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WASAGAMACK FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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# WASAGAMACK FIRST NATION

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**MARCH 31, 2019**

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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, Baker Tilly 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  
Chris Gray  
Councillor  
Eliz Hearn  
Councillor

John D  
Councillor

M. J. Jones  
Councillor

   
Councillor

**INDEPENDENT AUDITORS' REPORT**

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To the Chief, Council and Membership  
Wasagamack First Nation

**Opinion**

We have audited the accompanying consolidated financial statements of Wasagamack First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wasagamack First Nation as at March 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Wasagamack First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing Wasagamack First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Wasagamack First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Wasagamack First Nation's financial reporting process.

*(continued.....)*

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Wasagamack First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Wasagamack First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Wasagamack First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
November 7, 2019

# WASAGAMACK FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2019

2018

### FINANCIAL ASSETS

Cash <i>(Note 2)</i>	\$ 17,288,776	\$ 3,193,533
Restricted cash <i>(Note 3)</i>	282,521	277,345
Accounts receivable <i>(Note 4)</i>	12,102,219	2,415,654
Inventory <i>(Note 5)</i>	<u>899,081</u>	<u>670,327</u>
Total financial assets	<u><u>30,572,597</u></u>	<u><u>6,556,859</u></u>

### LIABILITIES

Accounts payable and accrued liabilities <i>(Note 6)</i>	20,985,263	5,040,220
Deferred revenue <i>(Note 7)</i>	8,733,380	1,974,329
Long-term debt <i>(Note 8)</i>	<u>3,394,734</u>	<u>2,991,040</u>
Total liabilities	<u><u>33,113,377</u></u>	<u><u>10,005,589</u></u>
Net debt	<u><u>( 2,540,780)</u></u>	<u><u>( 3,448,730)</u></u>

### NON-FINANCIAL ASSETS

Prepaid expenses	145,679	323,187
Tangible capital assets <i>(Note 9)</i>	36,184,976	37,663,511
Construction in progress <i>(Note 10)</i>	<u>52,415,074</u>	<u>10,974,781</u>
Total non-financial assets	<u><u>88,745,729</u></u>	<u><u>48,961,479</u></u>
Accumulated surplus	<u><u>\$ 86,204,949</u></u>	<u><u>\$ 45,512,749</u></u>

Contingent liabilities *(Note 11)*

Approved on behalf of Council

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Chief  
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Councillor  
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Councillor

# WASAGAMACK FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
<b>REVENUE</b>			
Indigenous Services Canada	\$ 43,276,426	\$ 58,615,935	\$ 30,765,303
Health Canada	3,732,747	3,543,288	3,377,328
Canada Mortgage and Housing Corporation	2,144,849	402,312	495,845
Employment and Social Development Canada		648,806	608,638
Canada Post	77,600	33,193	24,895
Justice Canada	15,000	9,350	16,700
Province of Manitoba		73,180	66,630
Band generated revenue	133,532	3,227,358	2,484,855
Debt forgiveness		1,034,397	334,281
Other revenue	167,635	2,053,803	1,000,817
Eliminations	<u>-</u>	<u>( 492,284)</u>	<u>( 244,874)</u>
	<u>49,547,789</u>	<u>69,149,338</u>	<u>38,930,418</u>
<b>EXPENDITURES</b>			
Governance and administration	1,400,107	1,803,122	1,472,379
Economic development	467,963	486,756	793,027
Social services	5,508,679	6,051,181	5,277,340
Education	12,228,278	7,658,142	6,726,728
Health	3,732,747	4,310,987	3,558,226
Community services	24,851,967	3,877,373	3,011,271
Housing	2,712,557	1,105,333	652,700
Band funds		3,656,529	3,483,345
Eliminations	<u>-</u>	<u>( 492,284)</u>	<u>( 244,874)</u>
	<u>50,902,298</u>	<u>28,457,139</u>	<u>24,730,142</u>
ANNUAL SURPLUS	( 1,354,509)	40,692,199	14,200,276
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>45,512,749</u>	<u>45,512,749</u>	<u>31,312,473</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 44,158,240</u>	<u>\$ 86,204,948</u>	<u>\$ 45,512,749</u>

# WASAGAMACK FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2019	2018
Annual surplus	<u>\$ (1,354,509)</u>	<u>\$ 40,692,199</u>	<u>\$ 14,200,276</u>
Acquisition of tangible capital assets	( 838,541)	( 6,510,205)	
Amortization of tangible capital assets	2,317,076	2,042,523	
Acquisition of construction in progress	<u>_____ -</u>	<u>(41,440,293)</u>	<u>( 7,634,085)</u>
	<u>_____ -</u>	<u>(39,961,758)</u>	<u>(12,101,767)</u>
Acquisition of prepaid expenses	( 145,679)	( 323,187)	
Use of prepaid expenses	<u>_____ -</u>	<u>323,187</u>	<u>269,840</u>
	<u>_____ -</u>	<u>177,508</u>	<u>( 53,347)</u>
CHANGE IN NET DEBT FOR YEAR	( 1,354,509)	<b>907,949</b>	2,045,162
NET DEBT, <i>beginning of year</i>	<u>( 3,448,730)</u>	<u>( 3,448,730)</u>	<u>( 5,493,892)</u>
NET DEBT, <i>end of year</i>	<u>\$ ( 4,803,239)</u>	<u>\$ ( 2,540,781)</u>	<u>\$ ( 3,448,730)</u>

# WASAGAMACK FIRST NATION

STATEMENT 4

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2 0 1 9

2 0 1 8

### CASH FLOW FROM

#### *OPERATING ACTIVITIES*

Cash received from funding and other sources	\$ 64,538,045	\$ 38,108,816
Cash paid to suppliers and employees	<u>(22,288,089)</u>	<u>(23,612,632)</u>
	<u>42,249,956</u>	<u>14,496,184</u>

#### *CAPITAL ACTIVITIES*

Acquisition of tangible capital assets and construction in progress	<u>(28,553,231)</u>	<u>(14,144,290)</u>
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#### *FINANCING ACTIVITIES*

Proceeds from long term debt	1,512,026	
Repayment of long term debt	<u>(1,108,332)</u>	<u>(1,131,036)</u>
	<u>403,694</u>	<u>(1,131,036)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	14,100,419	( 779,142)
CASH, <i>beginning of year</i>	<u>3,470,878</u>	<u>4,250,020</u>
CASH, <i>end of year</i>	<u>\$ 17,571,297</u>	<u>\$ 3,470,878</u>

#### CASH COMPRISED OF

Cash	\$ 17,288,776	\$ 3,193,533
Restricted cash	<u>282,521</u>	<u>277,345</u>
	<u>\$ 17,571,297</u>	<u>\$ 3,470,878</u>

# WASAGAMACK FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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### 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, 2019****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.

# WASAGAMACK FIRST NATION

PAGE 3

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2019**

## 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:

	2019	2018
Unrestricted		
Atchitamo Developments	\$ 94,541	\$( 18,752)
Mehkana Developments Inc.	249,267	2,633
Teepee Radio Station	1,701	269
Wasagamack Bulk Fuels	133,088	53,544
Wasagamack Employment and Training	44,315	( 571)
Wasagamack First Nation	16,642,818	2,787,647
Wasagamack Health Authority	123,046	97,567
Wasagamack Mart Ltd.	( 144)	
Wasagamack Third Party Management	- \$ 17,288,776	271,340 \$ 3,193,533

### 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, 2019, \$255,270 (2018 - \$251,624) had been deposited into separate accounts leaving an overfunded balance of \$90,073 (2018 - \$57,437).

## 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 9	2 0 1 8
C.M.H.C. Replacement Reserve	\$ 255,270	\$ 251,624
Ottawa Trust Fund	<u>27,251</u>	<u>25,721</u>
	<b>\$ 282,521</b>	<b>\$ 277,345</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

## 4. ACCOUNTS RECEIVABLE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Basic Needs	\$ 390,000	\$ 168,050
Debt repayment		
Prevention and management policy	203,333	
Teacherages Construction Management Plan	8,775	
Infrastructure Construction Landfill (Landfill Upgrade)	1,138,965	300,000
Economic Development		10,962
Major Renovations, Extension & Repair	130,694	
Manitoba Schools Initiative	2,058,884	110,983
Manitoba Schools Initiative - additional funding 2020FY	2,494,390	
Manitoba Schools Initiative - Enhanced Commissioning	2,992	
Bands & Private Housing - Micro Homes	44,000	
Bands & Private Housing - Duplex Project	142,805	
Roads and Bridges	4,202,624	
Contributions - Equipment	10,835	
Community Buildings - Internet Repairs and Upgrades	49,625	
Community Buildings - Security Cameras	16,357	
Community Buildings - Computer System Upgrades	34,548	
Special Services	66,000	
Response - 2017 Wildlife Evacuation Costs	169,932	
Tuition Agreement	6,904	9,798
Cultural & Recreational	263,236	107,187
Arena & Sports Complex		460,742
Rock Crusher and Heavy Equipment	-	428,756
Subtotal	<u>11,434,899</u>	1,596,478
Canada Mortgage and Housing Corporation		329,026
Other	1,053,580	848,479
Province of Manitoba		
Policing	234,924	147,915
	<u>12,723,403</u>	2,921,898
Less: Allowance for doubtful accounts	( 621,184)	( 506,244)
	<u>\$ 12,102,219</u>	<u>\$ 2,415,654</u>

## 5. INVENTORY

	2 0 1 9	2 0 1 8
Fuel for resale	<u>\$ 899,081</u>	<u>\$ 670,327</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Band Employee Benefits Plans	\$ 56,213	\$ 56,213
Basic Needs	<u>176,782</u>	<u>176,782</u>
Subtotal	<u>232,995</u>	<u>232,995</u>
First Nations and Inuit Health		
Administration and Governance	28,918	
MSI project payable	12,575,438	
WTP and W&W Infrastructure to New School projects payable	3,223,521	
Trade payables	2,442,875	3,757,674
Accrued liabilities	<u>2,481,517</u>	<u>1,049,551</u>
	<u><u>\$ 20,985,264</u></u>	<u><u>\$ 5,040,220</u></u>

### 7. DEFERRED REVENUE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Arena Sports Complex	\$ 34,582	\$ 460,742
Capital - 5 Duplex Housing		123,942
Cultural and Recreation		93,251
Infrastructure Construction Landfill Upgrade - Equipment	739,369	300,000
Infrastructure Construction Landfill Upgrade	283,241	
MSI Teacherages Construction Management Plan	8,775	
Economic Development - End of Life Vehicle Initiative		153,485
Major Capital Housing		13,663
Solid Waste - End of Life Vehicle Initiative Landfill Clean Up		37,500
Tuition Agreement	6,904	9,798
Wastewater Plant Upgrade	906,873	85,651
Child & family services - community well being	198,160	
Defer minor housing repairs	130,694	
Major Capital - Micro Home Units	175,949	
Housing needs	114,795	
Roads & bridges	4,202,624	
Economic Development - End of Life Vehicle Initiative	69,420	
Water and Wastewater Piping Infrastructure to New School		
Project	<u>1,255,915</u>	<u>-</u>
Subtotal	<u>8,127,301</u>	<u>1,278,032</u>
C.M.H.C		
SIF Retrofit		138,216
RRAP funding		167,976
Health Canada		
Capital Housing Project	31,790	31,790
Nursing Station Project		
Jordan's Principle	<u>395,506</u>	<u>173,566</u>
Employment and Social Development Canada	89,481	46,217
Island Lake Tribal Council	86,131	138,532
Other	<u>3,171</u>	<u>-</u>
	<u><u>\$ 8,733,380</u></u>	<u><u>\$ 1,974,329</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

## 8. LONG TERM DEBT

	2 0 1 9	2 0 1 8
CMHC mortgage payable, 0.99%, repayable in monthly installments of \$7,074 (P & I), due December 1, 2019.	\$ 63,396	\$ 147,200
CMHC mortgage payable, 1.04% repayable in monthly installments of \$6,982 (P & I), due October 1, 2020.	864,394	938,791
CMHC mortgage payable, 2.70% repayable in monthly installments of \$6,826 (P & I), due November 1, 2023.	954,918	1,013,641
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
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
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
C.M.H.C. mortgage advances to be converted to long term debt upon completion of Post-96 housing project.	<u>1,512,026</u>	-
	<u>\$ 3,394,734</u>	<u>\$ 2,991,040</u>

All mortgages are secured by a ministerial guarantee from the Minister of Indigenous Services Canada and an assignment of fire insurance and are insured by CMHC.

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

March 31, 2020	\$ 199,657
2021	138,044
2022	139,851
2023	141,683
2024	143,540

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

### 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	2019	2018
Landfill Infrastructure	\$ 4,124,937	\$ 19,517,377	\$ 2,681,669	\$ 4,124,937	\$ 8,935,738	\$ 390,348	\$ 9,326,086	\$ 4,124,937	\$ 10,191,291	\$ 10,581,639
Roads	2,681,669			2,681,669	388,877	53,633	442,510	2,239,159	2,292,792	
Buildings	12,632,525	76,534		12,709,059	4,446,649	322,053	4,768,702	7,940,357	8,185,876	
Housing	14,720,381			14,720,381	6,590,681	527,207	7,117,888	7,602,493	8,129,700	
Heavy equipment and vehicles	8,273,509	264,230		8,537,739	4,245,857	884,119	5,129,976	3,407,763	4,027,652	
Equipment and furniture	1,737,850	497,777		2,235,627	1,469,973	122,856	1,592,829	642,798	267,877	
Computers	472,445	-	-	472,445	419,407	16,860	-	436,267	36,178	53,038
	\$ 64,160,693	\$ 838,541	\$ -	\$ 64,999,234	\$ 26,497,182	\$ 2,317,076	\$ -	\$ 28,814,258	\$ 36,184,976	\$ 37,663,511

### 10. CONSTRUCTION IN PROGRESS

	2019	2018
Capital - 5 Duplex Housing	\$ 2,856,849	\$ 1,583,898
4-bedroom bungalow	893,304	
Landfill rehabilitation Project	384,736	
Jordan's Principle Building Project		76,534
Wastewater Treatment Plant Upgrade	11,664,034	5,314,349
Water and Wastewater Piping Infrastructure to New School Project	8,273,446	4,000,000
Manitoba School Initiative	26,624,574	
CMHC Section 95 Six Unit Project 2018-2019	1,110,631	
CMHC 6 Unit Housing 2019-2020	607,500	-
	\$ 52,415,074	\$ 10,974,781

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2019****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**

	<b>2 0 1 9</b>	<b>2 0 1 8</b>
Agreement	\$ 62,980,612	\$ 31,551,826
Add: Additional Manitoba School Initiative funding from 19/2C	2,494,390	
Add: Deferred revenues from prior year		
Add: Deferred revenues from prior year	1,278,032	569,071
Less: Deferred revenues to following year	( 8,127,301)	( 1,278,032)
Less: Recoveries		
Summer Work Experience	( 27,618)	
Wastewater Under \$1.5M Capital - Retrofit	( 11,910)	
Wastewater Systems	( 28,374)	
Community Buildings	( 9,660)	
Tuition agreement	( 9,798)	-
<b>TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS</b>	<b>\$ 58,615,935</b>	<b>\$ 30,765,303</b>

**13. ECONOMIC DEPENDENCE**

Wasagamack First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services 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, 2019

## 15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 9	2 0 1 8
Administration and office	\$ 50,086	\$ 48,277
Amortization of tangible capital assets	2,317,076	2,042,524
Bad debt	114,940	145,330
Equipment and materials	318,871	607,390
Community events and assistance	1,181,866	1,458,636
Contract fees and services	350,379	436,245
Debt service	30,452	85,746
Fuel	1,879,837	1,036,287
Insurance	92,558	83,704
Interest and bank charges	36,272	26,037
Repairs and maintenance	1,152,521	1,122,964
Other	516,450	563,543
Professional and consulting fees	685,646	367,264
Rent	32,791	11,596
Salaries and benefits	9,496,470	8,431,133
Shipping and freight	60,274	40,712
Social assistance	5,709,250	5,075,894
Student support	411,096	528,626
Supplies and materials	1,825,735	842,444
Telephone and communications	158,909	149,478
Training and workshops	534,192	421,332
Travel and accommodations	1,089,264	867,643
Utilities	<u>412,204</u>	<u>337,337</u>
	<u><u>\$ 28,457,139</u></u>	<u><u>\$ 24,730,142</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, 2019**

### 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 1,552,622	\$ 1,711,253	\$ 553,508	\$ 792,570	\$ 5,672,494	\$ 5,179,087	\$ 12,454,546	\$ 11,966,718	\$ 3,543,288	\$ 3,377,328
FNIH										
CMHC										
ESDC										
Other	—	—	—	—	—	—	455,896	441,866	192,910	166,772
Subtotal	1,552,622	1,711,253	553,508	792,570	5,672,494	5,179,087	12,910,442	12,408,584	3,736,198	3,544,100
Other revenue	<u>1,191,948</u>	<u>356,502</u>	<u>—</u>	<u>—</u>	<u>62,500</u>	<u>—</u>	<u>36,450</u>	<u>39,600</u>	<u>414,188</u>	<u>345,437</u>
Total revenue	<u><u>2,744,570</u></u>	<u><u>2,067,755</u></u>	<u><u>553,508</u></u>	<u><u>792,570</u></u>	<u><u>5,734,994</u></u>	<u><u>5,179,087</u></u>	<u><u>12,946,892</u></u>	<u><u>12,448,184</u></u>	<u><u>4,150,386</u></u>	<u><u>3,889,537</u></u>
<b>Expenses</b>										
Amortization	125,944	143,189					88,462	93,553	258,986	209,851
Debt servicing		57,011								
Other	1,245,585	1,084,111	278,409	721,678	5,850,127	5,130,788	2,880,195	4,636,784	2,029,190	1,552,384
Salaries and benefits	<u>431,593</u>	<u>188,068</u>	<u>208,347</u>	<u>71,349</u>	<u>201,054</u>	<u>146,552</u>	<u>4,689,485</u>	<u>1,996,391</u>	<u>2,022,811</u>	<u>1,795,991</u>
Total expenses	<u><u>1,803,122</u></u>	<u><u>1,472,379</u></u>	<u><u>486,756</u></u>	<u><u>793,027</u></u>	<u><u>6,051,181</u></u>	<u><u>5,277,340</u></u>	<u><u>7,658,142</u></u>	<u><u>6,726,728</u></u>	<u><u>4,310,987</u></u>	<u><u>3,558,226</u></u>
Surplus (Deficit)	<u><u>\$ 941,448</u></u>	<u><u>\$ 595,376</u></u>	<u><u>\$ 66,752</u></u>	<u><u>(\$ 457)</u></u>	<u><u>(\$ 316,187)</u></u>	<u><u>(\$ 98,253)</u></u>	<u><u>\$ 5,288,750</u></u>	<u><u>\$ 5,721,456</u></u>	<u><u>(\$ 160,601)</u></u>	<u><u>\$ 331,311</u></u>

## NOTES TO FINANCIAL STATEMENTS

**MARCH 31, 2019**

### 17. SEGMENT DISCLOSURE *(continued)*

	Community Services		Housing		Band Entities		Eliminations		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 38,077,560	\$ 11,115,675	\$ 305,205	\$	\$	\$	\$	\$	\$ 58,615,935	\$ 30,765,303
FNIH									3,543,288	3,377,328
CMHC			402,312	495,845					402,312	495,845
ESDC									648,806	608,638
Other	—	—	—	—	—	—	—	—	—	—
Subtotal	38,077,560	11,115,675	707,517	495,845	—	—	—	—	63,210,341	35,247,114
Other revenue	219,621	172,265	255,428	142,149	4,251,146	2,872,225	( 492,284)	( 244,874)	5,938,997	3,683,304
Total revenue	<u>38,297,181</u>	<u>11,287,940</u>	<u>962,945</u>	<u>637,994</u>	<u>4,251,146</u>	<u>2,872,225</u>	<u>( 492,284)</u>	<u>( 244,874)</u>	<u>69,149,338</u>	<u>38,930,418</u>
<b>Expenses</b>										
Amortization	1,380,040	1,185,752	250,691	215,844	212,953	194,335			2,317,076	2,042,524
Debt servicing			30,452	28,735					30,452	85,746
Other	1,877,804	1,284,025	691,881	385,004	2,760,321	2,466,400	( 492,284)	( 244,874)	17,121,228	17,016,300
Salaries and benefits	619,529	541,494	132,309	23,117	683,255	822,610	—	—	8,988,383	5,585,572
Total expenses	<u>3,877,373</u>	<u>3,011,271</u>	<u>1,105,333</u>	<u>652,700</u>	<u>3,656,529</u>	<u>3,483,345</u>	<u>( 492,284)</u>	<u>( 244,874)</u>	<u>28,457,139</u>	<u>24,730,142</u>
Surplus (Deficit)	<u>\$ 34,419,808</u>	<u>\$ 8,276,669</u>	<u>\$ ( 142,388)</u>	<u>\$ ( 14,706)</u>	<u>\$ 594,617</u>	<u>\$ ( 611,120)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 40,692,199</u>	<u>\$ 14,200,276</u>