

**WASAGAMACK FIRST NATION  
INDEPENDENT AUDITOR'S REPORT  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2016**

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**WASAGAMACK FIRST NATION**

**MARCH 31, 2016**

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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 Fort Group Chartered Professional Accountants Inc. in accordance with Canadian generally accepted auditing standards on behalf of the members. Fort Group Chartered Professional Accountants 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

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, 2016, 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.

Except as described in the basis for qualified opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

In the prior year Wasagamack Bulk Fuel, Wasagamack Wass Mart, Atchitamo Developments Inc. and Wasagamack Teepee Radio Station band controlled accounts were not audited. Consequently we were unable to determine whether any adjustments, if any, might be required to adjust the opening assets, liabilities, net debt, non-financial assets or prior years revenues and expenses related to these entities operations. In addition, 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, 2016.



## Qualified Opinion

In our opinion, except for the effect of adjustments described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wasagamack First Nation as at March 31, 2016 and the consolidated statements of operations, changes in net debt, and cash flow for the year ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba  
January 26, 2017



CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.

**WASAGAMACK FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,112,918	5,219,210
Trust funds held by the Federal Government (Note 3)	22,997	21,677
Accounts receivable (Note 5)	473,715	442,443
Due from Government (Notes 6)	<u>2,986,685</u>	<u>2,949,308</u>
	<u>5,596,315</u>	<u>8,632,638</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	7,719,953	15,021,084
Due to Federal Government (Notes 8 and 17)	1,089,626	1,314,706
Deferred revenue (Note 9)	1,027,683	198,032
Long-term debt (Note 10)	<u>5,517,169</u>	<u>7,180,109</u>
	<u>15,354,431</u>	<u>23,713,931</u>
<b>NET DEBT</b>	<u>(9,758,116)</u>	<u>(15,081,293)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 11 and 17)	33,320,770	34,546,270
Construction in progress (Note 13)	2,888,137	2,822,821
Inventory for resale (Note 14)	782,479	1,004,976
Prepaid expenses	<u>1,196,772</u>	<u>135,300</u>
	<u>38,188,158</u>	<u>38,509,367</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 28,430,042</u>	<u>23,428,074</u>

**APPROVED BY THE FIRST NATION:**

\_\_\_\_\_  
Chief

<p>_____ Councillor</p> <p>_____ Councillor</p> <p>_____ Councillor</p>	<p>_____ Councillor</p> <p>_____ Councillor</p> <p>_____ Councillor</p>
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**WASAGAMACK FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>
<b>REVENUE</b>		<b><u>Actual</u></b>
Federal funding		
Operating	\$ 18,363,974	17,473,616
Capital	569,493	1,677,215
Provincial funding		
Operating	12,000	819,912
Capital	-	290,589
Business Enterprises	-	2,383,684
Other revenue	<u>215,000</u>	<u>362,855</u>
	<u>19,160,467</u>	<u>23,007,871</u>
<b>EXPENSES</b>		<u>24,284,367</u>
Health	2,533,081	2,990,466
Education	6,143,931	5,271,092
Social	6,039,350	5,030,815
Economic development	523,675	545,317
Public works	1,452,422	1,888,794
Housing	480,987	410,848
Band government	894,148	1,132,146
Private enterprises	-	3,163,904
Other	12,000	218,237
Amortization of tangible capital assets	<u>-</u>	<u>1,624,676</u>
	<u>18,079,594</u>	<u>22,276,295</u>
<b>ANNUAL SURPLUS BEFORE MAP ITEMS</b>	<u>\$ 1,080,873</u>	<u>731,576</u>
<b>MAP ITEMS (Note 21)</b>		<u>815,299</u>
Debt settlement payments	-	4,542,739
Prior TPM surplus funds used to settle debt	-	(2,197,472)
Gain on settlement of debt	<u>-</u>	<u>(6,615,662)</u>
	<u>-</u>	<u>(4,270,395)</u>
<b>ANNUAL SURPLUS</b>	<u>1,080,873</u>	<u>5,001,971</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, as previously reported</b>	\$ 23,425,471	22,610,175
<b>PRIOR PERIOD CORRECTION OF ERROR (Note 17)</b>	<u>-</u>	<u>2,600</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, as restated</b>	<u>23,425,471</u>	<u>22,612,775</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 24,506,344</u>	<u>23,428,074</u>

**WASAGAMACK FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT  
YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>
		<b><u>Actual</u></b>
<b>ANNUAL SURPLUS</b>	\$ <u>1,080,873</u>	<u>5,001,971</u> <u>815,299</u>
Tangible capital assets		
Loss on disposal of tangible capital assets	-	30,932
Acquisition of tangible capital assets	(133,500)	(430,107)
Amortization of tangible capital assets	<u>1,602,723</u>	<u>1,624,676</u> <u>1,602,723</u>
	<u>1,469,223</u>	<u>1,225,501</u> <u>1,222,892</u>
Other non-financial assets		
Conversion (acquisition) of construction in progress	-	(65,316)
Consumption (acquisition) of inventories of supplies	-	222,497
Consumption (acquisition) of prepaid expenses	<u>-</u>	<u>(1,061,472)</u> <u>(409)</u>
	<u>-</u>	<u>(904,291)</u> <u>(326,830)</u>
<b>DECREASE IN NET DEBT</b>	\$ <u>2,550,096</u>	<u>5,323,181</u> <u>1,711,361</u>
<b>NET DEBT, BEGINNING OF YEAR, as previously reported</b>	\$ (19,180,462)	(15,083,897) (16,795,254)
<b>PRIOR PERIOD CORRECTION OF ERROR (Note 17)</b>	<u>-</u>	<u>2,600</u> <u>2,600</u>
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR, as restated</b>	(19,180,462)	(15,081,297) (16,792,654)
<b>DECREASE IN NET DEBT</b>	<u>-</u>	<u>5,323,181</u> <u>1,711,361</u>
<b>NET DEBT, END OF YEAR</b>	\$ <u>(19,180,462)</u>	<u>(9,758,116)</u> <u>(15,081,293)</u>



**WASAGAMACK FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 5,001,971	815,299
Add back non-cash item(s):		
Amortization of tangible capital assets	1,624,676	1,602,723
Loss on disposal of tangible capital assets	<u>30,932</u>	<u>-</u>
	6,657,579	2,418,022
Changes in non-cash working capital:		
Accounts receivable	(31,274)	541,683
Due from Government	(37,377)	(2,084,144)
Accounts payable and accrued liabilities	(7,301,131)	1,784,390
Due to Government	(225,080)	408,872
Deferred revenue	829,651	(141,389)
Inventory of supplies	222,497	(8,000)
Prepaid expenses	<u>(1,061,472)</u>	<u>(409)</u>
	<u>(946,607)</u>	<u>2,919,025</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	<u>(1,662,940)</u>	<u>(140,440)</u>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(430,107)	(379,831)
Conversion (acquisition) of construction in progress	<u>(65,317)</u>	<u>(318,419)</u>
	<u>(495,424)</u>	<u>(698,250)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(3,104,971)	2,080,335
<b>CASH, BEGINNING OF YEAR</b>	<u>5,240,887</u>	<u>3,160,552</u>
<b>CASH, END OF YEAR</b>	\$ <u>2,135,916</u>	<u>5,240,887</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 2,112,918	5,219,210
Trust funds held by the Federal Government	<u>22,997</u>	<u>21,677</u>
	\$ <u>2,135,915</u>	<u>5,240,887</u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The First Nation follows the INAC 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 CPA Canada 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 expenses 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, 2016**

**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 CPA Canada 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, 2016**

**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, 2016**

**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><b>2016</b></u>	<u><b>2015</b></u>
Operating	\$ 1,897,900	\$ 5,219,210
Restricted - CMHC Replacement reserve	<u>215,018</u>	<u>-</u>
	<u><b>\$ 2,112,918</b></u>	<u><b>5,219,210</b></u>

**3. TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT**

	<u><b>March 31, 2015</b></u>	<u><b>Additions 2015/2016</b></u>	<u><b>Withdrawals 2015/2016</b></u>	<u><b>March 31, 2016</b></u>
Revenue	\$ 19,315	1,320	-	20,635
Capital	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
	<u><b>\$ 21,677</b></u>	<u><b>1,320</b></u>	<u><b>-</b></u>	<u><b>22,997</b></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 Wasagamack Health Authority has a line of credit with the Bank of Montreal to a maximum of \$275,000 (2015 - \$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, 2016, the Health Authority's balance on this line of credit was \$163,569 (2015 - \$100,000).

**5. ACCOUNTS RECEIVABLE**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Employee Advances	\$ 28,105	82,408
Other	<u>445,610</u>	<u>360,035</u>
	<u><b>\$ 473,715</b></u>	<u><b>442,443</b></u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**6. DUE FROM GOVERNMENT**

	<u><b>2016</b></u>	<u><b>2015</b></u>
INAC		
Band Support Funding 3rd Party (01012)	\$ 72,868	81,796
Water & sewer	31,634	-
Winter road	30,000	-
Manitoba school project	1,000	-
Remediation	250,000	-
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
Manitoba Keewatinowi Okimakanak Inc.	53,675	113,742
First Nations and Inuit Health Branch	200,000	409,700
Canada Mortgage and Housing Corporation	76,052	-
Province of Manitoba		
Tabacco Tax	1,270,048	1,196,566
East Side Road Authority	711,966	286,176
Manitoba Infrastructure and Transportation	234,143	56,110
Island Lake Tribal Council	55,299	53,787
	<u><u>\$ 2,986,685</u></u>	<u><u>2,949,308</u></u>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Trade payables	\$ 7,646,588	14,119,587
Accrued salaries and benefits	50,788	156,000
Pension, group insurance and source deductions payable	22,577	745,497
	<u><u>\$ 7,719,953</u></u>	<u><u>15,021,084</u></u>

**8. DUE TO FEDERAL GOVERNMENT**

	<u><b>2016</b></u>	<u><b>2015</b></u>
INAC		
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	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
	<u><u>\$ 1,089,626</u></u>	<u><u>1,314,706</u></u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

9. DEFERRED REVENUE	Balance March 31, 2015	Funding Received 2015/2016	Revenue Recognized 2015/2016	Balance March 31, 2016
<b>INAC</b>				
Community development	\$ -	126,055	77,055	49,000
Instructional service	-	3,522,726	3,522,726	-
Leadership development	2,069	-	-	2,069
Recovery remediation	-	225,080	-	225,080
Water & sewer retro fit	-	1,309,283	939,283	370,000
Business development	1,212	-	-	1,212
<b>CMHC</b>				
RRAP Funding	32,484	-	-	32,484
<b>FNIHB</b>				
Generator Project	13,612	-	-	13,612
Nursing Station Project	11,254	350,000	106,225	255,029
Nursing Station Renovations	110,064	105,000	163,204	51,860
Security	27,337	133,660	133,660	27,337
	<u>\$ 198,032</u>	<u>5,771,804</u>	<u>4,942,153</u>	<u>1,027,683</u>

**10. LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u>
Mortgage payable to Canada Mortgage and Housing Corporation at 0.99%, repayable in monthly installments of \$7,074 principal and interest, due December 1, 2019, secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 312,352	391,606
Mortgage payable to Canada Mortgage and Housing Corporation at 1.04%, repayable in monthly installments of \$6,982 principal and interest, due October 1, 2020, secured by a Ministerial Guarantee and assignment of fire insurance.	1,085,310	1,152,196
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.	1,131,200	1,188,385
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.	2,886,595	4,268,281
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.	<u>101,712</u>	<u>179,641</u>
	<u>\$ 5,517,169</u>	<u>7,180,109</u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**10. LONG-TERM DEBT (Continued)**

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

March 31, 2017	\$ 301,042
2018	550,227
2019	529,102
2020	510,570
2021	449,044
Thereafter	<u>1,493,404</u>
	<u>\$ 3,833,389</u>

The principal portion of long-term debt repayments is less than the total principal of debt outstanding due to the First Nation making an agreement with Peace Hills Trust to pay \$300,704 annually for the years ended March 31, 2018 - March 31, 2021 at which point in time \$1,683,779 of delinquent interest will be extinguished.



**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**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 2016	Total 2015
Landfill	\$ 1,421,889	-	-	1,421,889	-	-	-	-	1,421,889	1,421,889
Infrastructure	19,517,377	-	-	19,517,377	7,764,698	394,579	-	8,159,276	11,358,101	11,752,679
Roads	2,644,069	37,600	-	2,681,669	228,353	53,257	-	281,610	2,400,059	2,415,716
Buildings	10,616,208	164,548	5,073	10,775,683	3,654,371	249,490	317	3,903,544	6,872,139	6,961,837
Housing	14,720,581	-	-	14,720,581	5,197,362	411,057	-	5,608,419	9,112,162	9,523,219
Heavy equipment and vehicles	4,527,514	223,959	-	4,751,473	2,655,706	354,792	-	3,010,498	1,740,975	1,871,808
Equipment and furniture	1,698,373	4,000	52,352	1,650,021	1,173,119	133,196	26,176	1,280,139	369,882	525,254
Computers	417,555	-	-	417,555	343,687	28,305	-	371,992	45,563	73,868
<b>TOTAL</b>	<b>\$55,563,566</b>	<b>430,107</b>	<b>57,425</b>	<b>55,936,248</b>	<b>21,017,296</b>	<b>1,624,676</b>	<b>26,493</b>	<b>22,615,478</b>	<b>33,320,770</b>	<b>34,546,270</b>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**12. SEGMENTED  
INFORMATION**

	<b>HEALTH</b>			<b>EDUCATION</b>			<b>SOCIAL</b>		
	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>									
Federal Government									
Operating Transfers	\$ 2,587,239	2,579,127	2,551,146	6,763,002	6,395,947	6,742,237	6,058,650	5,393,778	5,838,500
Capital Transfers	-	455,000	896,390	76,380	74,880	15,345	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Business Enterprises	-	-	-	-	-	-	-	-	-
Other	-	217,197	9,422	43,000	34,290	52,320	22,000	26,621	30,029
	<u>2,587,239</u>	<u>3,251,324</u>	<u>3,456,958</u>	<u>6,882,382</u>	<u>6,505,117</u>	<u>6,809,902</u>	<u>6,080,650</u>	<u>5,420,399</u>	<u>5,868,529</u>
<b>EXPENSES</b>									
Salaries and benefits	1,675,026	1,542,207	1,672,676	4,035,161	3,534,516	3,385,145	182,800	201,057	198,219
Debt servicing	77,940	6,458	13,265	-	-	-	-	-	-
Other	780,115	1,441,801	1,644,935	2,108,770	1,736,576	1,707,059	5,856,550	5,229,354	5,667,067
Amortization	-	193,255	171,940	-	136,589	136,587	-	-	-
	<u>2,533,081</u>	<u>3,183,721</u>	<u>3,502,816</u>	<u>6,143,931</u>	<u>5,407,681</u>	<u>5,228,791</u>	<u>6,039,350</u>	<u>5,430,411</u>	<u>5,865,286</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 54,158</u>	<u>67,603</u>	<u>(45,858)</u>	<u>\$ 738,451</u>	<u>1,097,436</u>	<u>1,581,111</u>	<u>41,300</u>	<u>(10,012)</u>	<u>3,243</u>

**ADJUSTMENTS**

- (i) \$195,408 (2015 - \$195,408) was included as other revenue under the CMHC program (Housing) and as an expense in the Basic Needs program (Social)
- (ii) \$204,188 (2015 - \$nil) was included as other revenue and other expense under the Health program.

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**12. SEGMENTED  
INFORMATION**

	<u>ECONOMIC DEVELOPMENT</u>			<u>PUBLIC WORKS</u>			<u>HOUSING</u>		
	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>									
Federal Government									
Operating Transfers	537,330	384,889	553,463	954,573	1,185,502	1,550,398	283,987	299,283	220,143
Capital Transfers	-	-	-	493,113	970,548	690,008	-	176,787	546,462
Provincial Government									
Operating Transfers	-	-	-	-	-	-	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Business Enterprises									
Other	-	27,147	54,572	-	64,833	-	150,000	126,950	136,553
	<u>537,330</u>	<u>412,036</u>	<u>608,035</u>	<u>1,447,686</u>	<u>2,220,883</u>	<u>2,240,406</u>	<u>433,987</u>	<u>603,020</u>	<u>903,158</u>
<b>EXPENSES</b>									
Salaries and benefits	163,834	167,183	184,875	753,663	1,057,198	985,253	70,000	180,400	144,352
Debt servicing	-	-	-	-	-	-	260,000	54,184	62,382
Other	359,841	378,134	241,598	698,759	831,596	1,555,226	150,987	176,264	704,850
Amortization	-	6,411	5,211	-	258,585	239,254	-	134,541	134,541
	<u>523,675</u>	<u>551,728</u>	<u>431,684</u>	<u>1,452,422</u>	<u>2,147,379</u>	<u>2,779,733</u>	<u>480,987</u>	<u>545,389</u>	<u>1,046,125</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>13,655</u>	<u>(139,692)</u>	<u>176,351</u>	<u>(4,736)</u>	<u>73,504</u>	<u>(539,327)</u>	<u>(47,000)</u>	<u>57,631</u>	<u>(142,967)</u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**12. SEGMENTED  
INFORMATION**

	<b>BAND GOVERNMENT</b>			<b>PRIVATE ENTERPRISE</b>			<b>OTHER</b>		
	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>	<u>Budget 2016</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>									
Federal Government									
Operating Transfers	1,179,193	1,179,193	1,153,831	-	55,897	55,960	-	-	-
Capital Transfers	-	-	-	-	-	-	-	-	-
Provincial Government									
Operating Transfers	-	-	-	-	807,912	481,902	12,000	12,000	12,000
Capital Transfers	-	-	-	-	290,589	67,446	-	-	-
Business Enterprises									
Other	-	76,945	17,679	-	2,383,684	2,635,115	-	-	-
	<u>1,179,193</u>	<u>1,256,138</u>	<u>1,171,510</u>	<u>-</u>	<u>3,538,082</u>	<u>3,240,423</u>	<u>12,000</u>	<u>200,468</u>	<u>180,854</u>
<b>EXPENSES</b>									
Salaries and benefits	464,318	479,601	629,544	-	497,591	651,646	12,000	153,855	137,619
Debt servicing	-	149,170	178,016	-	26,502	1,247	-	-	-
Other	429,830	503,375	405,809	-	2,639,811	1,870,903	-	64,382	20,067
Amortization	-	823,103	838,849	-	72,192	76,341	-	-	-
	<u>894,148</u>	<u>1,955,249</u>	<u>2,052,218</u>	<u>-</u>	<u>3,236,096</u>	<u>2,600,137</u>	<u>12,000</u>	<u>218,237</u>	<u>157,686</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>285,045</u>	<u>(699,111)</u>	<u>(880,708)</u>	<u>-</u>	<u>301,986</u>	<u>640,286</u>	<u>-</u>	<u>(17,769)</u>	<u>23,168</u>



**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**12. SEGMENTED INFORMATION**

	ADJUSTMENTS			CONSOLIDATED TOTAL		
	Budget 2016	2016	2015	Budget 2016	2016	2015
<b>REVENUES</b>						
Federal Government						
Operating Transfers	-	-	-	18,363,974	17,473,616	18,665,678
Capital Transfers	-	-	-	569,493	1,677,215	2,148,205
Provincial Government						
Operating Transfers	-	-	-	12,000	819,912	493,902
Capital Transfers	-	-	-	-	290,589	67,446
Business Enterprises	-	-	-	-	2,383,684	2,635,115
Other	-	(399,596)	(195,408)	215,000	362,855	274,021
	-	(399,596)	(195,408)	19,160,467	23,007,871	24,284,367
<b>EXPENSES</b>						
Salaries and benefits	-	-	-	7,356,802	7,813,608	7,989,329
Debt servicing	-	-	-	337,940	236,314	254,910
Other	-	(399,596)	(195,408)	10,384,852	12,601,697	13,622,106
Amortization	-	-	-	-	1,624,676	1,602,723
	-	(399,596)	(195,408)	18,079,594	22,276,295	23,469,068
<b>ANNUAL SURPLUS (DEFICIT)</b>	-	-	-	1,080,873	731,576	815,299

**WASAGAMACK FIRST NATION  
AANDC FUNDING RECONCILIATION  
YEAR ENDED MARCH 31, 2016**

**13. CONSTRUCTION IN PROGRESS**

Construction in progress consists of the costs incurred to March 31, 2016 for the soil remediation project of \$2,781,911 (2015 - \$2,822,821) and for the Wasagamack Health Authority building project of \$106,226 (2015 - \$nil).

**14. INVENTORIES FOR RESALE**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Wasagamack Bulk Fuels	\$ 782,479	974,790
Wassmart	<u>-</u>	<u>30,187</u>
	<u><b>\$ 782,479</b></u>	<u><b>1,004,977</b></u>

**15. EXPENSES BY OBJECT**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Administration and office	\$ 107,631	87,253
Amortization of tangible capital assets	1,624,676	1,602,723
Bad debt	112,583	248,076
Capital materials and equipment	405,786	165,636
Community activities and events	944,678	537,010
Contract fees and services	1,347,538	1,040,341
Debt service	237,587	254,909
Fuel	1,212,697	874,517
Insurance	73,857	113,219
Interest and bank charges	9,741	42,885
Maintenance	597,064	1,498,632
Other	31,999	68,093
Recoveries	-	351,483
Rent	25,630	61,509
Salaries and benefits	7,813,608	7,989,329
Shipping and freight	105,915	98,784
Social assistance	4,524,930	4,880,811
Supplies and materials	1,168,193	1,426,352
Telephone and communications	166,369	149,186
Training	273,222	214,061
Travel and accommodations	798,111	761,606
Utilities	<u>694,480</u>	<u>1,002,653</u>
	<u><b>\$ 22,276,295</b></u>	<u><b>23,469,068</b></u>

**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**16. GOVERNMENT TRANSFERS**

	<u>Operating</u>	<u>Capital</u>	<u>Total 2016</u>
Federal transfers			
Indigenous and Northern Affairs Canada	\$ 14,286,000	1,222,215	15,508,215
Canada Mortgage and Housing Corporation	299,283	-	299,283
Health Canada	2,398,765	455,000	2,853,765
Four Arrows	46,904	-	46,904
Island Lake Tribal Council	133,458	-	133,458
Federal - Other	55,897	-	55,897
MKO	<u>253,309</u>	<u>-</u>	<u>253,309</u>
	17,473,616	1,677,215	19,150,831
Provincial transfers			
Province of Manitoba	<u>819,912</u>	<u>290,589</u>	<u>1,110,501</u>
	<u>\$ 18,293,528</u>	<u>1,967,804</u>	<u>20,261,332</u>
	<u>Operating</u>	<u>Capital</u>	<u>Total 2015</u>
Federal transfers			
Indigenous and Northern Affairs 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>
	18,806,712	2,078,205	20,884,917
Provincial transfers			
Province of Manitoba	<u>493,902</u>	<u>67,446</u>	<u>561,348</u>
	<u>\$ 19,300,614</u>	<u>2,145,651</u>	<u>21,446,265</u>

**17. PRIOR PERIOD CORRECTION OF ERROR**

During the current year it was discovered that bank accounts and accounts receivable, investments and deferred revenue were incorrectly recorded in the financial records of the First Nation at March 31, 2015 and March 31, 2014. Accordingly an adjustment was made to reduce cash by \$261,540, reduce deferred revenue by \$35,765, reduce investments by \$175,000 reduce accounts receivable by \$403,374 and increase opening retained earnings by \$2,600. The adjustment was recorded in the year ended March 31, 2015.

**18. BUDGETED FIGURES**

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



**WASAGAMACK FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2016**

**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.

**(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 \$6,661,691 (2015 - \$7,901,185). The First Nation is currently in third party intervention for its INAC 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. CONTAMINATED SITES**

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 \$569,000 will be spent to perform additional tests to determine whether the farmland should be decommissioned and if other sites in the community are affected. This estimated liability has been accrued in these consolidated financial statements and recorded as an expense in the statement of operations.

**21. MANAGEMENT ACTION PLAN**

Indigenous and Northern Affairs Canada approved a Management Action Plan (MAP) prepared by BDO Canada LLP on behalf of the First Nation. Implementation of this MAP has resulted in negotiated settlements with debtors resulting in a portion of debt forgiveness. The plan calls for payment of the negotiated settlements from operating surpluses over the past fiscal year, in the subsequent year, and over the next four years.

**22. COMPARATIVE FIGURES**

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

**23. SUBSEQUENT EVENT**

Subsequent to year end, a legal claim was commenced by FN Supplies and Purchasing Services against Wasagamack First Nation in the amount of \$756,251. An amount of \$199,124 is currently set up in accounts payable at March 31, 2016. The outcome of the settlement is not yet determinable.