
WASAGAMACK FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

WASAGAMACK FIRST NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.



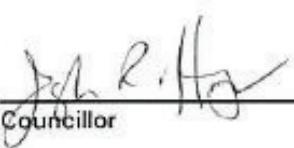
Chief



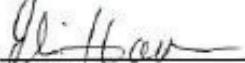
Councillor



Councillor



Councillor



Councillor



INDEPENDENT AUDITORS' REPORT

Collins Barrow HMA LLP
Suite 701 - 330 Portage Avenue
Winnipeg, MB R3C 0C4
T: 204.989.2229
F: 204.944.9923
TF: 1.866.730.4777
www.collinsbarrow.com

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, 2018, 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, 2018.

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, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow HMA LLP
Chartered Professional Accountants

Winnipeg, Manitoba
January 10, 2019

 An independent member of
BAKER TILLY
INTERNATIONAL

WASAGAMACK FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2018	2017
FINANCIAL ASSETS		
Cash (Note 2)	\$ 3,193,533	\$ 4,010,824
Restricted cash (Note 3)	277,345	239,196
Accounts receivable (Note 4)	2,415,654	2,121,997
Inventory (Note 5)	<u>670,327</u>	<u>653,422</u>
Total financial assets	<u>6,556,859</u>	<u>7,025,439</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	5,040,220	7,578,760
Deferred revenue (Note 7)	1,974,329	818,495
Long-term debt (Note 8)	<u>2,991,040</u>	<u>4,122,076</u>
Total liabilities	<u>10,005,589</u>	<u>12,519,331</u>
Net debt	<u>(3,448,730)</u>	<u>(5,493,892)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	323,187	269,840
Tangible capital assets (Note 9)	37,663,511	33,195,829
Construction in progress (Note 10)	<u>10,974,781</u>	<u>3,340,696</u>
Total non-financial assets	<u>48,961,479</u>	<u>36,806,365</u>
Accumulated surplus	<u>\$ 45,512,749</u>	<u>\$ 31,312,473</u>
Contingent liabilities (Note 11)		

Approved on behalf of Council

.....
Chief
.....
Councillor
.....
Councillor
.....
Councillor
.....
Councillor

.....
Councillor
.....
Councillor
.....
Councillor
.....
Councillor

WASAGAMACK FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
REVENUE			
Indigenous Services Canada	\$ 31,251,826	\$ 30,765,303	\$ 17,514,609
Health Canada		3,377,328	3,194,446
Canada Mortgage and Housing Corporation	692,676	495,845	613,350
Employment and Social Development Canada	386,750	608,638	660,331
Canada Post	77,600	24,895	82,942
Justice Canada	15,000	16,700	18,725
Province of Manitoba		66,630	697,957
Band generated revenue	160,652	2,484,855	2,548,661
I.S.C. - Debt forgiveness		334,281	
Other revenue	130,994	1,000,817	1,229,466
Eliminations	<u>-</u>	(244,874)	(205,931)
	<u>32,715,498</u>	<u>38,930,418</u>	<u>26,354,556</u>
EXPENDITURES			
Governance and administration	1,414,657	1,472,379	1,277,731
Economic development	932,400	793,027	157,596
Social services	6,099,787	5,277,340	5,400,457
Education	10,768,220	6,726,728	6,739,709
Health	3,770,247	3,558,226	3,459,746
Community services	11,131,368	3,011,271	3,343,050
Housing	814,328	652,700	896,626
Band funds		3,483,345	4,708,139
Eliminations	<u>-</u>	(244,874)	(205,931)
	<u>34,931,007</u>	<u>24,730,142</u>	<u>25,777,123</u>
ANNUAL SURPLUS	(2,215,509)	14,200,276	577,433
OTHER ITEMS			
Gain on settlement of debt <i>(Note 16)</i>	<u>-</u>	<u>-</u>	<u>2,304,998</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>31,312,473</u>	<u>31,312,473</u>	<u>28,430,042</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 29,096,964</u>	<u>\$ 45,512,749</u>	<u>\$ 31,312,473</u>

WASAGAMACK FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
Annual surplus	\$ (2,215,509)	\$ 14,200,276	\$ 2,882,431
Acquisition of tangible capital assets		(6,510,205)	(1,732,581)
Loss on disposal of tangible capital assets			42,321
Amortization of tangible capital assets		2,042,523	1,815,201
Acquisition of construction in progress	_____ -	(7,634,085)	(452,559)
	_____ -	(12,101,767)	(327,618)
Acquisition of prepaid expenses		(323,187)	(269,840)
Use of prepaid expenses	_____ -	269,840	1,196,772
	_____ -	(53,347)	926,932
CHANGE IN NET DEBT FOR YEAR	(2,215,509)	2,045,162	3,481,745
NET DEBT, <i>beginning of year</i>	(5,493,892)	(5,493,892)	(8,975,637)
NET DEBT, <i>end of year</i>	\$ (7,709,401)	\$ (3,448,730)	\$ (5,493,892)

WASAGAMACK FIRST NATION

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2018

2017

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from funding and other sources	\$ 38,108,816	\$ 28,104,991
Cash paid to suppliers and employees	(23,612,632)	(24,094,432)
	<u>14,496,184</u>	<u>4,010,559</u>

CAPITAL ACTIVITIES

Acquisition of tangible capital assets and construction in progress	(14,144,290)	(2,185,140)
---	--------------	-------------

FINANCING ACTIVITIES

Proceeds from long term debt	580,000	
Repayment of long term debt	(1,131,036)	(291,314)
	<u>(1,131,036)</u>	<u>288,686</u>

NET INCREASE (DECREASE) IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>4,250,020</u>	<u>2,135,915</u>
CASH, <i>end of year</i>	<u>\$ 3,470,878</u>	<u>\$ 4,250,020</u>

CASH COMPRISED OF

Cash	\$ 3,193,533	\$ 4,010,824
Restricted cash	<u>277,345</u>	<u>239,196</u>
	<u>\$ 3,470,878</u>	<u>\$ 4,250,020</u>

WASAGAMACK FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 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 First 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, 2018

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.

REVENUErecognition

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, 2018

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 8	2 0 1 7
Unrestricted		
Atchitamo Developments	\$(18,752)	\$ 163,559
Mehkana Developments Inc.	2,633	663,694
Teepee Radio Station	269	401
Wasagamack Bulk Fuels	53,544	26,687
Wasagamack Employment and Training	(571)	154,626
Wasagamack First Nation	2,787,647	1,373,474
Wasagamack Health Authority	97,567	(197,111)
Wasagamack Mart Ltd.	(144)	(144)
Wasagamack Third Party Management	<u>271,340</u>	<u>1,825,638</u>
	<u><u>\$ 3,193,533</u></u>	<u><u>\$ 4,010,824</u></u>

The Wasagamack Health Authority has a line of credit with the Bank of Montreal to a maximum of \$125,000 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, 2018, the Health Authority's balance on this line of credit was nil (2017 - \$233,805).

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, 2018, \$251,624 (2017 - \$214,889) had been deposited into separate accounts leaving an unfunded balance of \$57,437 (2017 - \$45,624).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 8	2 0 1 7
C.M.H.C. Replacement Reserve	\$ 251,624	\$ 214,889
Ottawa Trust Fund	<u>25,721</u>	<u>24,307</u>
	<u><u>\$ 277,345</u></u>	<u><u>\$ 239,196</u></u>

4. ACCOUNTS RECEIVABLE

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
Band Support Funding 3rd Party	\$ 168,050	\$ 32,194
Debt repayment	300,000	
Infrastructure Construction Landfill (Landfill Upgrade)	10,962	10,962
Economic Development	120,675	
Wastewater Under \$1.5M Capital - Retrofit	141,928	
Major Renovations, Extension & Repair	439,800	
Manitoba Schools Initiative	110,983	
Soil Remediation	9,798	
Tuition Agreement	107,187	100,000
Cultural & Recreational	460,742	180,000
Arena & Sports Complex	428,756	-
Rock Crusher and Heavy Equipment	1,596,478	1,025,559
Subtotal	329,026	329,965
Canada Mortgage and Housing Corporation	848,479	51,660
Employee advances		
Health Canada	877,182	
Other	147,915	60,906
Province of Manitoba	2,921,898	2,753,786
Fuel Tax Rebate	(506,244)	(631,789)
East Side Road Authority	\$ 2,415,654	\$ 2,121,997
Manitoba Infrastructure and Transportation		
Policing	49,452	
Less: Allowance for doubtful accounts	\$ 670,327	\$ 653,422

5. INVENTORY

	2 0 1 8	2 0 1 7
Fuel for resale	\$ 670,327	\$ 653,422

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
Band Employee Benefits Plans	\$ 56,213	\$ 56,213
Band Operated School Direct Services	42,954	
Band Support Funding	112,425	
Basic Needs	176,782	857,170
Enhanced Teacher Salaries	2,400	
In-Home Care	65,105	
Prevention Projects	14,000	
Recovery on PIDP	25,868	
Skills Link	6,714	
Skills Link - Science & Technology	10,687	
Skills Link - Work Placement	7,726	
Special Needs	- 40,110	
Subtotal	232,995	1,241,372
Trade payables	3,757,674	5,022,102
Accrued liabilities	<u>1,049,551</u>	<u>1,315,286</u>
	<u>\$ 5,040,220</u>	<u>\$ 7,578,760</u>

7. DEFERRED REVENUE

	2 0 1 8	2 0 1 7
Indigenous Services Canada		
Arena Sports Complex	\$ 460,742	\$
Capital - 5 Duplex Housing	123,942	
Cultural and Recreation	93,251	
Infrastructure Construction Landfill Upgrade	300,000	
Economic Development - End of Life Vehicle Initiative	153,485	
Major Capital Housing	13,663	569,071
Solid Waste - End of Life Vehicle Initiative Landfill Clean Up	37,500	
Tuition Agreement	9,798	
Wastewater Plant Upgrade	85,651	
C.M.H.C		
SIF Retrofit	138,216	
RRAP funding	167,976	120,880
Health Canada		
Capital Housing Project	31,790	
Nursing Station Project		68,434
Jordan's Principle	173,566	
Employment and Social Development Canada		
Communities at Risk	46,217	60,110
Island Lake Tribal Council	<u>138,532</u>	-
	<u>\$ 1,974,329</u>	<u>\$ 818,495</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

8. LONG TERM DEBT

2018 2017

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.	\$ 147,200	\$ 230,182
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.	938,791	1,012,419
Mortgage payable to Canada Mortgage and Housing Corporation at 1.62% repayable in monthly installments of \$6,344 (P & I), due May 1, 2018 secured by a Ministerial Guarantee and assignment of fire insurance.	1,013,641	1,072,875
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.	601,408	1,202,816
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
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.	140,000	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.	150,000	300,000
	<u>\$ 2,991,040</u>	<u>\$ 4,122,076</u>

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

March 31, 2019	\$ 795,013
2020	500,384
2021	138,067
2022	139,875
2023	141,707

Peace Hills Trust loan outstanding balance of \$601,408 as of March 31, 2018 consists of two 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, 2018 the outstanding loan balance was \$2,757,850 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 2018	Total 2017
Landfill Infrastructure	\$ 1,421,889	\$ 2,703,048	\$ 4,124,937	\$ 19,517,377	\$ 8,545,390	\$ 390,348	\$ 8,935,738	\$ 4,124,937	\$ 10,581,639	\$ 10,971,987
Roads	2,681,669			2,681,669	335,244	53,633	388,877		2,292,792	2,346,425
Buildings	10,775,683	1,856,842		12,632,525	4,159,204	287,445	4,446,649		8,185,876	6,616,479
Housing	14,720,381			14,720,381	6,098,321	492,360	6,590,681		8,129,700	8,622,060
Heavy equipment and vehicles	6,376,348	1,897,161		8,273,509	3,548,652	697,205	4,245,857		4,027,652	2,827,696
Equipment and furniture	1,721,399	16,451		1,737,850	1,370,114	99,859	1,469,973		267,877	351,285
Computers	435,742	36,703	-	472,445	397,734	21,673	-	419,407	53,038	38,008
	<u>\$ 57,650,488</u>	<u>\$ 6,510,205</u>	<u>\$ -</u>	<u>\$ 64,160,693</u>	<u>\$ 24,454,659</u>	<u>\$ 2,042,523</u>	<u>\$ -</u>	<u>\$ 26,497,182</u>	<u>\$ 37,663,511</u>	<u>\$ 33,195,829</u>

10. CONSTRUCTION IN PROGRESS

	2018	2017
Soil Remediation Project	\$ 1,583,898	\$ 2,649,602
Capital - 5 Duplex Housing		
Health Centre Project		292,821
Multi-Unit Housing Project		398,273
Jordan's Principle Building Project	76,534	
Wastewater Treatment Plant Upgrade	5,314,349	
Water and Wastewater Piping Infrastructure to New School Project	<u>4,000,000</u>	<u>-</u>
	<u>\$ 10,974,781</u>	<u>\$ 3,340,696</u>

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****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 SERVICES CANADA REVENUE

	2018	2017
Agreement	\$ 31,551,826	\$ 18,096,733
Add: Deferred revenues from prior year		
Economic Development	49,000	
Major Capital Housing	569,071	
Water & Sewer Retro-fit	370,000	
Less: Deferred revenues to following year		
Major Capital Housing	(569,071)	
Life Vehicle funding 2 year project	(153,485)	
Infrastructure Construction Landfill (Landfill Upgrade)	(300,000)	
Solid Waste (End of Life Vehicle Initiative Landfill Clean Up)	(37,500)	
Wastewater Plant Upgrade	(85,651)	
Capital Multi-Unit	(13,663)	
Capital 5 Duplex Housing	(123,942)	
Arena Sports Complex	(460,742)	
Culture and Recreation Community Hall	(93,251)	
Tuition Agreement	(9,798)	
Less: Recoveries		
Summer Work Experience	(27,618)	
Wastewater Under \$1.5M Capital - Retrofit	(11,910)	
Wastewater Systems	(28,374)	
Community Buildings	(9,660)	
Basic Needs	- (432,053)	
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS	\$ 30,765,303	\$ 17,514,609

13. ECONOMIC DEPENDENCE

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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.

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 8	2 0 1 7
Administration and office	\$ 48,277	\$ 45,697
Amortization of tangible capital assets	2,042,524	1,815,203
Bad debt	30,450	406,367
Capital materials and equipment	607,390	1,041,016
Community activities and events	1,813,120	1,505,121
Contract fees and services	1,664,015	1,711,818
Debt service	85,746	34,697
Fuel	1,025,626	1,592,532
Insurance	83,241	85,026
Interest and bank charges	140,917	58,073
Repairs and maintenance	804,310	789,840
Other	519,088	257,637
Professional and consulting fees	10,000	10,000
Rent	11,596	23,480
Salaries and benefits	8,219,337	8,025,870
Shipping and freight	40,712	49,857
Social assistance	5,075,894	5,223,571
Supplies and materials	823,229	1,307,788
Telephone and communications	149,478	145,036
Training and workshops	346,190	297,741
Travel and accommodations	955,649	969,792
Utilities	<u>233,353</u>	<u>380,961</u>
	<u><u>\$ 24,730,142</u></u>	<u><u>\$ 25,777,123</u></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.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

17. 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues										
Federal Government										
ISC	\$ 1,711,253	\$ 1,368,489	\$ 792,570	\$ 235,865	\$ 5,179,087	\$ 4,997,460	\$ 11,966,718	\$ 7,688,256	\$ 3,377,328	\$ 3,381,889
FNIH										
CMHC										
ESDC										
Other	—	—	—	—	—	—	441,866	519,792	166,772	—
Subtotal	1,711,253	1,368,489	792,570	235,865	5,179,087	4,997,460	12,408,584	8,208,048	3,544,100	3,381,889
Other revenue	356,502	—	—	—	—	—	39,600	70,244	345,437	22,225
Total revenue	2,067,755	1,368,489	792,570	235,865	5,179,087	4,997,460	12,448,184	8,278,292	3,889,537	3,404,114
Expenses										
Amortization	143,189	153,543					93,553	103,276	209,851	181,717
Debt servicing	57,011	407,550								
Other	1,084,111	277,627	721,678	126,610	5,130,788	5,242,075	4,636,784	2,648,402	1,552,384	1,384,124
Salaries and benefits	188,068	439,011	71,349	30,986	146,552	158,382	1,996,391	3,988,031	1,795,991	1,687,979
Total expenses	1,472,379	1,277,731	793,027	157,596	5,277,340	5,400,457	6,726,728	6,739,709	3,558,226	3,253,820
Surplus (Deficit)	\$ 595,376	\$ 90,758	\$(457)	\$ 78,269	\$(98,253)	\$(402,997)	\$ 5,721,456	\$ 1,538,583	\$ 331,311	\$ 150,294

WASAGAMACK FIRST NATION

PAGE 11

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

17. SEGMENT DISCLOSURE *(continued)*

	Community Services		Housing		Band Entities		Eliminations		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues										
Federal Government										
ISC	\$ 11,115,675	\$ 3,224,539	\$	\$	\$	\$	\$	\$	\$ 30,765,303	\$ 17,514,609
FNIH									3,377,328	3,381,889
CMHC			495,845	613,350					495,845	613,350
ESDC									608,638	519,792
Other	-	-	-	-	-	-	-	-	-	-
Subtotal	11,115,675	3,224,539	495,845	613,350	-	-	-	-	35,247,114	22,029,640
Other revenue	<u>172,265</u>	<u>326,438</u>	<u>142,149</u>	<u>259,105</u>	<u>2,872,225</u>	<u>3,646,905</u>	<u>(244,874)</u>	<u>(205,931)</u>	<u>3,683,304</u>	<u>4,118,986</u>
Total revenue	<u>11,287,940</u>	<u>3,550,977</u>	<u>637,994</u>	<u>872,455</u>	<u>2,872,225</u>	<u>3,646,905</u>	<u>(244,874)</u>	<u>(205,931)</u>	<u>38,930,418</u>	<u>26,148,626</u>
Expenses										
Amortization	1,185,752	992,888	215,844	252,409	194,335	131,368			2,042,524	1,815,201
Debt servicing			28,735	31,146					85,746	438,696
Other	1,284,025	1,502,872	385,004	346,038	2,466,400	4,050,528	(244,874)	(205,931)	17,016,300	15,372,345
Salaries and benefits	<u>541,494</u>	<u>847,290</u>	<u>23,117</u>	<u>267,033</u>	<u>822,610</u>	<u>526,239</u>	<u>-</u>	<u>-</u>	<u>5,585,572</u>	<u>7,944,951</u>
Total expenses	<u>3,011,271</u>	<u>3,343,050</u>	<u>652,700</u>	<u>896,626</u>	<u>3,483,345</u>	<u>4,708,135</u>	<u>(244,874)</u>	<u>(205,931)</u>	<u>24,730,142</u>	<u>25,571,193</u>
Surplus (Deficit)	<u>\$ 8,276,669</u>	<u>\$ 207,927</u>	<u>\$(14,706)</u>	<u>\$(24,171)</u>	<u>\$(611,120)</u>	<u>\$(1,061,230)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,200,276</u>	<u>\$ 577,433</u>