably assured.

Unrestricted revenue is recognized when:

- services have been performed, or
- goods have been delivered, or
- the amount has been received or receivable;
- and when the amount can be reasonably estimated and collection is reasonably assured.

(i) Segmented Information

Wasagamack First Nation discloses segmented results of operations for the year in note 9 to the financial statements. Wasagamack First Nation has segregated its activities into the following segments based on distinguishable groups of activities;

Health

Wasagamack Health Authority

Education

Wasagamack Education

Social

Social services

Economic Development

Economic development program
Human Resource Development Strategy
Employment and Training

Public Works

Community services
Operations and maintenance
Policing, security and protection
Winter Roads

Housing

CMHC housing

Band Government

Band administration
Capital projects
Legal Settlements

Private Enterprises

Wass Mart and Bulk Fuels
Mehkana Development Corporation
Atchitamo Developments Inc.
Teepee Radio Station
Wasagamack Winter Road

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Use of Estimates

The preparation of the 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 revenues and expenses during the reporting periods presented. Actual results could differ from these estimates.

2. CASH

	<u>2014</u>	<u>2013</u>
Operating	\$ 2,968,905	584,821
Restricted - CMHC Replacement reserve	114,717	114,687
Restricted - Bus reserve	<u>(40)</u>	<u>159,943</u>
	<u>\$ 3,083,582</u>	<u>859,451</u>

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2013</u>	<u>Additions 2014</u>	<u>Withdrawals 2014</u>	<u>March 31, 2014</u>
Revenue	\$ 16,535	1,120	-	17,655
Capital	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
	<u>18,897</u>	<u>1,120</u>	<u>-</u>	<u>20,017</u>

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

4. BANK INDEBTEDNESS

The Health Authority has a line of credit with the Bank of Montreal to a maximum of \$100,000 bearing interest at the bank's prime rate plus 2% and is secured by a general security agreement, unlimited guarantee from Wasagamack First Nation with Band Council Resolution, specific assignments of rents, deficiency/cost overrun agreement, and letter of direction from Health Canada. As of March 31, 2014, the Health Authority's balance on this line of credit was \$100,000 (\$2013 - \$100,000).

5. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Employee Advances	\$ 20,577	12,401
Other	<u>1,058,917</u>	<u>536,935</u>
	<u>\$ 1,079,494</u>	<u>549,336</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

6. DUE FROM GOVERNMENT

	<u>2014</u>	<u>2013</u>
AANDC		
Band Support 2013/14 (01011)	\$ 69,329	-
Band Support 2012/13 (01011)	20,000	20,000
Band Support Funding 3rd Party (01012)	-	76,915
Tuition Agreements 2013/14 (02125)	43,820	-
Tuition Agreements 2012/13 (02125)	-	12,060
Post Secondary Student Support (02270)	-	71,544
Basic Needs (02305)	-	531,283
Community Economic Development (08110)	-	10,500
Remediation (08408 & 08416)	-	188,952
Remediation - Bulk Fuels (08418)	100,027	319,859
Response (08502)	-	58,322
Water O&M (08583)	-	10,455
Direct Services	-	4,370
Manitoba Keewatinowi Okimakanak Inc.	19,337	19,337
Province of Manitoba		
East Side Road Authority	287,080	5,506,568
Manitoba Infrastructure and Transportation	67,844	-
Island Lake Tribal Council	<u>41,713</u>	<u>42,144</u>
	<u>\$ 649,150</u>	<u>6,872,309</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
Trade payables	\$ 13,057,286	20,000,050
Accrued salaries and benefits	156,600	115,314
Pension, group insurance and source deductions payable	<u>22,906</u>	<u>14,064</u>
	<u>\$ 13,236,792</u>	<u>20,129,428</u>

8. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	<u>2014</u>	<u>2013</u>
AANDC		
2012/13 Skills Link	\$ 3,932	3,932
2012/13 Enhanced Teacher Salaries	2,400	2,400
2012/13 Special Needs	765	765
2012/13 Water and Sewer Trucks	8,031	8,031
2012/13 Recovery on PID	25,868	25,868
2012/13 Skills Link - Work Placement	3,596	-
2012/13 Parental and Community Engagement Strategy	21,734	-
2013/14 Waste Water O&M	83,313	-
2013/14 Water O&M	26,173	-
2013/14 Tuition Agreement	76,510	-
2013/14 Band operated school direct services	33,912	-
2013/14 School effectiveness	868	-
2013/4 Basic Needs	162,724	-
2013/14 Summer Work Experience	27,618	-
Four Arrows Regional Health Authority	<u>6,048</u>	<u>6,000</u>
	<u>\$ 483,492</u>	<u>46,996</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

9. DEFERRED REVENUE	Balance March 31,	Funding Received	Revenue Recognized Repayable	Balance March 31,
	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2014</u>
AANDC				
Leadership Dev. (01840)	\$ 2,069	-	-	2,069
Skills Link - Work (02702)	3,596	-	3,596	-
Business Development	11,250	-	-	11,250
Parental and Community Engagement Strategy	21,734	-	21,734	-
CMHC				
RRAP Funding	32,484	-	-	32,484
FNIHB				
Nursing Station Project	11,254	-	-	11,254
Security	19,683	127,769	122,908	24,544
Non-Insured Benefits - Transportation Administration	4,712	-	4,712	-
Atchitamo Developments	<u>-</u>	<u>257,820</u>	<u>-</u>	<u>257,820</u>
	<u>\$ 106,782</u>	<u>385,589</u>	<u>152,950</u>	<u>339,421</u>

10. LONG-TERM DEBT

	<u>2014</u>	<u>2013</u>
Mortgage payable to Canada Mortgage and Housing Corporation at 2.65%, repayable in monthly installments of \$7,321 principal and interest, due February 1, 2015.	\$ 468,095	542,537
Mortgage payable to Canada Mortgage and Housing Corporation at 2.65%, repayable in monthly installments of \$7,793 principal and interest, due February 1, 2015.	1,214,460	1,275,109
Mortgage payable to Canada Mortgage and Housing Corporation at 1.62%, repayable in monthly installments of \$6,344 principal and interest, due March 1, 2018.	1,244,826	1,300,360
Peace Hills Trust debt consolidation loan, interest at 5.5%, no mutual agreement between the First Nation and Peace Hills Trust, due October 1, 2014.	4,090,265	3,912,250
Bank of Montreal loan, interest at prime plus 3.00%, repayable in monthly installments or \$5,667 plus interest, due November 2014.	45,333	-
Bank of Montreal loan, interest at prime plus 3.00%, repayable in monthly installments or \$6,494 plus interest, due July 2017, secured by a general security agreement, unlimited guarantee with BCR, specific assignment of rents, deficiency/cost overrun agreement, and letter of direction from Health Canada.	<u>257,570</u>	<u>341,993</u>
	<u>\$ 7,320,549</u>	<u>7,372,249</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

10. LONG-TERM DEBT (Continued)

The principal portion of long-term debt is repayable for the years ended as follows:

March 31, 2015	\$ 4,410,359
2016	277,396
2017	282,143
2018	230,868
2019	214,059
Thereafter	<u>1,905,724</u>
	<u>\$ 7,320,549</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

	COST				ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and write offs	Total 2014	Total 2013
11. Tangible Capital Assets									
Landfill	\$ 1,421,889	-	-	1,421,889	-	-	-	1,421,889	1,421,889
Infrastructure	19,517,377	-	-	19,517,377	6,984,002	390,348	-	12,143,027	12,533,375
Roads	2,644,069	-	-	2,644,069	122,591	52,881	-	2,468,597	2,521,478
Buildings	10,607,835	3,300	-	10,611,135	3,155,117	249,448	-	7,206,570	7,452,718
Housing	14,326,063	-	-	14,326,063	4,134,338	401,194	-	9,790,531	10,191,725
Heavy equipment and vehicles	3,679,488	510,467	-	4,189,955	2,057,333	277,584	-	1,855,038	1,622,155
Equipment and furniture	1,284,942	250,582	-	1,535,524	863,024	132,818	-	539,682	421,918
Computers	360,780	53,775	-	414,555	292,441	23,240	-	98,874	68,339
TOTAL	\$53,842,443	818,124	-	54,660,567	17,608,846	1,527,513	-	35,524,208	36,233,597

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

**12. SEGMENTED
INFORMATION**

	HEALTH		EDUCATION		SOCIAL	
	Budget 2014	2014	2013	Budget 2014	2013	2014
REVENUES						
Federal Government						
Operating Transfers	\$ 2,423,529	2,462,498	2,447,570	5,555,210	5,711,897	5,576,776
Capital Transfers	-	-	-	-	15,000	-
Provincial Government						
Operating Transfers	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-
Other	-	732	126,761	-	-	-
	<u>2,423,529</u>	<u>2,463,230</u>	<u>2,574,331</u>	<u>5,555,210</u>	<u>5,726,897</u>	<u>5,576,776</u>
				<u>6,108,500</u>		<u>6,191,230</u>
EXPENSES						
Salaries and benefits	1,558,956	1,617,232	1,423,532	3,305,321	3,467,230	174,446
Debt servicing	22,800	21,893	21,228	-	-	-
Other	731,084	766,929	1,022,877	1,652,433	420,582	5,376,467
		<u>153,821</u>	<u>136,868</u>	-	<u>76,797</u>	<u>583</u>
Amortization						
	<u>2,312,840</u>	<u>2,559,875</u>	<u>2,604,505</u>	<u>4,957,754</u>	<u>3,964,609</u>	<u>5,551,496</u>
				<u>6,179,199</u>		<u>6,191,477</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 110,689</u>	<u>(96,645)</u>	<u>(30,174)</u>	<u>597,456</u>	<u>1,762,288</u>	<u>25,280</u>
				<u>(70,699)</u>		<u>(247)</u>

ADJUSTMENTS

- (i) The imputed value of Band supported housing provided to band members totaling \$nil (2013 - \$7,205) was included as an expenditure in Administration under band member support and as rental income in the CMHC Housing Authority program (Social).
- (ii) \$104,915 (2013 - \$0) was included as other revenue under the CMHC program (Housing and as an expense in the Basic Needs program (Social).
- (iii) \$253,134 (2013 - \$0) was included as other revenue under the Band Based Capital program (Band Government) and as an expense in the Basic Needs program (Social).
- (iv) \$55,342 (2013 - \$0) was included as other revenue under the Band Constable and Community Buildings program (Public Works) and as an expense in the Basic Needs program (Social).

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

**12. SEGMENTED
INFORMATION**

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013
REVENUES									
Federal Government									
Operating Transfers	512,805	493,492	592,243	625,961	2,691,442	1,401,652	237,695	220,143	237,695
Capital Transfers	-	-	60,138	-	-	729,798	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-	-	-	-
Other	42,759	27,618	27,779	90,334	142,171	18,000	138,320	189,301	238,271
	<u>555,564</u>	<u>521,110</u>	<u>680,160</u>	<u>716,295</u>	<u>2,833,613</u>	<u>2,149,450</u>	<u>376,015</u>	<u>409,444</u>	<u>475,966</u>
EXPENSES									
Salaries and benefits	154,453	176,695	220,395	539,202	(86,881)	475,727	31,832	18,092	101,840
Debt servicing	-	-	-	-	-	-	275,060	66,493	97,886
Other	387,456	371,977	436,620	110,038	307,975	2,169,598	90,700	98,545	273,574
Amortization	-	11,068	6,262	-	239,351	169,117	-	124,678	124,678
	<u>541,909</u>	<u>559,740</u>	<u>663,277</u>	<u>649,240</u>	<u>460,445</u>	<u>2,814,442</u>	<u>397,592</u>	<u>307,808</u>	<u>597,978</u>
ANNUAL SURPLUS (DEFICIT)	<u>13,655</u>	<u>(38,630)</u>	<u>16,883</u>	<u>67,055</u>	<u>2,373,168</u>	<u>(664,992)</u>	<u>(21,577)</u>	<u>101,636</u>	<u>(122,012)</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

**12. SEGMENTED
INFORMATION**

	BAND GOVERNMENT		PRIVATE ENTERPRISE		OTHER	
	Budget 2014	2014	2013	Budget 2014	2014	2013
REVENUES						
Federal Government						
Operating Transfers	651,416	868,668	948,024	-	-	-
Capital Transfers	1,022,230	1,527,955	878,302	-	-	-
Provincial Government						
Operating Transfers	-	-	-	81,056	-	-
Capital Transfers	-	-	6,747,764	4,077,679	-	-
Business Enterprises	-	-	-	2,493,398	-	-
Other	50,000	391,790	125,200	-	44,720	80,264
	<u>1,723,646</u>	<u>2,788,413</u>	<u>8,699,290</u>	<u>6,708,093</u>	<u>44,720</u>	<u>80,264</u>
EXPENSES						
Salaries and benefits	1,086,090	1,291,824	792,509	-	40,439	50,620
Debt servicing	-	178,016	178,946	-	-	-
Other	219,219	716,827	1,165,378	-	2,943	43,945
Amortization	-	845,111	885,132	-	-	-
	<u>1,305,309</u>	<u>3,031,778</u>	<u>3,021,965</u>	<u>6,246,276</u>	<u>43,382</u>	<u>94,565</u>
ANNUAL SURPLUS (DEFICIT)	<u>418,337</u>	<u>(243,365)</u>	<u>5,677,325</u>	<u>461,817</u>	<u>1,338</u>	<u>(14,301)</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

12. SEGMENTED INFORMATION

	ADJUSTMENTS			CONSOLIDATED TOTAL		
	Budget 2014	2014	2013	Budget 2014	2014	2013
REVENUES						
Federal Government	-	-	-	16,115,116	18,532,869	17,525,502
Operating Transfers	-	-	-	1,022,230	1,527,955	1,683,238
Capital Transfers	-	-	-	-	-	-
Provincial Government	-	-	-	-	81,056	166,866
Operating Transfers	-	-	-	-	4,077,679	7,295,548
Capital Transfers	-	-	-	-	2,493,398	2,764,427
Business Enterprises	-	(413,391)	(7,205)	400,012	429,541	613,879
Other	-	(413,391)	(7,205)	17,537,358	27,142,498	30,049,460
EXPENSES						
Salaries and benefits	-	-	-	6,889,547	7,557,636	7,171,332
Debt servicing	-	-	-	297,860	314,151	390,724
Other	-	(413,391)	(7,205)	9,209,674	13,657,131	20,599,795
Amortization	-	-	-	-	1,527,513	1,409,655
	-	(413,391)	(7,205)	16,397,081	23,056,431	29,571,506
ANNUAL SURPLUS (DEFICIT)	-	-	-	1,140,277	4,086,067	477,954

**WASAGAMACK FIRST NATION
AANDC FUNDING RECONCILIATION
YEAR ENDED MARCH 31, 2014**

13. CONSTRUCTION IN PROGRESS

Construction in progress consists of the costs incurred to March 31, 2014 for the soil remediation project of \$2,504,400 (2013 - \$562,182) .

14. EXPENSES BY OBJECT

	<u>2014</u>	<u>2013</u>
Administration and office	\$ 12,864	137,861
Amortization of tangible capital assets	1,527,513	1,409,655
Community activities and events	840,669	1,181,756
Contract fees and services	3,141,389	7,385,918
Debt service	314,151	390,724
Fuel	1,285,814	1,050,367
Government transfers	-	30,111
Insurance	136,471	137,162
Interest and bank charges	54,402	80,115
Maintenance	378,680	867,251
Recoveries	-	210,931
Rent	74,957	32,552
Salaries and benefits	7,557,636	7,171,332
Shipping and freight	146,158	300,132
Social assistance	4,960,764	5,644,213
Supplies and materials	1,189,167	2,036,408
Telephone and communications	157,788	158,326
Training	320,616	185,903
Travel and accommodations	631,652	533,498
Utilities	<u>325,740</u>	<u>627,291</u>
	<u>\$ 23,056,431</u>	<u>29,571,506</u>

15. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>Total 2014</u>
Aboriginal Affairs and Northern Development			
Canada	\$ 15,426,831	1,527,955	16,954,786
Province of Manitoba	81,056	4,077,679	4,158,735
Canada Mortgage and Housing Corporation	220,143	-	220,143
Health Canada	2,231,762	-	2,231,762
Four Arrows	75,847	-	75,847
Island Lake Tribal Council	154,889	-	154,889
MKO	367,437	-	367,437
Federal - Other	<u>55,960</u>	<u>-</u>	<u>55,960</u>
	<u>\$ 18,613,925</u>	<u>5,605,634</u>	<u>24,219,559</u>

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

15. GOVERNMENT TRANSFERS (Continued)

	<u>Operating</u>	<u>Capital</u>	<u>Total 2013</u>
Aboriginal Affairs and Northern Development Canada	\$ 14,453,487	1,683,238	16,136,725
Province of Manitoba	166,866	7,295,548	7,462,414
Canada Mortgage and Housing Corporation	237,695	-	237,695
Health Canada	2,217,466	-	2,217,466
Four Arrows	75,215	-	75,215
Island Lake Tribal Council	154,889	-	154,889
MKO	<u>386,750</u>	<u>-</u>	<u>386,750</u>
	<u>\$ 17,692,368</u>	<u>8,978,786</u>	<u>26,671,154</u>

16. BUDGETED FIGURES

The budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Third Party Managers and Chief and Council.

17. VALUATION AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

(a) Fair value of financial assets and liabilities

Financial instruments held by the organization include cash, accounts receivable and accounts payable and accrued liabilities. The organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The organization subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

(b) Credit Risk

Credit risk is the risk that a counterparty will default on its financial liabilities.

Financial assets which potentially subject the First Nation to credit risk and concentrations of credit risk consist principally of cash and accounts receivable.

Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

(c) Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations related to financial liabilities as they come due. Financial liabilities consist of accounts payable and accrued liabilities and deferred revenue. Accounts payable and accrued liabilities are paid in the normal course of operations and except under certain exceptions, no later than three months.

The First Nation's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2014, the First Nation has a cash balance of \$3,083,582, and a net debt position of \$(16,373,011).

18. COMPARATIVE FIGURES

The comparative figures have been adjusted to reflect the presentation adopted for the current year.