

**WASAGAMACK FIRST NATION
INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015**

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WASAGAMACK FIRST NATION

MARCH 31, 2015

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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 public sector accounting standards. 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.

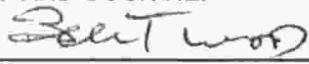
The Chief and Council review the First Nation's financial statements and recommends their approval to the membership. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial 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 approves the engagement of the external auditors.

The Consolidated 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.

APPROVED BY CHIEF AND COUNCIL:



Chief



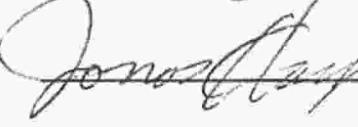
Councillor



Councillor



Councillor



Councillor

Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT



GROUP

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

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

We have audited the accompanying Consolidated financial statements of Wasagamack First Nation which comprise the statement of financial position as at March 31, 2015, and the statements of operations and 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 our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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;



CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

- 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 Wass Mart
 - 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, 2015.

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.

A handwritten signature in cursive ink that reads 'PKBW Group'.

Winnipeg, Manitoba
December 7, 2015

CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 5,728,672	3,083,582
Trust funds held by the Federal Government (Note 3)	21,677	20,017
Accounts receivable (Note 5)	807,020	1,079,494
Due from Government (Notes 6)	1,743,441	649,150
Investment in Island Lake Tribal Council	<u>175,000</u>	<u>175,000</u>
	<u>8,475,810</u>	<u>5,007,243</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	15,021,084	13,236,693
Due to Federal Government (Notes 8 and 17)	1,314,706	905,834
Deferred revenue (Note 9)	233,797	339,421
Long-term debt (Note 10)	<u>7,180,109</u>	<u>7,320,549</u>
	<u>23,749,696</u>	<u>21,802,497</u>
NET DEBT	<u>(15,273,886)</u>	<u>(16,795,254)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 11 and 17)	34,546,270	35,769,162
Construction in progress (Note 13)	2,822,819	2,504,400
Inventory for resale (Note 14)	1,004,976	996,976
Prepaid expenses	<u>135,300</u>	<u>134,891</u>
	<u>38,509,365</u>	<u>39,405,429</u>
ACCUMULATED SURPLUS	<u>\$ 23,235,479</u>	<u>22,610,175</u>

APPROVED BY THE FIRST NATION:

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2015

	2015	2014
	Budget	Actual
REVENUE		
Federal funding		
Operating	\$ 17,194,765	18,806,712
Capital	532,170	2,078,205
Provincial funding		
Operating	-	303,910
Capital	-	622,439
Business Enterprises	-	2,080,123
Other revenue	<u>338,623</u>	<u>444,442</u>
	<u>18,065,558</u>	<u>24,335,831</u>
	<u>18,065,558</u>	<u>24,335,831</u>
EXPENSES		
Health	2,512,361	3,330,876
Education	5,751,478	5,274,804
Social	6,118,690	5,728,733
Economic development	499,150	426,473
Public works	1,310,453	2,540,479
Housing	510	911,584
Band government	915,788	1,213,375
Private enterprises	-	2,523,796
Other	-	157,684
Amortization of tangible capital assets	<u>-</u>	<u>1,602,723</u>
	<u>17,108,430</u>	<u>23,710,527</u>
	<u>17,108,430</u>	<u>23,056,431</u>
ANNUAL SURPLUS	<u>\$ 957,128</u>	<u>625,304</u>
	<u>\$ 957,128</u>	<u>625,304</u>
	<u>\$ 957,128</u>	<u>4,086,067</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR, as previously reported	<u>\$ 22,610,175</u>	<u>22,610,175</u>
	<u>\$ 22,610,175</u>	<u>18,701,397</u>
PRIOR PERIOD CORRECTION OF ERROR (Note 17)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>(177,289)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,610,175</u>	<u>22,610,175</u>
	<u>22,610,175</u>	<u>18,524,108</u>
ANNUAL SURPLUS	<u>957,128</u>	<u>625,304</u>
	<u>957,128</u>	<u>4,086,067</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 23,567,303</u>	<u>23,235,479</u>
	<u>\$ 23,567,303</u>	<u>22,610,175</u>

WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>
ANNUAL SURPLUS	<u>\$ 957,128</u>	<u>625,304</u>
Tangible capital assets		
Acquisition of tangible capital assets	-	(379,831)
Amortization of tangible capital assets	<u>-</u>	<u>1,602,723</u>
	<u>-</u>	<u>1,222,892</u>
Other non-financial assets		
Conversion (acquisition) of construction in progress	-	(318,419)
Consumption (acquisition) of inventories of supplies	-	(8,000)
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>(409)</u>
	<u>-</u>	<u>(326,828)</u>
DECREASE IN NET DEBT	<u>\$ 957,128</u>	<u>1,521,368</u>
NET DEBT, BEGINNING OF YEAR, as previously reported	<u>\$ (19,180,462)</u>	<u>(16,795,254)</u>
PRIOR PERIOD CORRECTION OF ERROR (Note 17)	<u>-</u>	<u>-</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR, as restated	<u>(19,180,462)</u>	<u>(16,795,254)</u>
DECREASE IN NET DEBT	<u>-</u>	<u>1,521,368</u>
NET DEBT, END OF YEAR	<u>\$ (19,180,462)</u>	<u>(15,273,886)</u>

WASAGAMACK FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus	\$ 625,304	4,086,067
Add back non-cash item(s):		
Amortization of tangible capital assets	<u>1,602,723</u>	<u>1,527,513</u>
	2,228,027	5,613,580
Changes in non-cash working capital:		
Accounts receivable	272,474	(530,158)
Due from Government	(1,094,291)	6,223,159
Accounts payable and accrued liabilities	1,784,391	(6,892,636)
Due to Government	408,872	436,496
Deferred revenue	(105,624)	232,639
Inventory of supplies	(8,000)	87,221
Prepaid expenses	<u>(409)</u>	<u>(133,008)</u>
	<u>3,485,440</u>	<u>5,037,293</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(140,440)</u>	<u>(51,700)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(379,831)	(818,124)
Conversion (acquisition) of construction in progress	<u>(318,419)</u>	<u>(1,942,218)</u>
	<u>(698,250)</u>	<u>(2,760,342)</u>
INCREASE IN CASH		
	2,646,750	2,225,251
CASH, BEGINNING OF YEAR		
	<u>3,103,599</u>	<u>878,348</u>
CASH, END OF YEAR		
	<u>\$ 5,750,349</u>	<u>3,103,599</u>
CASH CONSISTS OF:		
Cash	\$ 5,728,682	3,083,582
Trust funds held by the Federal Government	<u>21,667</u>	<u>20,017</u>
	<u>\$ 5,750,349</u>	<u>3,103,599</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

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" which requires that the consolidated financial statements be prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the Canadian Professional Accountants (CPA) 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 Wass 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, 2015**

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, 2015

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 12 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, 2015

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.

		2015	2014
Operating		\$ 5,728,672	2,968,905
Restricted - CMHC Replacement reserve		-	114,717
Restricted - Bus reserve		-	(40)
		<u>\$ 5,728,672</u>	<u>3,083,582</u>

3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	March 31, 2014	Additions 2015	Withdrawals 2015	March 31, 2015
Revenue	\$ 17,655	1,660	-	19,315
Capital	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
	<u>\$ 20,017</u>	<u>1,660</u>	<u>-</u>	<u>21,677</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, 2015, the Health Authority's balance on this line of credit was \$100,000 (2014 - \$100,000).

	2015	2014
Employee Advances	\$ 82,408	20,577
Other	<u>724,612</u>	<u>1,058,917</u>
	<u>\$ 807,020</u>	<u>1,079,494</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

6. DUE FROM GOVERNMENT	2015	2014
AANDC		
Band Support 2013/14 (01011)	\$ -	69,329
Band Support 2012/13 (01011)	-	20,000
Band Support Funding 3rd Party (01012)	81,796	-
Tuition Agreements 2013/14 (02125)	-	43,820
Water and Sewer Retrofit 2014/15	31,634	-
Education Building Repairs 2014/15	15,345	-
Housing Repairs 2013/14	469,495	-
Housing Repairs 2014/15	1,967	-
Remediation CMWMWG 2014/15	191,318	-
Tuition Reimbursement 2014/15	33,762	-
Business Development 2014/15	7,910	-
Remediation - Bulk Fuels (08418)	-	100,027
Manitoba Keewatinowi Okimakanak Inc.	113,742	19,337
First Nations and Inuit Health Branch	409,700	-
Province of Manitoba		
East Side Road Authority	286,176	287,080
Manitoba Infrastructure and Transportation	56,110	67,844
Island Lake Tribal Council	<u>44,486</u>	<u>41,713</u>
	<u>\$ 1,743,441</u>	<u>649,150</u>
7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2015	2014
Trade payables	\$ 13,583,490	13,057,187
Accrued salaries and benefits	352,297	156,600
Pension, group insurance and source deductions payable	<u>585,297</u>	<u>22,906</u>
	<u>\$ 14,521,084</u>	<u>13,236,693</u>
8. DUE TO FEDERAL GOVERNMENT	2015	2014
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	3,596
2012/13 Parental and Community Engagement Strategy	21,734	21,734
2013/14 Waste Water O&M	83,313	83,313
2013/14 Water O&M	26,173	26,173
2013/14 Tuition Agreement	76,510	76,510
2013/14 Band operated school direct services	33,912	33,912
2013/14 School effectiveness	868	868
2013/14 Basic Needs	162,724	162,724
2013/14 Summer Work Experience	27,618	27,618
2014/15 Basic Needs	189,840	-
2014/15 Remediation	225,080	-
2008/09 Debt Management Information	334,281	334,281
2008/09 Band Employee Benefit Plans	88,061	88,061
Four Arrows Regional Health Authority	<u>-</u>	<u>6,048</u>
	<u>\$ 1,314,706</u>	<u>905,834</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

9. DEFERRED REVENUE	Balance	Funding	Revenue	Balance
	March 31, <u>2014</u>	Received <u>2015</u>	Recognized Repayable <u>2015</u>	March 31, <u>2015</u>
AANDC				
Leadership Dev. (01840)	\$ 2,069	-	-	2,069
Business Development	11,250	-	10,038	1,212
CMHC				
RRAP Funding	32,484	-	-	32,484
FNIHB				
Generator Project	-	13,612	-	13,612
Nursing Station Project	11,254	-	-	11,254
Nursing Station Renovations	-	110,064	-	110,064
Security	24,544	38,558	-	63,102
Atchitamo Developments	<u>257,820</u>	<u>-</u>	<u>257,820</u>	<u>-</u>
	<u>\$ 339,421</u>	<u>162,234</u>	<u>267,858</u>	<u>233,797</u>
10. LONG-TERM DEBT			2015	2014
Mortgage payable to Canada Mortgage and Housing Corporation at 2.65%, repayable in monthly installments of \$7,321 principal and interest, due May 1, 2015, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 391,606		468,095	
Mortgage payable to Canada Mortgage and Housing Corporation at 2.65%, repayable in monthly installments of \$7,793 principal and interest, due May 1, 2015, secured by a Ministerial Guarantee and assignment of fire insurance.	1,152,196		1,214,460	
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, secured by a Ministerial Guarantee and assignment of fire insurance.	1,188,385		1,244,826	
Peace Hills Trust loans, interest at 5.5%, no mutual agreement between the First Nation and Peace Hills Trust, currently in default and being repaid at \$65,000 per month.	4,268,281		4,090,265	
Bank of Montreal loan, interest at prime plus 3.00%, repayable in monthly installments of \$5,667 plus interest, extinguished November 2014.	-		45,333	
Bank of Montreal loan, interest at prime plus 3.00%, repayable in monthly installments of \$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.	179,641		257,570	
	<u>\$ 7,180,109</u>		<u>7,320,549</u>	

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**

10. LONG-TERM DEBT (Continued)

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

March 31, 2016	\$ 4,545,966
2017	282,417
2018	233,122
2019	214,304
2020	197,127
Thereafter	<u>1,707,173</u>
	 <u>\$ 7,180,109</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

11. TANGIBLE CAPITAL ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE			
	Opening Balance *	Additions	Disposals	Closing Balance	Opening Balance *	Amortization	Disposals and write offs	Closing Balance	Total 2015	Total 2014
Landfill	\$ 1,421,889	-	-	1,421,889	-	-	-	-	1,421,889	1,421,889
Infrastructure	19,517,377	-	-	19,517,377	7,374,350	390,348	-	7,764,698	11,752,679	12,143,027
Roads	2,644,069	-	-	2,644,069	175,472	52,881	-	228,353	2,415,716	2,468,597
Buildings	10,616,208	-	-	10,616,208	3,404,755	249,616	-	3,654,371	6,961,837	7,211,453
Housing	14,720,581	-	-	14,720,581	4,786,305	411,057	-	5,197,362	9,523,219	9,934,276
Heavy equipment and vehicles	4,220,914	306,600	-	4,527,514	2,339,485	316,221	-	2,655,706	1,871,808	1,881,429
Equipment and furniture	1,628,142	70,231	-	1,698,373	1,018,525	154,594	-	1,173,119	525,254	609,617
Computers	414,555	3,000	-	417,555	315,681	28,006	-	343,687	73,868	98,874
TOTAL	\$55,183,735	379,831	-	55,563,566	19,414,573	1,602,723	-	21,017,296	34,546,270	35,769,162

* 2015 opening balances are restated as per Note 17.

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

12. SEGMENTED INFORMATION

	HEALTH			EDUCATION			SOCIAL		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
REVENUES									
Federal Government									
Operating Transfers	\$ 2,353,218	2,551,146	2,462,498	6,164,607	6,750,147	6,163,890	6,108,500	5,838,500	5,576,776
Capital Transfers	-	896,390	-	-	15,345	-	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-	-	-	-
Other	103,295	9,422	732	205,328	227,010	46,600	30,000	30,029	-
	<u>2,456,513</u>	<u>3,456,958</u>	<u>2,463,230</u>	<u>6,369,935</u>	<u>6,992,502</u>	<u>6,210,490</u>	<u>6,138,500</u>	<u>5,868,529</u>	<u>5,576,776</u>
EXPENSES									
Salaries and benefits	1,562,117	1,672,676	1,617,232	3,984,734	3,750,345	3,422,229	198,290	198,219	174,446
Debt servicing	128,934	13,265	21,893	-	-	-	-	-	-
Other	821,310	1,644,935	766,929	1,766,744	1,524,459	1,169,798	5,920,400	5,667,067	5,376,467
Amortization	-	171,940	153,821	-	136,587	116,995	-	-	583
	<u>2,512,361</u>	<u>3,502,816</u>	<u>2,559,875</u>	<u>5,751,478</u>	<u>5,411,391</u>	<u>4,709,022</u>	<u>6,118,690</u>	<u>5,865,286</u>	<u>5,551,496</u>
ANNUAL SURPLUS (DEFICIT)	\$ (55,848)	(45,858)	(96,645)	\$ 618,457	1,581,111	1,501,468	19,810	3,243	25,280

ADJUSTMENTS

- (i) \$136,553 (2014 - \$104,915) was included as other revenue under the CMHC program (Housing) and as an expense in the Basic Needs program (Social)
- (ii) \$nil (2014 - \$253,134) was included as other revenue under the Band Based Capital program (Band Government) and as an expense in the Basic Needs program (Social).
- (iii) \$nil (2014 - \$55,342) 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, 2015

12. SEGMENTED INFORMATION

	ECONOMIC DEVELOPMENT			PUBLIC WORKS			HOUSING		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
REVENUES									
Federal Government									
Operating Transfers	512,805	553,463	493,492	910,191	1,620,398	2,691,442	-	220,143	220,143
Capital Transfers	-	-	-	487,100	620,008	-	-	546,462	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-	-	-	-
Other	-	54,572	27,618	-	-	142,171	-	136,553	189,301
	<u>512,805</u>	<u>608,035</u>	<u>521,110</u>	<u>1,397,291</u>	<u>2,240,406</u>	<u>2,833,613</u>	<u>-</u>	<u>903,158</u>	<u>409,444</u>
EXPENSES									
Salaries and benefits	202,635	184,875	176,695	352,036	985,253	(86,881)	510	144,352	18,092
Debt servicing	-	-	-	-	-	-	-	62,382	66,493
Other	296,515	241,598	371,977	958,417	1,555,226	307,975	-	704,850	98,545
Amortization	-	5,211	11,068	-	239,254	239,351	-	134,541	124,678
	<u>499,150</u>	<u>431,684</u>	<u>559,740</u>	<u>1,310,453</u>	<u>2,779,733</u>	<u>460,445</u>	<u>510</u>	<u>1,046,125</u>	<u>307,808</u>
ANNUAL SURPLUS (DEFICIT)									
	<u>13,655</u>	<u>176,351</u>	<u>(38,630)</u>	<u>86,838</u>	<u>(539,327)</u>	<u>2,373,168</u>	<u>(510)</u>	<u>(142,967)</u>	<u>101,636</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

12. SEGMENTED INFORMATION

	BAND GOVERNMENT			PRIVATE ENTERPRISE			OTHER		
	Budget 2015	2015	2014	Budget 2015	2015	2014	Budget 2015	2015	2014
REVENUES									
Federal Government									
Operating Transfers	1,145,444	1,153,831	868,668	-	55,960	55,960	-	63,124	-
Capital Transfers	45,070	-	1,527,955	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	291,910	81,056	-	12,000	-
Capital Transfers	-	-	-	-	622,439	4,077,679	-	-	-
Business Enterprises	-	-	-	-	2,080,123	2,493,398	-	-	-
Other	-	45,832	391,790	-	-	-	-	77,577	44,720
	<u>1,190,514</u>	<u>1,199,663</u>	<u>2,788,413</u>	<u>-</u>	<u>3,050,432</u>	<u>6,708,093</u>	<u>-</u>	<u>152,701</u>	<u>44,720</u>
EXPENSES									
Salaries and benefits	491,388	629,544	1,291,824	-	651,646	903,560	-	137,619	40,439
Debt servicing	-	178,016	178,016	-	1,247	47,749	-	-	-
Other	424,400	405,815	716,827	-	1,870,903	5,259,061	-	20,065	2,943
Amortization	-	838,849	845,111	-	76,341	35,906	-	-	-
	<u>915,788</u>	<u>2,052,224</u>	<u>3,031,778</u>	<u>-</u>	<u>2,600,137</u>	<u>6,246,276</u>	<u>-</u>	<u>157,684</u>	<u>43,382</u>
ANNUAL SURPLUS (DEFICIT)									
	<u>274,726</u>	<u>(852,561)</u>	<u>(243,365)</u>	<u>-</u>	<u>450,295</u>	<u>461,817</u>	<u>-</u>	<u>(4,983)</u>	<u>1,338</u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015

12. SEGMENTED INFORMATION

	ADJUSTMENTS			CONSOLIDATED TOTAL		
	Budget 2015	2015	2014	Budget 2015	2015	2014
REVENUES						
Federal Government						
Operating Transfers	-	-	-	17,194,765	18,806,712	18,532,869
Capital Transfers	-	-	-	532,170	2,078,205	1,527,955
Provincial Government						
Operating Transfers	-	-	-	-	303,910	81,056
Capital Transfers	-	-	-	-	622,439	4,077,679
Business Enterprises	-	-	-	-	2,080,123	2,493,398
Other	-	(136,553)	(413,391)	338,623	444,442	429,541
	-	(136,553)	(413,391)	18,065,558	24,335,831	27,142,498
EXPENSES						
Salaries and benefits	-	-	-	6,791,710	8,354,529	7,557,636
Debt servicing	-	-	-	128,934	254,910	314,151
Other	-	(136,553)	(413,391)	10,187,786	13,498,365	13,657,131
Amortization	-	-	-	-	1,602,723	1,527,513
	-	(136,553)	(413,391)	17,108,430	23,710,527	23,056,431
ANNUAL SURPLUS (DEFICIT)						
	-	-	-	957,128	625,304	4,086,067

**WASAGAMACK FIRST NATION
AANDC FUNDING RECONCILIATION
YEAR ENDED MARCH 31, 2015**



13. CONSTRUCTION IN PROGRESS

Construction in progress consists of the costs incurred to March 31, 2015 for the soil remediation project of \$2,822,819 (2014 - \$2,504,400).

14. INVENTORIES FOR RESALE

	2015	2014
G R O U P Wasagamack Bulk Fuels	\$ 974,789	974,789
Wassmart	<u>30,187</u>	<u>22,187</u>
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS INC.	<u><u>1,004,976</u></u>	<u><u>996,976</u></u>

15. EXPENSES BY OBJECT

	2015	2014
Administration and office	\$ 105,255	12,864
Amortization of tangible capital assets	1,602,723	1,527,513
Community activities and events	773,004	840,669
Contract fees and services	1,040,341	3,141,389
Debt service	254,910	314,151
Fuel	874,517	1,285,814
Insurance	113,219	136,471
Interest and bank charges	42,897	54,402
Maintenance	2,135,772	378,680
Recoveries	351,483	-
Rent	45,177	74,957
Salaries and benefits	8,354,529	7,557,636
Shipping and freight	98,784	146,158
Social assistance	4,751,107	4,960,764
Supplies and materials	1,022,983	1,189,167
Telephone and communications	165,518	157,788
Training	207,915	320,616
Travel and accommodations	767,740	631,652
Utilities	<u>1,002,653</u>	<u>325,740</u>
	<u><u>\$ 23,710,527</u></u>	<u><u>23,056,431</u></u>

16. GOVERNMENT TRANSFERS

	Operating	Capital	Total 2015
Federal transfers			
Aboriginal Affairs and Northern Development			
Canada	\$ 15,529,589	1,181,815	16,711,404
Canada Mortgage and Housing Corporation	220,143	-	220,143
Health Canada	2,324,986	896,390	3,221,376
Four Arrows	75,847	-	75,847
Island Lake Tribal Council	150,313	-	150,313
Federal - Other	119,084	-	119,084
MKO	<u>386,750</u>	<u>-</u>	<u>386,750</u>
	<u>18,806,712</u>	<u>2,078,205</u>	<u>20,884,917</u>
Provincial transfers			
Province of Manitoba	<u>303,910</u>	<u>622,439</u>	<u>926,349</u>
	<u><u>\$ 19,110,622</u></u>	<u><u>2,700,644</u></u>	<u><u>21,811,266</u></u>

WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015



CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS INC.

16. GOVERNMENT TRANSFERS (Continued)

	<u>Operating</u>	<u>Capital</u>	Total 2014
Federal transfers			
Aboriginal Affairs and Northern Development			
Canada	\$ 15,426,831	1,527,955	16,954,786
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
Federal - Other	55,960	-	55,960
MKO	367,437	-	367,437
	<hr/>	<hr/>	<hr/>
	18,532,869	1,527,955	20,060,824
Provincial transfers			
Province of Manitoba	<hr/>	<hr/>	<hr/>
	81,056	4,077,679	4,158,735
	<hr/>	<hr/>	<hr/>
	\$ 18,613,925	5,605,634	24,219,559

17. PRIOR PERIOD CORRECTION OF ERROR

During the course of the audit, it was discovered that the cost and accumulated amortization of the Band funded portion of CMHC Housing from 2006 was not previously included in tangible capital assets. To correct this, tangible capital assets were increased by \$310,683 and the accumulated surplus was decreased by the same amount.

CMHC Housing must be amortized based on the estimated useful lives of the buildings. As these assets were previously amortized based on CMHC debt principal repayment, a correction was required. Tangible capital assets decreased by \$166,938 and accumulated surplus was decreased by the same amount.

Several tangible capital assets from the 2013 fiscal year were identified as having been incorrectly expensed in their year of acquisition. To correct this, tangible capital assets increased \$101,207 and accumulated surplus was increased by the same amount.

As per the 2014/15 AANDC funding confirmation, there is funding repayable relating to the 2008/09 fiscal year. Accounts payable was increased by \$422,342 and accumulated surplus decreased by the same amount.

18. 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.

19. VALUATION AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

(a) Fair Value of Financial Assets and Liabilities

Financial instruments held by the First Nation include cash, accounts receivable and accounts payable, accrued liabilities, and long-term debt. The First Nation 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.

**WASAGAMACK FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015**



CHARTERED ACCOUNTANTS
& BUSINESS ADVISORS I(c)

19. VALUATION AND RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES (Continued)

(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 long-term debt. The First Nation has a working capital deficiency of \$8,792,412 (2014 - \$10,153,111). The First Nation is currently in third party intervention for its AANDC funded programs. The third party manager has developed an management action plan that is aimed at reducing liabilities and improving liquidity for the First Nation.

20. COMPARATIVE FIGURES

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

21. CONTAMINATED SITE

During work on a capital project, a fuel spill occurred, resulting in soil becoming contaminated. While the majority of the soil decontamination has been completed, it is estimated that an additional \$500,000 will be spent to perform additional tests and determine whether the farmland should be decommissioned. This estimated liability has been accrued in these consolidated financial statements and recorded as an expense in the statement of operations.

22. SUBSEQUENT EVENT

Subsequent to year end, the Wasagamack Wass Mart was destroyed by a fire. The inventory and other contents were not covered by an insurance policy.