
WASAGAMACK FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

WASAGAMACK FIRST NATION

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MARCH 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of 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 financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council meets 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 financial statements and the external auditors' report.


The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Wasagamack First Nation and meet when required.



Chief

Councillor

Councillor

Councillor

Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Wasagamack First Nation

We have audited the accompanying consolidated financial statements of Wasagamack First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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 consolidated financial statements are free of 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 entity'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 entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Wasagamack First Nation has not recorded all tangible capital assets controlled by the First Nation. As a result, we were unable to determine whether adjustments might have been necessary to non-financial assets, accumulated surplus or amortization expense reported in these consolidated financial statements for the year ended March 31, 2017.

Qualified Opinion

In our opinion, except for the effects of the matter described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of Wasagamack First Nation as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba
December 28, 2017

WASAGAMACK FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016
FINANCIAL ASSETS		
Cash (Note 2)	\$ 4,010,824	\$ 1,897,900
Restricted cash (Note 3)	239,196	238,015
Accounts receivable (Note 4)	2,121,997	3,460,400
Inventory (Note 5)	<u>653,422</u>	<u>782,479</u>
Total financial assets	<u>7,025,439</u>	<u>6,378,794</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	7,578,760	8,809,579
Deferred revenue (Note 7)	818,495	1,027,683
Long-term debt (Note 8)	<u>4,122,076</u>	<u>5,517,169</u>
Total liabilities	<u>12,519,331</u>	<u>15,354,431</u>
Net debt	<u>(5,493,892)</u>	<u>(8,975,637)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	269,840	1,196,772
Tangible capital assets (Note 9)	33,195,829	33,320,770
Construction in progress (Note 10)	<u>3,340,696</u>	<u>2,888,137</u>
Total non-financial assets	<u>36,806,365</u>	<u>37,405,679</u>
Accumulated surplus	<u>\$ 31,312,473</u>	<u>\$ 28,430,042</u>

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

WASAGAMACK FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6
REVENUE			
Indigenous and Northern Affairs Canada	\$ 11,826,482	\$ 17,514,609	\$ 15,508,215
Health Canada	3,310,495	3,381,889	3,034,127
Canada Mortgage and Housing Corporation	130,000	613,350	299,283
Employment and Social Development Canada	386,750	519,792	280,456
Canada Post		82,942	108,927
Justice Canada		18,725	22,640
Province of Manitoba		697,957	1,177,804
Band generated revenue	289,680	2,548,661	2,202,046
Other revenue	37	976,632	374,373
	<u>15,943,444</u>	<u>26,354,557</u>	<u>23,007,871</u>
EXPENDITURES			
Governance and administration	656,731	1,277,731	2,089,789
Economic development	70,227	157,596	551,728
Social services	3,617,223	5,400,457	5,030,815
Education	4,272,173	6,739,709	5,407,681
Health	3,217,775	3,253,816	3,076,410
Community services	2,758,740	3,343,050	2,254,690
Housing	223,548	896,626	410,848
Band funds		4,708,139	3,236,097
Other	-	-	218,237
	<u>14,816,417</u>	<u>25,777,124</u>	<u>22,276,295</u>
INCOME FROM OPERATIONS	<u>1,127,027</u>	<u>577,433</u>	<u>731,576</u>
OTHER ITEMS			
Prior TPM surplus funds used to settle debt (Note 16)			2,197,472
Gain on settlement of debt (Note 16)	-	2,304,998	2,072,923
	-	<u>2,304,998</u>	<u>4,270,395</u>
ANNUAL SURPLUS	1,127,027	2,882,431	5,001,971
ACCUMULATED SURPLUS, beginning of year	<u>28,430,042</u>	<u>28,430,042</u>	<u>23,428,071</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 29,557,069</u>	<u>\$ 31,312,473</u>	<u>\$ 28,430,042</u>

WASAGAMACK FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 7	2 0 1 6
Annual surplus	\$ <u>1,127,027</u>	\$ <u>2,882,431</u>	\$ <u>5,001,971</u>
Acquisition of tangible capital assets		(<u>1,732,581</u>)	(<u>430,107</u>)
Loss on disposal of tangible capital assets		<u>42,321</u>	<u>30,932</u>
Amortization of tangible capital assets		<u>1,815,201</u>	<u>1,624,676</u>
Acquisition of construction in progress	<u>-</u>	(<u>452,559</u>)	(<u>65,316</u>)
	<u>-</u>	(<u>327,618</u>)	<u>1,160,185</u>
Acquisition of prepaid expenses		(<u>269,840</u>)	(<u>1,196,772</u>)
Use of prepaid expenses	<u>-</u>	<u>1,196,772</u>	<u>135,300</u>
	<u>-</u>	<u>926,932</u>	(<u>1,061,472</u>)
CHANGE IN NET DEBT FOR YEAR	1,127,027	3,481,745	5,100,684
NET DEBT, <i>beginning of year</i>	(<u>8,975,637</u>)	(<u>8,975,637</u>)	(<u>14,076,321</u>)
NET DEBT, <i>end of year</i>	<u>\$ (7,848,610)</u>	<u>\$ (5,493,892)</u>	<u>\$ (8,975,637)</u>

WASAGAMACK FIRST NATION

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 28,104,991	\$ 28,039,268
Cash paid to suppliers and employees	(24,094,432)	(28,985,876)
	<u>4,010,559</u>	<u>(946,608)</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	(2,185,140)	(495,424)
<i>FINANCING ACTIVITIES</i>		
Proceeds from long term debt	580,000	
Repayment of long term debt	(291,314)	(1,662,940)
	<u>288,686</u>	<u>(1,662,940)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	2,114,105	(3,104,972)
CASH, <i>beginning of year</i>	<u>2,135,915</u>	<u>5,240,887</u>
CASH, <i>end of year</i>	<u>\$ 4,250,020</u>	<u>\$ 2,135,915</u>
CASH COMPRISED OF		
Cash	\$ 4,010,824	\$ 1,897,900
Restricted cash	<u>239,196</u>	<u>238,015</u>
	<u>\$ 4,250,020</u>	<u>\$ 2,135,915</u>

WASAGAMACK FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

The Wasagamack First Nation (the "First Nation") reporting entity includes the Wasagamack First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

- Wasagamack First Nation
- Wasagamack First Nation Third Party Management
- Wasagamack Health Authority
- Wasagamack Employment & Training
- Mehkana Development Corporation
- Wasagamack Wass Mart
- Wasagamack Bulk Fuel
- Atchitamo Development Inc.
- Teepee Radio Station

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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

INVENTORY

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

NET DEBT

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Cree Nation is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2017**

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)****TANGIBLE CAPITAL ASSETS***

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates:

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

Amortization is computed at one-half of the annual amortization in the year of acquisition.

SEGMENTS

The First Nation conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

REVENUE RECOGNITION

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying value as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

2. CASH

Cash is comprised of the following:

	2 0 1 7	2 0 1 6
Unrestricted		
Atchitamo Developments	\$ 163,559	\$ 11,369
Mehkana Developments Inc.	663,694	268,684
Teepee Radio Station	401	(2,968)
Wasagamack Bulk Fuels	26,687	55,479
Wasagamack Employment and Training	154,626	1,594
Wasagamack First Nation	1,373,474	
Wasagamack Health Authority	(197,111)	197,258
Wasagamack Mart Ltd.	(144)	(144)
Wasagamack Third Party Management	<u>1,825,638</u>	<u>1,366,628</u>
	<u>\$ 4,010,824</u>	<u>\$ 1,897,900</u>

The Wasagamack Health Authority has a line of credit with the Bank of Montreal to a maximum of \$275,000 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, 2017, the Health Authority's balance on this line of credit was \$233,805 (2016 - \$163,569).

3. RESTRICTED CASH

C.M.H.C. Replacement Reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("C.M.H.C.") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with C.M.H.C., the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. At March 31, 2017, \$214,889 (2016 - \$215,018) had been deposited into separate accounts leaving an unfunded balance of \$45,624 (2016 - \$35,236).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

3. RESTRICTED CASH *(continued)*

Ottawa Trust Fund

The Ottawa Trust Fund arises 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2 0 1 7	2 0 1 6
C.M.H.C. Replacement Reserve	\$ 214,889	\$ 215,018
Ottawa Trust Fund	<u>24,307</u>	<u>22,997</u>
	<u>\$ 239,196</u>	<u>\$ 238,015</u>

4. ACCOUNTS RECEIVABLE

	2 0 1 7	2 0 1 6
I.N.A.C.		
Band Support Funding 3rd Party	\$ 32,194	\$ 72,868
Water & sewer		31,634
Winter road		30,000
Manitoba school project		1,000
Remediation		250,000
Economic development	10,962	
Wastewater under \$1.5M capital - retrofit	120,675	
Major renovations, extension & repair	141,928	
Soil remediation	439,800	
Cultural & recreational	100,000	
Arena & sports complex	<u>180,000</u>	-
Subtotal	1,025,559	385,502
Canada Mortgage and Housing Corporation	329,965	76,052
Employee advances	105,553	28,105
Health Canada	51,660	200,000
Other	139,840	554,584
Province of Manitoba		
Tobacco Tax		1,270,048
Fuel Tax Rebate	102,052	
East Side Road Authority	257,010	711,966
Manitoba Infrastructure and Transportation	49,452	234,143
Policing	<u>60,906</u>	-
	<u>\$ 2,121,997</u>	<u>\$ 3,460,400</u>

5. INVENTORY

	2 0 1 7	2 0 1 6
Fuel for resale	<u>\$ 653,422</u>	<u>\$ 782,479</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017
6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 7	2 0 1 6
I.N.A.C.		
Band Employee Benefits Plans	\$ 56,213	\$ 88,061
Band Operated School Direct Services	42,954	33,912
Band Support Funding	112,425	
Basic Needs	857,170	606,404
Enhanced Teacher Salaries	2,400	2,400
In-Home Care	65,105	64,143
Parental and Community Engagement Strategy		21,734
Prevention Projects	14,000	
Recovery on PID	25,868	25,868
School Effectiveness		868
Skills Link	6,714	3,932
Skills Link - Science & Technology	10,687	
Skills Link - Work Placement	7,726	3,596
Special Needs	40,110	17,063
Summer Work Experience		27,618
Tuition Agreement		76,510
Waste Water O&M		83,313
Water and Sewer Trucks		8,031
Water O&M	-	26,173
Subtotal	1,241,372	1,089,626
Trade payables	5,022,102	7,646,588
Accrued liabilities	1,315,286	73,365
	<u>\$ 7,578,760</u>	<u>\$ 8,809,579</u>

7. DEFERRED REVENUE

	2 0 1 7	2 0 1 6
I.N.A.C		
Community Development	\$	\$ 49,000
Instructional Service		
Leadership Development		2,069
Major Capital Housing	569,071	
Recovery Remediation		225,080
Water & Sewer Retro Fit		370,000
Business Development		1,212
C.M.H.C		
RRAP funding	120,880	32,484
Health Canada		
Generator Project		13,612
Nursing Station Project	68,434	255,029
Nursing Station Renovations		51,860
Security		27,337
Employment and Social Development Canada		
Communities at Risk	60,110	-
	<u>\$ 818,495</u>	<u>\$ 1,027,683</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

8. LONG TERM DEBT

	2017	2016
Mortgage payable to Canada Mortgage and Housing Corporation at 0.99%, repayable in monthly installments of \$7,074 (P & I), due December 1, 2019 secured by a Ministerial Guarantee and assignment of fire insurance.	\$ 230,182	\$ 312,352
Mortgage payable to Canada Mortgage and Housing Corporation at 1.04% repayable in monthly installments of \$6,982 (P & I), due October 1, 2020 secured by a Ministerial Guarantee and assignment of fire insurance.	1,012,419	1,085,310
Mortgage payable to Canada Mortgage and Housing Corporation at 1.62% repayable in monthly installments of \$6,344 (P & I), due March 1, 2018 secured by a Ministerial Guarantee and assignment of fire insurance.	1,072,875	1,131,200
Peace Hills Trust loan, non-interest bearing repayable in annual installments of \$300,704 in April 2017 to April 2020 based on settlement agreement dated October 19, 2015.	1,202,816	2,886,595
Bank of Montreal loan, interest at prime plus 3.99% 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.	23,784	101,712
First People Economic Growth Fund, Joint Venture Program Loan repayable upon demand, 7.00%, until demand is made repayable in annual installments of \$154,021 (P & I), due February 2019.	280,000	
First People Economic Growth Fund, Community Economic Expansion Program Loan, nil interest, until demand is made repayable in annual installments of \$150,000 (P), due February 2019.	<u>300,000</u>	<u>-</u>
	\$ <u>4,122,076</u>	\$ <u>5,517,169</u>

The scheduled principal amounts payable within the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2018	\$ 824,676
2019	814,612
2020	500,385
2021	438,770
2022	139,874

Peace Hills Trust loan outstanding balance of \$1,202,816 as of March 31, 2017 consists of four remaining annual payments of \$300,704 based on the settlement agreement the two parties agreed to on October 19, 2015. The annual payments are due in April of each year ending in 2020. Any deviation from the agreement may result in the full amount of delinquent interest and outstanding principal to be due immediately. As of March 31, 2017 the outstanding loan balance was \$2,980,413 bearing interest at 5.5%. If any amounts become repayable as a result of default on the settlement agreement, they will be accounted for in the year of determination.

WASAGAMACK FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2017	Total 2016
Landfill	\$ 1,421,889	\$	\$	\$ 1,421,889	\$	\$	\$	\$	\$ 1,421,889	\$ 1,421,889
Infrastructure	19,517,377			19,517,377	8,159,276	390,348		8,549,624	10,967,753	11,358,101
Roads	2,681,669			2,681,669	281,610	53,633		335,243	2,346,426	2,400,059
Buildings	10,775,683			10,775,683	3,903,544	253,604		4,157,148	6,618,535	6,872,139
Housing	14,720,581			14,720,581	5,608,419	528,926		6,137,345	8,583,236	9,112,162
Heavy equipment and vehicles	4,751,473	1,655,922	31,048	6,376,347	3,010,498	461,033	2,787	3,468,744	2,907,603	1,740,975
Equipment and furniture	1,650,021	58,471	26,176	1,682,316	1,280,139	101,916	12,116	1,369,939	312,377	369,882
Computers	417,555	18,188	-	435,743	371,992	25,741	-	397,733	38,010	45,563
	<u>\$ 55,936,248</u>	<u>\$ 1,732,581</u>	<u>\$ 57,224</u>	<u>\$ 57,611,605</u>	<u>\$ 22,615,478</u>	<u>\$ 1,815,201</u>	<u>\$ 14,903</u>	<u>\$ 24,415,776</u>	<u>\$ 33,195,829</u>	<u>\$ 33,320,770</u>

10. CONSTRUCTION IN PROGRESS

	2017	2016
Soil Remediation Project	\$ 2,649,602	\$ 2,781,912
Health Centre Project	292,821	106,225
Multi-Unit Housing Project	<u>398,273</u>	<u>-</u>
	<u>\$ 3,340,696</u>	<u>\$ 2,888,137</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly. The soil remediation project was completed during 2018 fiscal year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017
11. CONTINGENT LIABILITIES

- a) The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. If any amounts become repayable, they will be accounted for in the year of determination.
- b) The First Nation has entered into various debt settlement agreements with vendors and lending institutions which resulted a portion of the debt being forgiven. A majority of these agreements called for the settled debts to be repaid with annual installments ending in April 2020. Should the First Nation default on the terms of any of the individual settlement agreements, the debt and interest on amounts previously forgiven may become due. If any amounts become repayable, they will be accounted for in the year of determination.

12. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 7	2 0 1 6
Agreement	\$ 18,096,733	\$ 15,508,215
Add: Accounts receivable adjustments		225,080
Add: Deferred revenues from prior year		
Economic Development	49,000	
Water & Sewer Retro-fit	370,000	
Less: Deferred revenues to following year		
Major Capital Housing	(569,071)	
Soil Remediation		(225,080)
Less: Basic Needs recovery	(432,053)	-
TOTAL I.N.A.C. REVENUE PER FINANCIAL STATEMENTS	\$ <u>17,514,609</u>	\$ <u>15,508,215</u>

13. ECONOMIC DEPENDENCE

Wasagamack First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

14. RELATED PARTY TRANSACTIONS

In the normal course of business the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and related parties aggregate revenue and expenditures derived from related parties is not determinable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2017****15. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 1 7	2 0 1 6
Administration and office	\$ 45,033	\$ 107,631
Amortization of tangible capital assets	1,815,203	1,624,676
Bad Debt	406,367	112,583
Capital materials and equipment	1,041,016	405,786
Community activities and events	1,562,450	944,678
Contract fees and services	1,721,818	1,347,538
Debt service	34,701	237,587
Fuel	1,592,532	1,212,697
Insurance	85,026	73,857
Interest and bank charges	58,068	9,741
Repairs and maintenance	790,955	597,064
Other	303,171	31,999
Rent	23,480	25,630
Salaries and benefits	8,023,554	7,813,608
Shipping and freight	49,857	105,915
Social assistance	5,223,571	4,524,930
Supplies and materials	1,312,459	1,168,193
Telephone and communications	162,039	166,369
Training and workshops	192,074	273,222
Travel and accommodations	969,792	798,111
Utilities	<u>363,958</u>	<u>694,480</u>
	<u>\$ 25,777,124</u>	<u>\$ 22,276,295</u>

16. MANAGEMENT ACTION PLAN

In 2016 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 until April 2020.

17. COMPARATIVE FIGURES

The comparative figures were audited by another firm of Chartered Professional Accountants. Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

18. SEGMENT DISCLOSURE

Wasagamack First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Government and Administration		Economic Development		Social Services		Education		Health	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Federal Government										
INAC	\$ 1,368,489	\$ 1,179,193	\$ 235,865	\$ 384,889	\$ 4,997,460	\$ 5,393,778	\$ 7,688,256	\$ 6,470,827	\$ 3,381,889	\$ 3,034,127
FNIH										
CMHC										
ESDC										
Other	-	-	-	-	-	-	519,792	-	-	-
Subtotal	1,368,489	1,179,193	235,865	384,889	4,997,460	5,393,778	8,208,048	6,470,827	3,381,889	3,034,127
Other revenue	-	76,945	-	27,147	-	26,621	70,244	34,290	22,225	13,009
Total revenue	<u>1,368,489</u>	<u>1,256,138</u>	<u>235,865</u>	<u>412,036</u>	<u>4,997,460</u>	<u>5,420,399</u>	<u>8,278,292</u>	<u>6,505,117</u>	<u>3,404,114</u>	<u>3,047,136</u>
Expenses										
Amortization	153,543	823,103		6,411			103,276	136,589	181,717	193,255
Debt servicing	407,550	149,170								6,458
Other	277,627	503,375	126,610	378,134	5,242,075	5,229,354	2,648,402	1,736,576	1,384,124	1,237,613
Salaries and benefits	<u>439,011</u>	<u>479,601</u>	<u>30,986</u>	<u>167,183</u>	<u>158,382</u>	<u>201,057</u>	<u>3,988,031</u>	<u>3,534,516</u>	<u>1,687,979</u>	<u>1,542,207</u>
Total expenses	<u>1,277,731</u>	<u>1,955,249</u>	<u>157,596</u>	<u>551,728</u>	<u>5,400,457</u>	<u>5,430,411</u>	<u>6,739,709</u>	<u>5,407,681</u>	<u>3,253,820</u>	<u>2,979,533</u>
Surplus (Deficit)	<u>\$ 90,758</u>	<u>\$ (699,111)</u>	<u>\$ 78,269</u>	<u>\$ (139,692)</u>	<u>\$ (402,997)</u>	<u>\$ (10,012)</u>	<u>\$ 1,538,583</u>	<u>\$ 1,097,436</u>	<u>\$ 150,294</u>	<u>\$ 67,603</u>

WASAGAMACK FIRST NATION

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NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

18. SEGMENT DISCLOSURE (continued)

	Community Services		Housing		Band Entities		Other		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues										
Federal Government										
INAC	\$ 3,224,539	\$ 2,156,050	\$	\$	\$	55,897	\$	\$	\$ 17,514,609	\$ 15,640,634
FNIH									3,381,889	3,034,127
CMHC			613,350	476,070					613,350	476,070
ESDC									519,792	
Other	-	-	-	-	-	-	-	-	-	-
Subtotal	3,224,539	2,156,050	613,350	476,070	-	55,897	-	-	22,029,640	19,150,831
Other revenue	326,438	64,833	259,105	126,950	3,646,905	3,482,185	-	200,468	4,324,917	4,052,448
Total revenue	3,550,977	2,220,883	872,455	603,020	3,646,905	3,538,082	-	200,468	26,354,557	23,203,279
Expenses										
Amortization	992,888	258,585	252,409	134,541	131,368	72,192			1,815,201	1,624,676
Debt servicing			31,146	54,184		26,502			438,696	236,314
Other	1,502,872	831,596	346,038	176,264	4,050,528	2,639,811		64,382	15,578,276	12,797,105
Salaries and benefits	847,290	1,057,198	267,033	180,400	526,239	497,591	-	153,855	7,944,951	7,813,608
Total expenses	3,343,050	2,147,379	896,626	545,389	4,708,135	3,236,096	-	218,237	25,777,124	22,471,703
Surplus (Deficit)	\$ 207,927	\$ 73,504	\$ (24,171)	\$ 57,631	\$ (1,061,230)	\$ 301,986	\$ -	\$ (17,769)	\$ 577,433	\$ 731,576